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DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE JEAN MARCHAND, P.C.
SPEAKER

1980-81-82-83
FIRST SESSION, THIRTY-SECOND PARLIAMENT
29-30-31-32 ELIZABETH II

VOLUME V

(November 25, 1980 to November 26, 1980)

80084-V-A

CANADA

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VOLUME V

(November 25, 1982 to November 30, 1983)

Parliament was opened on April 14, 1980
and was prorogued on November 30, 1983

INDEX ISSUED IN A SEPARATE VOLUME

Queen's Printer for Canada, Ottawa

The Speaker

THE HONOURABLE JEAN MARCHAND, P.C.

The Leader of the Government

THE HONOURABLE HORACE ANDREW OLSON, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.

THE SENATE

Thursday, November 25, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FARM LOANS INTEREST REBATE BILL (NO. 2)

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-134, respecting rebates of interest on farm loans made under the Farm Credit Act.

Bill read first time.

Hon. H. A. Olson (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, November 30, 1982.

Motion agreed to.

[*Translation*]

THE ESTIMATES, 1982-83

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS AN APPENDIX

Hon. Fernand E. Leblanc: Honourable senators, on behalf of Senator Everett, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1983. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 5060.*)

[*English*]

Hon. Jack Marshall: Honourable senators, I have a question with regard to that report. Does the tabling of that report mean that the vote on the estimates for Veterans Affairs has been disposed of.

Senator Leblanc: Honourable senators, I was away when this matter was discussed. I understand, though, that the tabling of the report does not necessarily dispose of the estimates and that there can be future discussion. Senator Everett intends to speak to the report when he returns some time next week. Unfortunately, I can give you no more information because I was in London when these supplementary estimates were discussed in committee.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think what Senator Marshall is concerned about is whether the presentation of the report of the Standing Senate Committee on National Finance forecloses his motion to refer that part of those estimates dealing with Veterans Affairs to the Standing Senate Committee on Health, Welfare and Science. My understanding is that it does not, but I think Senator Everett wishes to comment on the relationship between this report and Senator Marshall's motion respecting the Veterans Affairs expenditures.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

[*Translation*]

Senator Leblanc: Honourable senators, on behalf of Senator Everett, I move that the report be taken into consideration on Tuesday next, November 30, 1982.

Motion agreed to.

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the names of the Honourable Senators Stollery and Cottreau be substituted for those of the Honourable Senators Giguère and Stanbury on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday next, November 30, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

AIRLINES

QUEBECAIR—GOVERNMENT POLICY

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government in the Senate. After I asked some questions earlier this week about the Quebecair situation, the Leader of the Government tabled in this House the statement of the Minister of Transport, the Honourable Jean-Luc Pepin, which suggested to the Quebec government a solution to the problems of Quebecair.

I have reread carefully the document tabled in the Senate, and I now have a few questions, including one which I would like to ask immediately of the Leader of the Government.

In his statement, the Minister of Transport, Mr. Pepin, says that he will create a new company, Quebecair 2, and that the previous company—let us call it Quebecair 1 for the purposes of this discussion—would be responsible for the debts and liabilities of the Quebecair company now in existence. It has been reported that the debts of the existing Quebecair company amount to several million dollars and that these debts would have to be repaid, among others, by the Fédération des Caisses populaires du Québec, which has interests in this company, and by the Quebec government, which has made a substantial investment of $15 million. In view of the substantial indebtedness of this company, it is obvious that the people with assets in Quebecair will not be able to repay the debts completely without possibly filing for bankruptcy or transferring certain assets.

The question I have asked myself is the following: Why is the approach of the federal government different in this case from the procedure it followed when it bailed out companies such as Dome, Chrysler, Maislin and all the other companies in financial difficulty? The government stepped in to reorganize these companies financially and give them a new impetus, while in the case of Quebecair, we are told that the company is in trouble, that it will have to pay off its own debts, that nothing will be done about them and that the government will simply ask that a new company be created called Quebecair 2 in which equity will be shared between the government of Quebec and Air Canada. Why is the federal government taking, in the case of Quebecair, a different approach from the one it took with regard to the other companies I have mentioned?

● (1410)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Asselin, of course, asked the same questions the other day, and now—

Senator Asselin: Not the same questions.

Senator Olson: No, not exactly the same questions, I agree, but since he read the communication sent by the Minister of Transport to Mr. Clair, he is now asking more specific questions.

I had intended to reply to the questions asked the other day when delayed answers were called, but I think, without getting into the submission Senator Asselin has made, it would be useful if I were to reply to those questions now.

Senator Asselin asked whether Quebecair's debts would be honoured by the proposed new company, Quebecair 2. I believe Senator Asselin will agree with me that it is clear from the telex sent by the Minister of Transport to Mr. Clair that Quebecair's debts would not be honoured by Quebecair 2, as is outlined in the proposal.

Senator Asselin also asked whether there would be job security for Quebecair employees.

The Minister of Transport proposed in his telex that the two levels of government "develop a plan to ensure that all employees of Quebecair at the time of the creation of Quebecair 2 are protected from the negative consequences that might result".

Beyond that the minister can provide no absolute guarantees. It should be pointed out that it is unrealistic to expect the minister to impose such a condition on Air Canada at a time when Air Canada is being forced, because of the economic turndown, to lay off some of its own employees. However, the minister has undertaken to make every possible effort to maintain job security for Quebecair employees.

Finally, the federal government has not yet received an official reply from Mr. Clair.

[*Translation*]

Senator Asselin: I wish to thank the Leader of the Government for providing this information. However, he will agree that he has not answered the specific question I asked earlier, namely, why the new company, Quebecair 2, will not honour the debts of the original Quebecair, which will probably force the latter to declare bankruptcy or relinquish its assets, because it will be impossible for shareholders to pay the company's debts of over $100 million.

Why is the federal government's approach to this case different from that taken in the past with other companies who were experiencing the same kind of financial difficulty? I quoted the minister, I mentioned Dome, Chrysler and Maislin, where the federal government intervened, either by injecting new capital in order to give the companies in question a financial boost or by guaranteeing very substantial loans by our lending institutions to help the companies out of their economic and financial morass.

Why did Quebecair not get the same treatment? Why not take over Quebecair with its present financial structure and then restructure the company and give it a fresh start by directly investing funds or by guaranteeing loans as was done in the case of the companies I have just mentioned? Why treat Quebecair differently?

• (1415)

[*English*]

Senator Olson: Senator Asselin said I did not answer his question completely, and I suppose I did not answer it completely to his satisfaction based on the arguments and the submissions that he is making, but I did, nevertheless, give an answer to the question that he raised, and I do not want to repeat it. In any event, when he asked the question why it was somewhat different from some other restructuring deal that might have been made with another company, whether it was in Quebec or elsewhere, I can refer that to the Minister of Transport, if he would like him to draw those comparisons. The federal government is trying to be helpful in this situation, as it was in a number of other situations where there was financing and, indeed, refinancing, problems that were so severe that it appeared that those companies would go into receivership, or trusteeship, or bankruptcy, unless the federal government tried to be helpful. I can assure him that the motive of the federal government and the Minister of Transport is to be helpful in this situation too.

[*Translation*]

Senator Asselin: I thank the leader, but I would like him to ask the Minister of Transport, Mr. Jean-Luc Pepin, why the federal government's reaction in this case is different from what it has been previously?

This is precisely the important point I raised, and I would like a specific answer. I am eagerly awaiting an answer from the Leader of the Government.

[*English*]

Senator Olson: I could give an answer to that question now, but I think Senator Asselin would prefer to have the answer come from the Minister of Transport, and I have already given an undertaking to refer that part of the question to the minister.

[*Translation*]

Hon. Arthur Tremblay: I have a supplementary that deals, as far as I can remember, with the terms Minister Pepin used in his proposal concerning the changeover from Quebecair 1 to Quebecair 2. As I understand it, Quebecair 1 has liability for the debts and the assets. However Quebecair 2, the new company, would be entitled to buy some assets from Quebecair 1.

My first question is this: on what basis will the transaction referred to in the federal minister's letter be conducted between Quebecair 1 and Quebecair 2? Is the reference to a purchase by Quebecair 2 of Quebecair 1 assets intended to mean for instance the purchase of two Boeings 727's or other assets, with the result that Quebecair 1 will have to pass on anything of value to Quebecair 2, and be left with debts only? It seems to me there is some room for discussion and that everything would be contingent upon the terms and conditions upon which Quebecair 2 would acquire Quebecair 1 assets.

Clearly the balance between liabilities and assets will depend upon the transaction process between the two. In other words the terms of negotiations will be dependent upon the deal which may be made.

[*English*]

Senator Olson: Honourable senators, I think Senator Tremblay has asked a fairly detailed question. Although it is not particularly complex, he is asking for details of what the terms and conditions in the total package might be for establishing Quebecair 2, including, I suppose, either the acquisition or the transfer of assets from the present Quebecair. I think I should refer that question to the Minister of Transport.

• (1420)

I hope that Senator Tremblay does not expect a response covering the kind of detail he is now requesting until some time after we have received the reply from the Honourable Michel Clair and others because I think the minister's statement and, indeed, the offer that he made, are clear. It seems to me that we should have a reply from Mr. Clair before getting into the details of the transaction itself.

[*Translation*]

Senator Tremblay: I should like to ask a supplementary question or, rather, to clear up a point. My purpose was not to find out what the Honourable Mr. Clair might reply, but only to clarify the offer made by the Minister of Transport, the Honourable Mr. Pepin. Careful reading show that there are a few vague and undealt with items in this offer. I pointed out to one of those grey areas which characterize the nature and quality of the offer itself.

[*English*]

Senator Olson: I was attempting to indicate to Senator Tremblay that my concern lies in the timing of my reply insofar as it may cover the details for which he has asked. I remain of the view that we should have a reply to the proposal or the statement made by the Minister of Transport to Mr. Clair.

At that point, I am certain that both sides will be satisfied regarding the details for which Senator Tremblay has asked.

Senator Tremblay: I would point out to the Leader of the Government that I am asking my questions so that I can be clear in my own mind about what the offer of the Minister of Transport entailed. Because of the grey zones contained in it, I confess that I did not completely understand the real meaning of the offer.

[*Translation*]

Senator Frith: Have you read it?

Senator Tremblay: Yes, I think.

Senator Frith: Have you read it?

Senator Tremblay: I am referring specifically—though I cannot say which paragraph—to the statement about the possibility of Quebecair 2 buying out the assets—

Senator Asselin: Certain assets.

Senator Tremblay: —certain assets in the selection of assets which Quebecair 2 will buy, and I mentioned the two Boeing

aircraft as an example. As a result of that selection, the margin of indebtedness which will remain the responsibility of the shareholders of Quebecair 1 may widen or shrink, depending on the conditions of the purchase of the assets. In such a deal, there ought to be a very definite zone.

That is what I am asking. Is there, in the mind of the Minister of Transport, a wide enough margin in the deal for the purchase of the assets of Quebecair 1 by Quebecair 2 so that the residuary debt would be more heavy or less heavy?

[*English*]

Senator Olson: Honourable senators, I think the statement is pretty clear with regard to the proposal.

In the first instance, I repeat that there needs to be a response from the Honourable Michel Clair. If that is sufficiently positive to lead to further and more detailed discussions, then, I presume, following them all these matters will be clarified to the satisfaction of Senator Tremblay.

● (1425)

In the meantime I will refer that question to the Minister of Transport, and see whether he wants to reply in advance of further negotiations with the Quebec authorities. If that is the case, he obviously will reply, but I should caution the honourable senator that the minister may not want to make additional offers over and above what is already contained in the statement until those discussions have taken place.

EMPLOYMENT AND IMMIGRATION

INDOCHINESE FAMILY REUNIFICATION PROGRAM—NUMBER OF IMMIGRANT VISAS

Hon. John M. Godfrey: Honourable senators, on August 24, 1979, the National Citizens Coalition, whose president is Colin Brown, placed an advertisement in the *Globe and Mail* and other newspapers stating that if each of the 50,000 initial entrants under the Vietnamese Refugee Program sponsored an average of 15 of their relatives, that would represent a total of 750,000. On November 4, 1981, I asked a question in the Senate referring to the aforementioned advertisement by the National Citizens Coalition and asked how many actually entered Canada on the basis of family reunification.

On November 19, 1981, the Leader of the Government stated that as of November 10, 1981, 3,329 persons had been interviewed, which resulted in the issuance of 2,360 immigrant visas, and that to that date 1,740 had arrived in Canada.

My question today is: Would the minister bring those figures up to date and advise the Senate how many have arrived since?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will give an undertaking to try to do that.

ENERGY

PETRO-CANADA—PURCHASE OF BP CANADA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to Senator Balfour's question of November 23 concerning the cost of the takeover of BP Canada by Petro-Canada. It is a fairly long reply, and included with it is a table showing the budget impact of the acquisition, listing several categories for the years from 1983 to 1987. Because of the nature of the information, perhaps the honourable senator would agree to having both the answer and the table printed in the *Debates of the Senate* as though they had been read.

Hon. R. James Balfour: Could the Leader of the Government not summarize the answer by stating, in a brief sentence, what is the total price of the acquisition of the British Petroleum assets and undertaking by Petro-Canada? What is the price?

Senator Olson: Honourable senators, I can give a figure that covers the cost for the whole period. Of course, there are interest charges and various other things involved. If we calculate the charges to the end of 1987 and reach a total of all of the figures, including inventory, assets of the service stations, refineries, and other fixed assets, plus interest and other details, the final amount comes to $673.8 million.

Some Hon. Senators: Shame!

Senator Olson: It is important that Senator Balfour and other honourable senators, and, indeed, the Canadian public who read this, should look at the table to see how we arrive at the final figure.

Senator Balfour: I thank the Leader of the Government for his answer.

Senator Olson: Honourable senators, is it agreed that I file the answer and the table, so that everyone, including Senator Balfour, may understand in detail how the figures are calculated?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> The attached tabulation "Incremental Budgetary Impact of Acquisition" is taken from the Petro-Canada-BP agreement and shows the expenditures and sources of funds for the acquisition.
>
> The $347.6 million, which received wide publicity at the time of the announcement on October 31, would be the total share purchase cost. The amount of $377.2 million shown in the attached tabulation includes interest charges, as noted.
>
> The Synergistic Effects, a total of $130 million over the period 1983-1987, reflects the benefits/expense savings anticipated to result from the economies of scale of combining BP's marketing operations with Petro-Canada's operations in Ontario and Quebec.
>
> The debt issuance has been assumed to be at 12 per cent to finance the entire acquisition cost, including inventory, reidentification costs, et cetera. All available cash flow, after interest payments, has been assumed to be

dedicated to debt repayment, with debt reduction accomplished each year from the positive cash balance.

The acquisition presents no draw on other corporate funds and, following repayment in seven to eight years, offers a substantial annual cash flow for other corporate activities.

As the minister emphasized before the committee, it is a straight commercial transaction and will not involve use of the Canadian Ownership Charge.

INCREMENTAL BUDGETARY IMPACT OF ACQUISITION
($ Millions)

	1983	1984	1985	1986	1987	TOTAL
Uses of Funds:						
Shares Purchased	157.0	93.0	127.2	—	—	377.2*
Reidentification and Legal	40.0	—	—	—	—	40.0
Working Capital	200.0	—	—	—	—	200.0
Montreal Refinery Shutdown (Net)	5.0	16.0	—	—	—	21.0
Debt Repayment—BP Debt	0.1	3.6	4.2	9.5	2.2	19.6
Interest—BP Debt	3.7	3.6	3.3	2.9	2.5	16.0
	405.8	116.2	134.7	12.4	4.7	673.8
Sources of Funds:						
Cashflow (net of maintenance capital)	54.0	85.0	97.0	110.0	128.0	474.0
Synergistic Effects	—	30.0	32.0	33.0	35.0	130.0
Debt Issuance (net of repayment)	389.6	58.4	74.1	(72.3)	(111.0)	338.8
Interest Expense	(37.8)	(57.2)	(68.4)	(58.3)	(47.3)	(269.0)
	405.8	116.2	134.7	12.4	4.7	673.8
NET EFFECT	—	—	—	—	—	—

*This total includes, in addition to the share purchase price of $347.6 million, interest amounts of $7.4 million and $22.2 million in 1984 and 1985 respectively to Class B shareholders at a note of 11.3% per annum.

• (1430)

PETRO-CANADA—RELOCATION OF OFFSHORE SUPPLY BASE AT MULGRAVE, NOVA SCOTIA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Smith on November 23, 1982, concerning the relocation of Petro-Canada's offshore supply base at Mulgrave, Nova Scotia.

I am advised by Petro-Canada as follows: Petro-Canada took a decision to move from Mulgrave four miles north to Auld's Cove, because the space available at Mulgrave is completely inadequate. In using the harbour facilities at Mulgrave, Petro-Canada has had to maintain warehousing and pipe yard facilities in two other locations.

The decision to move was not in any way related to union busting. The company maintains it has to move for logistic and economic reasons, to have all of its facilities at one location. It would then have the same logistics arrangement as two other oil companies in Nova Scotia have, and as Petro-Canada itself has in Newfoundland.

Hon. G. I. Smith: Honourable senators, I wonder if I might ask a supplementary question of the Leader of the Government respecting the answer that he just gave to my question of November 23. I do not believe my question made any reference whatever to unions or to union busting. I wonder why it is that that phrase occurs in the answer? Has the company been accused of union busting, or has it been doing so?

Senator Olson: Honourable senators, I believe there has been some speculation that that was part of it. However, I would be prepared to remove that line completely from the answer if Senator Smith finds it inappropriate for the reply to his question.

Senator Smith: Honourable senators, I do not think it inappropriate. It occurs to me that there must be some reason for inserting that sentence in the answer. I want to know what the reason is; that is all.

Senator Olson: Honourable senators, I have just explained it, so I suppose there is no use in repeating myself.

Senator Smith: I did not hear the explanation.

Senator Olson: I said that I think there have been some allegations to the effect that there was at least a suggestion or an element of that factor involved.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Haidasz on November 18, 1982, concerning whether FIRA has been formally asked to investigate the sale by Cadillac-Fairview and others of 11,000 apartment units to foreign interests.

Honourable senators, the answer is fairly long and I ask that it be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

FIRA officials are looking into the situation to see if the case could be reviewed under the Foreign Investment Review Act. Examination of the transactions involved in the changes of ownership and control of these apartment blocks to ensure that there has been no evasion of compliance with the act is continuing. The Minister of Industry, Trade and Commerce and Regional Economic Expansion informs me that his officials have received full cooperation in reviewing all the documentation involved. Their preliminary analysis indicates that the transactions have been structured in a manner whereby they do not come under the review procedures of the act. In effect, it appears that any foreign or non-eligible persons involved are passive investors in the real estate, and there is no exercise of control by non-eligible persons.

This examination will continue until the Minister is satisfied that there has been no contravention of the Act.

BRETTON WOODS AGREEMENTS ACT INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Senator van Roggen, moved the third reading of Bill C-129, to amend the Bretton Woods Agreements Act and the International Development Association Act.

Motion agreed to and bill read third time and passed.

AGRICULTURE

"INDUSTRY IN TURMOIL"—CONSIDERATION OF REPORT OF STANDING SENATE COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Tuesday, June 22, 1982, the debate on the consideration of the report of the Standing Senate Committee on Agriculture entitled: "Industry in Turmoil: Report on the Long Term Stabilization of the Beef Industry in Canada," tabled in the Senate on June 22, 1982.

Hon. Martha P. Bielish: Honourable senators, it is with pleasure that I add my comments on the report of the Standing Senate Committee on Agriculture on the long term stabilization of the beef industry in Canada, which report is entitled "Industry in Turmoil."

At the outset I should like to pay tribute to the late Honourable Harry Hays, to whom this report was dedicated. His enthusiasm, vast knowledge and dedication to this study reflected his lifelong interest and work in agriculture generally, and in the beef industry specifically, at local, provincial, national and international levels.

I should also like to pay tribute to Senator Sparrow, who, when called upon to assume the chairmanship of the Senate committee, accepted that responsibility willingly and proceeded to pilot the draft report to its final printing with consideration and dispatch. I am confident that all committee members join me in extending to Senator Sparrow a very sincere thank you.

An expression of thanks and appreciation go to our consultants, Mr. S. B. Williams and Mr. Max Roytenberg; the committee staff, Dr. Grant Carman, Sally Rutherford and Aileen Collins; and the clerk of the committee, John Desmarais.

Honourable senators, the beef industry was in serious difficulty. Incomes of producers took a roller-coaster ride. Cost of production was increasing, as were interest rates. Financial hardships forced many established producers to disperse their herds entirely and forced others into bankruptcy.

In its concern for the beef industry, the Standing Senate Committee on Agriculture undertook the study. It conducted an examination of marketing systems and of various boards and agencies, and then contracted consultants to produce a working paper entitled: "Alternative Marketing and Stabilization Programs for the Beef Industry in Canada." It was designed to identify issues, propose options, and promote discussion. It was widely circulated to provincial departments of

agriculture, producers, consumers, packers and so forth. A series of 10 hearings across the country was held.

The committee heard the views of producers, consumers, business people, trade officials, academics, provincial ministers of agriculture and other government officials. Our thanks go to the organizations and individuals who made representations.

From these presentations it was clearly evident that, although the industry was in serious difficulty and stability was a desired objective, there was no agreement on solutions to problems. Two principles were formulated: First, Canada needs and must have a strong and viable beef industry; and secondly, beef industry policy approaches must be flexible and developmental.

Considering the significant differences of opinion among beef producers, the committee did not see fit to force the issue or polarize the industry further.

Many of the concerns and problems presented by producers and other witnesses pointed to the fact that there was no vehicle which has the mandate to deal with them. In response, the committee recommends the establishment of a National Beef Producers Agency through an amendment to the Farm Products Marketing Agencies Act, which agency would be made up principally of producer representatives working in close co-operation with provincial governments. It would not have price-setting or quota-granting powers, but would act on behalf of producers in a co-ordinating, an informational and an advisory role. The committee notes that such an agency could serve as the basis of a marketing board, if producers should choose to take this step.

The committee further recommends that the Government of Canada investigate the advisability of establishing income-averaging programs which would create a capital pool for beef operation financing at favourable interest rates.

Honourable senators, I commend the report to you.

● (1440)

The Hon. the Speaker: As no other honourable senator wishes to speak, this report is considered debated.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—DEBATE CONTINUED

The Senate resumed from Wednesday, May 12, the debate on the motion of Senator Roblin:

> That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

Hon. Orville H. Phillips: Honourable senators, when I read Senator Roblin's announcement in the press and then saw his television appearances, I decided he was taking a Madison Avenue approach. On the evening he gave notice of his motion, I looked up to the south gallery and saw there the honourable member for Nepean-Carleton, Mr. Walter Baker. I commented to one of my colleagues that he must have come here to practise counting. My colleague looked up, and said, "No, he's not using his fingers and he doesn't have a tutor with him." However, I noticed that the honourable member stayed until the motion was presented and then he left. Obviously, he did not find the Senate any more stimulating than the House of Commons.

Then, of course, Senator Frith could not let all the publicity go by, and he had to get into the act, too, for if the Senate was to be reformed he was going to be in the forefront. Senator Frith did fairly well in extending that forefront, because he now has it reaching from the North Pole to the South Pole, and he has stretched it into a freebie to Australia. I can understand now why he is so anxious to be in the forefront. The reason I have carried this order in my name for some time is that I was hoping that the honourable senator would ask to precede me, thereby giving me the benefit of his views before I spoke. Obviously, I am not going to get that opportunity, so I will go ahead without the benefit of his views.

I think Senator Frith is providing a Mackenzie King type leadership, namely, see which way the sheep are going and then get in front.

Hon. Royce Frith (Deputy Leader of the Government): That is why I was waiting for you.

Senator Phillips: That is why the honourable senator went first class to Australia with the sheep.

Senator Frith: I did not go first class. That must have been another trip.

Senator Phillips: And, of course, the then Leader of the Government and the Leader of the Opposition could not be overshadowed by the deputy leaders, and they had to go along on the trip too. I do not resent that, but I am a bit curious to know why Senator Buckwold went along. Someone should have invited the seconder of the motion, Senator Deschatelets. I think he should have gone instead of Senator Buckwold.

Hon. Jack Marshall: Oh, well, perhaps some others can still go first class.

Senator Phillips: I would like to suggest to those honourable senators who had the freebie that they give an equal chance to those opposed to an elected Senate to go and investigate how it works and, perhaps, the freebie could be extended to include some countries that have appointed Senates. I am thinking of Holland and, I believe, Thailand. Certainly, that would be an excellent trip for the mover of the motion and Senator Frith.

The two deputy leaders are saying that they are anxious for reform and for an elected Senate, and at the same time they are saying that the Senate as it exists has done a wonderful job. They really have not given any reasons for an elected Senate. Before we get too enthusiastic, we should hear some specific reasons for putting in place an elected Senate. I think it is a sign of parliamentary arteriosclerosis, or plain old-fashioned hardening of the arteries, that at a time when the economy is in a state of depression, and there is record unemployment, a housing crisis and all sorts of immediate problems facing this country, we are discussing the election of

a Senate. If that is the best the Senate can do, perhaps we should be discussing abolition of the Senate, rather than selection by election.

Senator Marshall: Watch it.

Hon. Duff Roblin (Deputy Leader of the Opposition): Don't go too far.

Senator Frith: Moving on to your next point.

Senator Phillips: I realize that I am skating on thin ice here, but I am sure that there are many people who will agree with me.

Last February, while returning from Toronto I sat beside a fairly senior executive of a company located in Ottawa. He was telling me that it was his hope that the Senate would spend the winter making recommendations to the government on various matters concerning the economy, such as housing, the mining industry, agriculture, fisheries, and so on. In other words, he was recommending that we attempt to reform the economy, not the Senate, and he considered the economy to be the uppermost problem facing this country.

Hon. Heath Macquarrie: So say we all.

Senator Phillips: In his speech Senator Roblin equated the opportunity to cast a ballot with the solution to the problem. It is a fallacy to make franchise synonymous with solution. Over the past few years the frequency of federal elections and provincial elections has provided everyone with more than ample opportunity to vote. We have had all kinds of political propaganda, promises and programs but, in spite of all these opportunities, our problems are increasing, and I do not think that an election for this chamber will do anything to solve them.

I do not believe there is a great outcry for another opportunity to vote because fewer Canadians are voting in each election. About 60 per cent of the eligible voters in Ontario vote. I think they are staying home, not because the Senate is appointed, but because they are just not interested. Ontario spent approximately $1 million advertising the recent municipal elections in the province and they received a turnout of less than 40 per cent. I just do not think there is a great desire on the part of the people to turn out and vote. People are looking for solutions not a ballot, and we are not providing solutions by giving them an extra ballot.

Hon. Jacques Flynn (Leader of the Opposition): But if we want to change the government how can we do it without a ballot?

Senator Phillips: I can tell the honourable senator that both he and I have tried the ballot to change the government on a number of occasions, and I do not think we have succeeded.

Recently, the "Arkansas Fiddler", Senator Frith, suggested that my colleagues and I from Prince Edward Island were very much like the people from Missouri—we had to be shown. I can say that that will be my attitude throughout my remarks in dealing with the subject of an elected Senate.

I have no real hard and fast preconceived idea except that I want to be given the reasons for, and the advantages of, such an eventuality. So far these have been avoided and no one has mentioned an advantage to anyone. I understand from Senator Frith's remarks the other evening that we are going to have the pleasure of listening to him give us a travelogue on his trip to Australia. I hope he comes up with some advantages for an elected Senate, because if he is going to talk on what the Australian Senate does he could have gone to the high commission and obtained a pamphlet on the matter.

Senator Marshall: Or done some library research.

Senator Phillips: The Library of Parliament could have researched the matter and probably given a better report than we will get from this freebie that some honourable senators enjoyed.

Senator Marshall: You had better not go on a trip.

• (1450)

Senator Phillips: I can safely say that. I am getting too old to go on trips.

Senator Frith: There goes Thailand.

Senator Phillips: I can agree with Senator Roblin's idea that we need a second chamber. I will agree with that, in spite of my reference to abolition. However, it is a chamber that should be more functional than the present chamber. I think Senator Roblin would agree with that too.

Senator Donahoe gave some excellent reasons for the existence of the Senate in terms of its functions. I will not repeat them except to call attention to one of the main functions of the Senate which is seldom mentioned, that of putting on the brakes.

Let us say for discussion purposes that the Minister of Finance decides to nationalize the banks in order to balance the budget.

Senator Flynn: Don't give him an idea like that. He might do so.

Senator Phillips: The Prime Minister has a close connection with Mexico, so that is a distinct possibility. However, if that were to happen, I would hope that senators would forget their allegiance to the Liberal Party, remember that their allegiance is to this chamber, and through this chamber to the country, and put the brakes on.

Senator Flynn: I am not too sure about that—at least not on the basis of what has happened up to now.

Senator Phillips: The members of the House of Commons like to criticize the Senate, and that is their prerogative; but in turn I think occasionally we should remind them of their behaviour. The Senate is normally accused of having rubber-stamped legislation. Honourable senators, I do not think we rubber-stamp any more legislation than they do in the House of Commons. When a bill is introduced in the other chamber, it passes. There may be filibusters and there may be delays, but the bill passes. About the only difference between the rubber-stamping in the House of Commons and the rubber-

stamping in the Senate is that there are usually more senators present to rubber-stamp the legislation than there are members in the other place.

Senator Flynn: We take our responsibilities more seriously.

Senator Phillips: Yes. We even get Senator Lawson to come in for some votes.

An Hon. Senator: Occasionally.

Hon. John M. Godfrey: When?

Senator Phillips: But when a member does break ranks with his party—

An Hon. Senator: Never!

Senator Phillips: —the media reports indicate that so-and-so voted "against his party." That shows, honourable senators, just how little those in the media really think about their reporting. It should not be reported that a member voted against his party, but that a member voted against the legislation. Certainly we should all be able to do that regardless of what party is in power. It we could do a few of those things, Parliament would be far more functional than it is now.

Senator Roblin in his remarks said that the public concept of the Senate was so low he didn't think it could survive. Well, I speak to a good many people throughout the year and I often speak to them in situations where—

Senator Macquarrie: —they can't answer.

Senator Phillips: —they cannot answer, but they have to be frank when they do answer. I do not find that the Senate has any worse reputation than the House of Commons or the legislatures.

Senator Flynn: It has none at all.

Senator Phillips: Unfortunately, all three have a very poor reputation in the eyes of the public.

Recently I saw the sponsor of the resolution being interviewed on TV following an interparliamentary meeting in this chamber. He was complaining vigorously that the Senate had no political legitimacy.

Honourable senators, even a mild tempered individual like me has been known to refer to the personal legitimacy of certain senators, but when it comes to the chamber I think there is a political legitimacy for it—and that is the Constitution, Senator Roblin. The Constitution makes this chamber legitimate; whether it is elected or appointed, it is a legitimate branch of Parliament.

I find the most confusing part of Senator Roblin's remarks occurred when he equated a vote with the solution, saying that if there was just a chance for people in various regions to vote again everything would be all right. Well, I cannot agree with that, Senator Roblin. I think you placed an awful lot of distance between your resolution and the truth of the matter.

Senator Roblin: I hope I never did that.

Senator Phillips: I would say you achieved a sort of "political infinity" in that regard. It occurred to me to wonder whether the resolution had not been prompted by a certain feeling in western Canada that an elected Senate would give the west a voice in the central government. The Western Canada Concept advertisements used to say, "Once elected Senate." Always when I looked at those ads I wondered how many senates they thought we had. We have only one. The ads could have said, "An elected Senate."

In any event, I would like honourable senators to consider the regional representation in the other house. Let us look at representation in the other house in terms of the Senate regions. Consider the western region. In the other house they have 89 seats or 29 per cent of the vote. In the Senate the same region has 24 seats or 23 per cent of the vote. If the election of members is the criterion for success, honourable senators, surely we can anticipate that the 29 per cent voting to represent the western region in the House of Commons would be far more efficient than the 23 per cent appointed in this chamber. Just what does the honourable senator who sponsored the resolution expect the 23 per cent to do that the elected 29 per cent cannot do?

Let's have a look at some of the individual provinces. British Columbia, with 33 members, has 11 per cent of the membership in the other house. It has six members in this chamber, or 6 per cent of the vote. I do not know which situation Premier Bennett would prefer—the 33 members representing him or the six senators representing him. I suspect that, if we asked him, he would probably say he did not want either number but I think he would be better off with the 11 per cent than with the 6 per cent.

Quebec, with 79 members, has 25 per cent of the vote in the other place. If you go to western Canada, the complaint you most frequently receive is that Quebec, with 25 per cent of the vote in the other house and 23 per cent of the vote in this house, receives everything. But, honourable senators, the same western region has 29 per cent of the votes. The fact that there is such a difference must be due to one of two reasons. It is either due to the system, or due to the calibre of the members. I presume it must be the system, because I believe there is a majority of Conservative members in western Canada. At least, I hope it is the system.

● (1500)

In case anybody wants to have a look at the Atlantic region, and would like to quote the figures back to me, the Atlantic region has 11 per cent of the membership in the House of Commons, and 28 per cent of the membership in this chamber. I can explain that away by saying most of the Senate members from the Atlantic region are Grits and, therefore, really do not count.

Senator Frith: There is something wrong with that system.

Hon. H. A. Olson (Leader of the Government): There is something wrong with that conclusion, in any event.

Senator Phillips: Following the by-election in Olds-Didsbury in the province of Alberta, two of the Alberta members, the honourable member for Crowfoot and the honourable

member for Bow River, issued a statement calling for an elected Senate.

I wrote the honourable member for Crowfoot and asked him to tell me the advantages he found in an elected Senate. He replied with a long dissertation on the causes of western alienation, which ranged from Louis Riel through to the National Energy Program, but did not give any reason for the Senate being the source of any western alienation.

The honourable member for Bow River was much more brief and probably a bit more accurate. He said the Senate would pass anything. I agree with him on that, the Senate will pass anything, but, honourable senators, I point out that the major source of alienation in western Canada is the National Energy Program. That did not originate in the Senate; that originated in the House of Commons and was passed by that elected body.

If elected members are that much more efficient, and that much more representative, one would anticipate that the House of Commons would not do that type of thing, yet I am sure the honourable member for Bow River would be the first to maintain that the House of Commons did that very thing.

I should now like to spend a moment or two on the presentation by Senator Roblin. He went on to develop the thesis that we should have an elected Senate, but then he paused and said: Watch it! That is dangerous to the House of Commons. We have to first of all protect the House of Commons. We can't have another elected body interfering with the House of Commons. That would mean the House of Commons would become even less significant than it is today. I fail to see, honourable senators, if both houses of Parliament are going to be elected, why they should not have equal power and equal responsibility.

Does Senator Roblin find political legitimacy in a second-class franchise that he does not find in the Senate today?

He then went on to that old red herring about the government appointing members to various regional and national bodies, and having such appointments approved by the Senate. He said that this could be a function of a Senate with reduced powers—powers vastly inferior to those of the House of Commons.

Honourable senators, I fail to see how a meeting of the Senate to approve the appointment of Mrs. Killjoy from Kinburn, Ontario, to the National Capital Commission would help the Premier of Alberta in his efforts to be represented in the central government.

Senator Roblin also suggested that the Senate could approve appointments to the Supreme Court of Canada. Asking a prospective appointee to the Supreme Court of Canada if he had ever signed an abortion paper is not going to help Premier Peckford of Newfoundland in his offshore oil dispute.

Honourable senators, as far as I am concerned, that would be a complete and utter waste of time.

Having established that we should have an elected Senate, Senator Roblin went on to say: Yes, an elected Senate, but for God's sake do not have an election; we have to find another way of electing the Senate without having an election. He then looked around and came up with proportional representation and found certain merit in that. The leaders would select the candidates, and set their order of preference. If a party received 40 per cent of the vote, then that party would get 40 per cent of the appointments to the Senate.

That does not seem very democratic. I can see our current leaders having fun with that. Everybody would be expected to be very loyal and servile. If one disagreed with the leader, one would be placed 110th on a list of 50. I cannot quite see John Turner, Brian Mulrooney or Rosemary Brown—

Hon. Richard A. Donahoe: Even John Turner would have trouble.

Senator Frith: Or Dennis McDermott.

Senator Phillips: —making the list. John Turner wouldn't even get a royal commission.

I know this method is used in Germany and is often widely presented, but, honourable senators, I have a hard time accepting Germany as the fountain of democracy. As far as I am concerned, Germany gave us the Anabaptists and the Nazis, neither of which were interested in democratic government.

After the leader has selected them, the candidates can be approved or rejected by the public. In Russia, the Secretary of the Communist Party selects the candidates and says: You can have an election; you can approve them or reject them. We are getting dangerously close to that in some of Senator Roblin's suggestions.

The next one was transferral of votes. That is a unique idea. That means the losers win; the guy with the least votes is elected. Canadians often look around for something unique and distinctively Canadian, but I really do not think that Canadians want to be so distinctive as to adopt the motto: The last shall be first, and the first shall be last.

Honourable senators, in following Senator Roblin's argument, we have gone full circle. We started out with an appointed body, got to an elected body, and have now retreated back to just one minor difference—that is, the leader selects the candidates, and you can approve them or reject them. I wonder if it is worth our while neglecting all the problems facing this country and discussing an elected Senate just for that minor distinction.

Now, I do not want to forget the seconder of the motion.

Senator Marshall: Who is the seconder?

Senator Phillips: Senator Deschatelets.

• (1510)

If Barnum and Bailey had seen Senator Deschatelets coming in this case, they would not have said they needed a sucker every minute but they would have said once a week would do.

Quebec has traditionally guarded its special status within Confederation. As I said earlier, it has 23 per cent of the vote in this chamber. Once we start discussing an elected Senate, then discussion turns to so many from each province—or state,

as in the United States. I note that the seconder has not spoken on the motion yet, and I hope he will tell us how he explains that to Quebec.

Hon. Jean-Paul Deschatelets: I am waiting for Senator Frith.

Senator Phillips: In a rather lighthearted mood, I should like to ask the mover and the seconder of the motion which of the senators in Quebec they want to dispense with. If one is Senator Flynn, there are certain merits to that idea; if another is Senator Lamontagne, there may be even more merit to that idea.

I mentioned earlier the United States Senate and their method of—

Senator Deschatelets: May I ask Senator Phillips a question before he goes any further?

Senator Phillips: I am not sure that I can enlighten the honourable senator but—

Senator Deschatelets: I am looking for enlightenment.

Senator Phillips: That is obvious, and I will try to help you.

Senator Deschatelets: You are taking it for granted that if Senator Roblin's proposal for an elected Senate were to come forward that Quebec would lose one seat. It would have 23 per cent of the seats. I cannot understand why Quebec could not keep its 24 seats if there were an elected Senate.

Senator Phillips: I said that Quebec had 23 per cent of the seats. Senator Deschatelets' question, if I understand it correctly, is why Quebec would not keep the present 24 seats. If you look at western Canada you will understand that they would want to have the number of senators from each province more evenly balanced than it presently is. That is why I was saying you would lose seats.

I was about to mention the American system, where they have two senators from each state. As honourable senators are aware, the Americans changed their system a number of years ago from an appointed Senate to an elected Senate. Senator Roblin's supporters in the other place are well aware that the Senate was not long in surpassing the House of Representatives as the more important body in the American Congress, and the same would happen in our Parliament. One would think that the Americans had solved all their problems on transportation, regional development and alienation of various regions because they have been electing senators for a long time. According to Senator Roblin, that is the solution. The Americans have had every problem that Canada has had except the language problem. A similar problem is developing rapidly in the United States, but it involves Spanish instead of French.

I recall being in Florida during a break from our pleasant Ottawa winters and the Americans were lining up for gas. The complaints there were that the people in New York and Chicago were burning gas coming from the southern United States, just as in Canada westerners are complaining that the easterners are burning their gas.

When I was a member of the House of Commons I drove to Prince Edward Island through Maine to visit my sister in Boston. The complaints I heard in Maine and in Massachusetts made me think of the complaints I heard back home in the Atlantic provinces. An elected Senate had not changed their complaints any, and the southern United States are just as much against the northern United States as the west is against the east in Canada.

Honourable senators will recall an advertisement sponsored by the Democratic Party in the United States when Senator Barry Goldwater was a presidential candidate. That advertisement quoted Senator Goldwater as saying there are times when he would like to take a saw, and saw off the eastern seaboard of the United States. It depicted a saw doing that very thing. Needless to say, Senator Goldwater did not carry the Atlantic states, but he did very well on the west coast and this reminds me of east-west alienation in Canada. Again, honourable senators, an elected Senate did not cure that problem.

Honourable senators, I do not wish to go on too long, but I would suggest that while we are discussing an elected Senate we might pause and reflect on making this chamber a little more functional. One of my suggestions is that the sittings be a little longer. We now see senators arriving at 7.30 on Tuesday evening and looking at the clock at 2.15 on Thursday afternoon ready to leave. I think we could extend our sitting hours, thereby spending more time in the chamber.

We could dispense with a little bit of party discipline. I will be a Conservative and honourable senators on the other side will be Liberals, but it was a mistake to pay the whips because they are becoming too vigorous and too efficient. I should like to see more people voting for or against legislation without having party affiliation influencing them.

When I was appointed to this chamber I advocated that the provinces make a certain percentage of the appointments. At that time I was thinking in the range of 25 to 40 per cent. Since that time, largely on the basis of the Parti Québecois government, I have changed my opinion in that regard. However, the federal government can consult the provinces on appointments. It could be done in a manner similar to that of attorneys general being consulted respecting appointments to the bench. Perhaps appointments to this chamber could be made on the same basis as appointments to the Dutch Senate, where they are made on the basis of the general vote in the last election. If the Conservatives and the Liberals were each to receive 35 per cent of the total vote, they would then each receive one-third of the appointments made for that four-year period.

● (1520)

At one time, I recommended that senators be prohibited from attending caucus because I could not see any great advantage being derived from their being committed to a piece of legislation and, at the same time, attempting to review that legislation in this chamber. Recent events in the Liberal caucus have caused me to reconsider that view. I cannot say that I have come up with a perfect solution to this dilemma.

Senator McElman is attempting to persuade the Liberal Party to retain the principle of universality. I do not know whether he will be successful in that endeavour, but, at least, he went to caucus and made that argument, and I give him full credit for that.

I have asked the mover for his reasons in support of an elected Senate, and if good reasons are given, I will consider them. However, I am not going to beat a drum, dance around the fire and say that we should have an elected Senate.

Hon. Senators: Hear, hear.

Hon. Daniel Riley: Would Senator Phillips permit a question?

Senator Phillips: Certainly.

Senator Riley: Before I pose my question, I should like to congratulate Senator Phillips on the clarity and fluency of the speech he has just made.

Regretfully, I missed the first part of his speech, and I should like to know if he suggested to the deputy leader that we be divided into small groups and sent to Australia for four or five days with a view to assessing the prospects for an elected Senate in Canada.

Senator Frith: Senator Phillips did suggest that.

Senator Phillips: I did suggest that it was only fair that those opposed and those in favour of an elected Senate be given that opportunity. Senator Riley's question has reinforced my suggestion.

Senator Marshall: Honourable senators, since there seems to be some duplication between Orders Nos. 11 and 16, and since Senator Frith has indicated that he will comment on the Australian trip in the course of the debate on Order No. 16, should we, at this point, adjourn the debate on Order No. 11 or dispose of it in some other way?

Senator Frith: Honourable senators, Senator Marshall correctly observes that there is some overlapping of those two orders in that both deal with the question of Senate reform.

I think Senator Lamontagne's inquiry, respecting the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution," was the first to appear on the Order Paper. Then Senator Roblin, wishing to focus on the question of Senate reform, particularly the subject of an elected Senate, presented the motion which appears as Order No. 11 on the Order Paper.

I agree that there may be some redundancy, but I choose to make my intervention—which will only partly be based on the trip to Australia—on the basis of Senator Lamontagne's inquiry because I intend to refer to the committee report. However, I could just as easily make my intervention in the debate on Senator Roblin's motion.

Nonetheless, I think it would be worthwhile to retain both items on the Order Paper a little longer since Senator Deschatelets has said that he wishes to intervene in the debate on Order No. 11, but only after I have made my intervention on Order No. 16.

Senator Macquarrie: We are all waiting.

Senator Frith: I hope it will be next week.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until Tuesday, November 30, 1982, at 8 p.m.

APPENDIX

(*See p. 5048*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (B) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1983

November 25, 1982

The Standing Senate Committee on National Finance, to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1983 were referred, has in obedience to the order of reference of Monday, November 8, 1982, examined the said Supplementary Estimates (B) and reports as follows:

The Committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of November 8, 1982, to examine and report upon the expenditures proposed by the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1983.

In obedience to the foregoing, your Committee examined the Supplementary Estimates (B) and heard evidence from the following: From the Treasury Board: Mr. J. L. Manion, Secretary; Mr. D. J. McEachran, Assistant Secretary, Program Branch; Mr. H. J. Mullington, Assistant Secretary, Program Branch; and Mr. E. R. Stimpson, Director General, Budget Co-ordination Group, Program Branch.

Supplementary Estimates (B) totalling $5,326 million, is the first "regular" Supplementary for the fiscal year 1982-83 and brings the total 1982-83 Estimates tabled to date to $79,593 million. Of the total $5,326 million contained in these Estimates, $3,411 million represent the net adjustment to items with a statutory authority. These payments are non-discretionary in nature. The remaining $1,915 million represent new spending authorities that Parliament is being asked to approve.

Treasury Board supplied the Committee with a list for the $1 Votes included in these Estimates which is attached as an Appendix to this Report.

The Committee was particularly concerned that allocations of $200 million to The de Havilland Aircraft of Canada Limited, $200 million to Canadair Limited and $25 million to Canertech Inc. were made as budgetary items rather than being recorded as equity on the books of the Government of Canada. Because of this, these payments are not recoverable by the government but show as equity on the books of the respective companies.

Using The de Havilland Aircraft of Canada Limited, Canadair Limited and Canertech Inc. as examples, the Committee expressed concern with the rationale used by the government for committing public funds to private companies and Crown Corporations. Witnesses were questioned whether the government seeks advice from banks or accounting firms associated with these companies regarding their ability to generate profits in the foreseeable future before committing public funds.

Regarding companies such as The de Havilland Aircraft of Canada Limited and Canadair Limited, which are wholly owned by the Government of Canada, witnesses were asked what control the government exercises over them and why they are not considered Crown Corporations. The Committee was told that the Government of Canada is considered the only shareholder of these companies and that the responsible minister "elects" the Boards of Directors. The Committee also learned that when these two companies were acquired, the intention was to return them to the private sector as soon as possible. For this reason, the government resisted listing them as Crown Corporations.

On the matter of Letters of Comfort, the Committee questioned the propriety of these letters being treated as government guarantees rather than indications that the government would undertake to seek parliamentary approval should financial assistance be required. The Committee also indicated that some analysis of the financial soundness of the companies in question should be undertaken before Letters of Comfort are issued.

The Committee expressed difficulty understanding some parts of the Estimates as currently produced. As an example, some members indicated that when funds are transferred from one department to another, an amount is shown under the receiving department but not under the losing department. The witness undertook to look into this and determine if this could be rectified.

The Committee questioned the witness on the fact that under the Petroleum Incentives Payments, exploration on Canada lands is rewarded more heavily than explorations on provincial lands. The Committee was told that the intention of the government was to emphasize frontier exploration and that lands that potentially contain oil tend, generally, to be the frontier areas which are Canada lands. Some members indicated the inconsistency of this, since the Hibernia oil fields are currently funded as Canada lands, and should the courts rule in favour of Newfoundland, they would receive a lower level of funding as provincial lands.

Finally, the Committee expressed concern for the lessening of the ability of the federal government to coordinate its regional development programs as a result of the dispersal of the activities of the Department of Regional and Economic Expansion among other departments. While the Department

of Regional Industrial Expansion would be responsible for regional industrial development, it would not exercise any control over the regional activities of specific departments such as the Department of Agriculture.

Respectfully submitted,

D. D. EVERETT,
Chairman.

APPENDIX TO REPORT

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (B), 1982-83

The 6 One Dollar Votes included in these Estimates are listed below by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The category for each vote has been designated by an "X".

A. Three votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

B. Three votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

PAGE	DEPARTMENT OR AGENCY	VOTE	CATEGORIES A	CATEGORIES B
42	Energy, Mines and Resources	5b	x	
42		10b		x
136	Public Works	40b	x	
142	Regional Economic Expansion	10b		x
146	Science and Technology —National Research Council of Canada	15b	x	
172	Solicitor General —Royal Canadian Mounted Police	20b		x

November 1982
Estimates Division

THE SENATE

Tuesday, November 30, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

BUDGET TAX MEASURES

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the following:
>
> (i) Budget tax changes proposed by the Minister of Finance in the House of Commons on June 28, 1982, and the impact thereof on taxpayers;
>
> (ii) the statement of the Minister of Finance to the House of Commons on October 27, 1982, on the economic outlook and financial position of the Government of Canada; and
>
> (iii) any bills and other matters relating to the Budget tax changes in advance of their coming before the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION RE CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

> That the name of the Honourable Senator Hastings be substituted for that of the Honourable Senator Buckwold on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The Hon. the Speaker: Is leave granted, honourable senators?

An Hon. Senator: No.

The Hon. the Speaker: Leave is not granted.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO EXAMINE ANNUAL REPORT OF DEPARTMENT OF VETERANS AFFAIRS

Hon. Jack Marshall, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31st March, 1982, tabled in the Senate on 25th November, 1982.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

GENERAL AGREEMENT ON TARIFFS AND TRADE

REQUEST FOR REPORT ON CONFERENCE IN GENEVA

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government in the Senate. Can he give us a brief report on the GATT conference which was held in Geneva last week?

Hon. H. A. Olson (Leader of the Government): No, honourable senators, I am not in a position to give a report. However, if the Minister of External Affairs, who led the delegation, has prepared a report, I will put that before you. I will give that undertaking. If no report is forthcoming, I shall ask the minister responsible if some documentation will be available soon that would serve to respond to my honourable friend's question.

Senator Asselin: If the leader intends to bring such a report to the Senate, will he assure us that a copy will be given to the opposition in advance so that we can formulate a reply to it?

Senator Olson: Yes, if such a report is forthcoming, and I intend to make a statement with respect to it, I shall try to make sure honourable senators opposite have a copy in advance.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I direct a supplementary question to the Leader of the Government? When he reports to the house will he be kind enough to give us the fullest statement possible respecting the decision, or

lack of decision, covering international trade in agricultural products?

Senator Olson: Honourable senators, I am not sure I understand the purport of that question, because the members of this government automatically give the fullest possible reports on all matters.

Some Hon. Senators: Oh, oh.

Senator Olson: Perhaps I did not quite focus on the point my honourable friend was trying to make. There are certainly some areas, especially with respect to agriculture, in which we are dealing with matters of opinion as opposed to matters of fact, depending on what interpretation is put on the conference.

Senator Roblin: I can tell my honourable friend that what I am looking for is the opinion of the Canadian government on what went on in respect of agricultural products. If he could add a few facts as well, that would certainly be helpful.

Senator Olson: I now have a better understanding of what is wanted.

THE ECONOMY

ALLEGED OVERPRICING OF UNLEADED GASOLINE

Hon. Orville H. Phillips: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Last week Environment Canada leaked a report which said that the oil companies were charging excessive prices—about 12 cents a gallon too much for unleaded gasoline. In view of the fact that one government department says, "Our oil company is charging our customers too much for our gasoline," would our government request our oil company to lower our prices?

Some Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): I do not accept the preamble to the question.

Hon. Jacques Flynn (Leader of the Opposition): It is ours.

Hon. Royce Frith (Deputy Leader of the Government): It is yours. It is your preamble.

Senator Olson: I do not accept as a fact that the Department of the Environment leaked a report for the purpose of stimulating public discussion. I simply cannot accept that, although that may be the opinion of my honourable friend. With respect to the other part of my friend's question, I will look carefully at tomorrow's *Hansard* to make sure I understand what he is asking and then I will try to give him a reply.

Hon. Duff Roblin (Deputy Leader of the Opposition): You will catch on.

Senator Flynn: You should always do that.

SPORT

FINANCIAL ASSISTANCE FOR AMATEUR ATHLETICS—FEDERAL-PROVINCIAL AGREEMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the minister responsible for fitness and amateur sport. As a result of the 1979 agreement between the federal and the provincial governments, the sum of $12 million per year, indexed to 1979 levels, was supposed to go to the federal government for distribution to fitness and amateur sports groups.

Can the minister give us a list of the various amateur athletic groups that have received the benefit of that arrangement, and can he give us the dollar amount involved for each group?

• (2010)

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, the agreement that was entered into between the Clark government and the provinces with respect to lotteries in this country was, in my view, most unfortunate—

Some Hon. Senators: Oh, oh.

Senator Perrault: —for the cause of sport in Canada.

Hon. Jacques Flynn (Leader of the Opposition): You did not say that at the time.

Senator Perrault: Had federal jurisdiction been retained with respect to lotteries, I suggest, with confidence, that we would now have many millions of dollars available for worthwhile sport and fitness endeavours from coast to coast.

Senator Flynn: Federal dollars are better than provincial dollars.

Senator Perrault: The action taken by the former government was, to say the least, imprudent and improvident. However, that agreement is in place, and it is the desire of the federal government to work co-operatively with the provinces to ensure that the proceeds from lotteries and sports pools benefit Canadians in all provinces.

As far as the allocation of the dollars is concerned, I am in the process of preparing a summary of those expenditures. A question was asked by Mr. Paproski, a well-known Alberta member of the former Conservative government, when I attended a meeting of the committee of the other place recently, in response to which I committed myself to the production of those figures.

Reports of that exchange appeared in newspapers. One story I read with amusement was to the effect that the Minister of State for Fitness and Amateur Sport did not know where that money went. Of course, I did not have a list of those expenditures before me when I attended that meeting. I was being candid and forthright when I said that I did not have those figures with me.

Senator Flynn: That is quite a change in attitude.

Senator Perrault: Any suggestion that the money provided for sport has somehow disappeared into the ozone is completely untrue.

Senator Nurgitz: As a supplementary question, I take it the minister is undertaking to provide the names of the groups that benefited from the arrangement, and the dollar extent of their benefit?

Senator Perrault: We are attempting to ascertain where the dollars were spent, and we committed ourselves—and I use the word "we" meaning the department—to providing Mr. Paproski with the information he requested at that committee meeting.

Senator Nurgitz: As a further supplementary question, I take it that when the minister appeared before the committee of the other place it was indicated that the funds raised by the lotteries had found their way into the general revenue as opposed to a designated fund for distribution to these various groups? Is it the minister's understanding now that from 1983 forward these funds will not—that is, the $12 million indexed to 1979 levels—find their way into the general revenue, but will find their way directly to the various sports groups?

Senator Perrault: First of all, I assure honourable senators that there has been no diversion of funds. Some of the sports pool revenues as a result of the 1979 agreement was put into the general revenue, but a large amount of the money has been spent on sports activities since that date. An example of that is the commitment of up to $200 million to the Winter Olympic Games to be held in Calgary. That is a substantial commitment, and is certainly a demonstration of good faith on the part of this government.

Furthermore, I wish to add, honourable senators, that the Calgary—

Senator Flynn: Oh, come on!

Senator Perrault: —Winter Olympic Games will see up to $200 million invested in non-discretionary amounts by various government departments. It is really a massive commitment on the part of the federal government.

Senator Flynn: We are not asking you anything about that.

Senator Perrault: There has been no diversion of moneys.

A report is now being prepared by officials of the department, and as soon as it is completed I will present it to the Senate.

● (2015)

Senator Nurgitz: I have a final supplementary question, and I shall try to make it simple.

Hon. Jacques Flynn (Leader of the Opposition): It will not change the reply.

Senator Nurgitz: The fact is that initially the funds went into the general revenue. My question to the minister is: From 1983 forward, will the funds go into the general revenue and then be distributed to the various sports groups, or will they be held in a separate fund for the groups for whom they are intended?

Senator Perrault: The future policy is in the process of development.

Hon. Lowell Murray: So is the future.

Senator Perrault: Personally, I hold the view, which is probably shared by the senator who has a great interest in sports and fitness, that far more should be spent on fitness programs in this nation. Fitness is the best preventive medicine there is. Millions of dollars are spent every year in this country to meet the costs of social problems which are the results of an unfit population.

Senator Flynn: Let us speak of social programs now.

Senator Perrault: I hope that more than the technical amount realized from that 1979 agreement can be spent on promoting fitness.

Senator Nurgitz: May I take it then that the minister is stating that the funds will not go into the general revenue?

Senator Perrault: I will make a statement, and I know it will be heartening to all honourable senators. Indeed even the cynical Leader of the Opposition will take joy from it.

Senator Flynn: The more he talks the less sense he makes.

CANADA POST CORPORATION

CANADIAN BROCHURES POSTED IN UNITED STATES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the initiative taken by the Stratford Festival to mail 85,000 brochures in Detroit, thereby saving $75,000. Would the Leader of the Government advise us if it is legal for Canadians to mail brochures or letters across the border?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will have to take that question as notice. First of all, Senator Marshall asked for a legal opinion which, of course, ministers are more or less prevented from offering even if they know—

Hon. Jacques Flynn (Leader of the Opposition): Unless it serves their purpose.

Senator Olson: Even when the Leader of the Opposition was the Minister of Justice, and the legal adviser to the government, he consistently and, quite properly, refrained from giving a legal opinion until he—

Senator Flynn: You cannot prove that.

Senator Olson: Well, I used to sit over there and ask these questions.

Senator Flynn: But you have a very poor memory.

Senator Olson: The deputy leader, who was rather astute at asking those questions, almost invariably got the same reply that I am giving now. I have had a good teacher.

Senator Flynn: I challenge you to find that in *Hansard*.

Senator Olson: In any event, regardless of Senator Flynn's objection, I will take the question as notice. I am not sure that I will provide a legal opinion, but I should like to hear from the minister who answers for that crown corporation before replying.

Senator Marshall: Christmas is close at hand. If the Leader of the Government is advised that it is legal to go across the border and buy a stamp for 20 cents instead of 30 cents will the government spend some of their millions of advertising dollars in so notifying Canadians, especially those of low income, before they mail their Christmas cards?

Senator Olson: I could not give that undertaking.

Senator Flynn: For once he is giving us a short answer.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA—REQUEST FOR ANSWER

Hon. Nathan Nurgitz: Honourable senators, I have a brief question for the Deputy Leader of the Government who undertook on December 16, 1981, and again on June 3, 1982, to furnish the Senate with information concerning arms exports. This information is especially relevant today, when we are continually reading of problems in various parts of the world, and of Canadian firms not only exporting products that are used for arms but also receiving government grants to do it. Would the deputy leader advise as to which year we may expect that answer.

● (2020)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I cannot do that, because ever since Senator Nurgitz first raised that question I have been trying to get an answer to it. I cannot make a prediction as to when I will be able to respond to that question. However, it was my understanding last week that a question of security clearance arose in respect to some of the details requested.

Every week I wonder when Senator Nurgitz will ask this question again since it is perfectly reasonable for him to have become impatient. I can only say that I am still trying to obtain an answer to his question.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have several delayed answers to questions, the first of which is in response to a question asked by Senator Macquarrie on October 26, which contained allegations that the federal government was stalling and never intended funding the veterinary college in Charlottetown.

Honourable senators, it is a relatively short answer, but I would ask that it be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

The facts in this case are quite different. The federal government did offer to make a contribution towards the capital costs of the proposed veterinary college. However, the federal government was unable to do so because of the lack of unanimity amongst the four Atlantic provinces as to the location of this institution.

While Premiers Lee and Buchanan have signed an agreement which is full of conditions, Premier Buchanan has not provided the national government with a statement of his position. Before committing federal funds for this project, the government would like to have Premier Buchanan's full support without conditions and agreement from the other three provinces.

ENERGY

NEWFOUNDLAND—OFFSHORE RESOURCES—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a further delayed answer to a question asked by Senator Doody on November 23 and 24 concerning whether the federal government was either considering or re-considering its position on the offshore situation.

The answer is that in his letter to Mr. James Thoms, Editor in Chief of the St. John's *Daily News*, the Prime Minister stated that he has "always believed that a negotiated settlement is possible and certainly desirable" and that, given the fact that the Supreme Court hearing has been set back to February 22, both he and Premier Peckford have yet another chance to review their positions.

If honourable senators so desire, I would be pleased to have the text of the Prime Minister's letter to Mr. Thoms incorporated as part of the answer.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The letter follows:*)

November 22, 1982

Mr. James Thoms
Editor in Chief
The Daily News
P.O. Box 8855
St. John's (Newfoundland)

Dear Mr. Thoms:

Thank you for your telex of November 2, 1982 concerning the offshore negotiations. As you know Premier Peckford and I met on October 1st to see if there was a basis for renewing negotiations. To my very deep regret, the Premier and I found no such basis although I indicated that I felt it would be helpful to have our officials continue discussion at least on the revenue sharing concept where it is obvious that there are technical differences of view which they should be able to resolve easily.

Since the Supreme Court hearing has been set back to February 22, I believe that we have yet another chance to review our positions. I am doing so now and hope that Premier Peckford is as well. I have always believed a negotiated settlement is possible and certainly desirable. The federal government remains ready to meet at anytime and in any place to continue discussions on the offshore.

If negotiations or discussions are not resumed prior to a Supreme Court ruling, the federal government will be ready to meet the provincial government immediately upon a court decision regardless of what that decision may be. A legal resolution will not in itself get development under way. Co-operation between governments is necessary no matter who owns the offshore.

I cannot respond to your questions concerning Premier Peckford's attitudes or strategy in negotiations. The federal government would like to have a negotiated settlement as soon as possible because we believe it would be good for the poeple of Newfoundland and Labrador and for all Canadians. Whether an offshore settlement is possible in the near term will not deter my ministers from pursuing all avenues to assist Newfoundlanders in their proud efforts to achieve economic and social progress.

Yours sincerely,
Pierre Elliott Trudeau

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. H. A. Olson (Leader of the Government): I have a relatively short response to a question asked by Senator Marshall on November 24 as to whether discussions were held dealing with Canada's position concerning St. Pierre and Miquelon during the Prime Minister's recent visit to France.

Honourable senators, the Prime Minister discussed the Canada-France maritime boundary problem with the President of France during his visit to that country. It was agreed that there be an early resumption of negotiations relating to the St. Pierre and Miquelon situation. It is expected that negotiations will resume before the end of January 1983.

Hon. Martial Asselin: An invasion in the future?

Hon. Jack Marshall: On that particular question, would the Leader of the Government furnish this chamber with a list of those negotiating on behalf of the Canadian and French governments?

Senator Olson: It is my opinion that the ministers are the persons responsible, and I am not sure whether it is the practice to name all those who assist. In any event, I shall take the question as notice.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a response to a question asked by Senator Roblin on November 24 concerning possible parliamentary debate over the regulation providing the definition of "letter". I ask that this answer be incorporated in *Hansard* as though it had been read.

● (2025)

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The government has not changed its position respecting the confidentiality of correspondence between the Canada Post Corporation and interested parties with regard to the definition of "letter".

The government considers that the procedure being followed by the Canada Post Corporation allows for the protection of the public interest. This process involves the publication of a proposed regulation, public comment, discussion and consultation, amendment by the corporation and submission of the amended version to the Governor in Council. Cabinet has 60 days within which to review and either accept or reject the proposal. In this case, the Governor in Council rejected the proposal which would seem to indicate that the system is working.

Therefore, a full parliamentary debate is not being contemplated at the present moment. Senator Roblin is of course free as a legislator to introduce debate on the subject in the Senate through an inquiry, a motion or even an amending bill should he wish to do so.

ENERGY

PETRO-CANADA—PURCHASE OF BP CANADA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a relatively short answer to a question which was asked by Senator Murray on November 24 concerning the relationship between Petro-Canada and the Governor in Council. The question had to do with terms of reference, among other things.

If Senator Murray looks at the Petro-Canada Act, he will find that the role of the Governor in Council is specified in many clauses. In particular, I would encourage him to look at sections 2, 5(2), 7(2), 7(3), 7(4), 7(5), 8(1), 8(2), 8(3), 9(1), 10(2) 11 and 13(1).

Hon. Jacques Flynn (Leader of the Opposition): The answer you are giving is more a legal opinion.

Senator Olson: If Senator Murray, after he has studied all of those sections, which do, in fact, explain in some detail the relationship between the Governor in Council and Petro-Canada, has any further question in his mind I shall be glad to try to answer it.

Hon. Lowell Murray: One is accustomed to the instinctive answers of the smart-alecs who advise the minister on questions that are put in this chamber. One understands less well the tendency of the minister to make himself the echo of or the sounding board for that kind of reply.

The question that I put to the minister, which was also put by Senator Smith in a supplementary, was directed at finding out whether the transaction involving Petro-Canada and BP Canada was or was not approved by the Governor in Council. A simple yes or no would have sufficed.

Senator Olson: Honourable senators, I can get that kind of an answer for Senator Murray if he would contain himself slightly and ask the question in those terms. Of course, he did not do so. If he wants to draw in all kinds of "if" and "if not" insinuations, then, of course, it becomes necessary to be precise in the reply to his question.

Senator Flynn: But you were not precise.

Senator Olson: I have been very precise in offering him and identifying for him the clauses that he can read with respect to the legal connection between the Governor in Council and Petro-Canada.

Senator Flynn: But you did not reply to the question.

Senator Olson: It may be a bit of backfiring on this so-called smart-alec attitude. I am sorry if that happens to Senator Murray, but if he wants to ask questions which require precise and accurate answers, then he will have to expect precise and exact answers.

Senator Flynn: There is no guarantee of that with you.

AIRLINES

QUEBECAIR—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Tremblay on November 25 concerning a clarification of the Quebecair proposal made by the Minister of Transport to the Government of Quebec.

Honourable senators, last Thursday the Minister of Transport sent a supplementary telex to Mr. Michel Clair, Minister of Transport of the Province of Quebec, providing the clarification asked for by Mr. Clair.

I would like to have that telex incorporated as part of this answer, since it clears up many of the grey areas alluded to by Senator Tremblay in his question.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The telex follows:*)

November 25, 1982

TELEX—IMMEDIATE DISPATCH

The Honourable Michel Clair

Minister of Transport

Government of Quebec

Édifice du Parlement

Québec (Québec)

Further to our telephone conversation of Tuesday, I think it is important to reiterate my position on those matters you raised re the proposal to create Quebecair 2.

With regard to its role, the new airline will serve both jet and non-jet routes. My telex of 22 November referred to the need for some rationalization of intra-provincial routes. I subsequently stated publicly that this applied specifically to Air Canada routes; that was one of the reasons for my insistence that Air Canada play a major role, particularly in Quebecair 2's establishment and in the initial phase of its operations, otherwise acceptance of the changes in the communities affected might not be forthcoming.

In response to the concerns you expressed about the nature and extent of Air Canada's role, a removal of the management of Quebecair by Air Canada is not intended. What will be required is the integration of a very limited number of executives from Air Canada with Quebecair's management.

You also asked me if I would consider agreeing to the reorganization of the present Quebecair rather than establishing Quebecair 2. You claim this could be done without placing the carrier in such a poor financial and operational position that it would have no hope of being a viable company. In my view, this would not be possible, taking into consideration the heavy debts and obligations of Quebecair. Indeed, your statement that your government has actually committed some $28m to Quebecair only fortifies my conclusion that a restructuring of the present Quebecair is not the solution.

Jean-Luc Pepin
Minister of Transport

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, November 23, the debate on the motion of Senator Barrow for the second reading of Bill C-90, to amend the Customs Tariff and to repeal certain acts in consequence thereof.

Hon. Orville H. Phillips: Honourable senators, I would first thank Senator Barrow for the explanation he gave when he moved the second reading of this bill. In his remarks, he divided the bill into a number of sections: a no-tariff classification, the general preferential tariff; provisions respecting goods for the use of the disabled; the reduction or removal of duty on goods used by dentists or dental laboratories; provisions respecting metrication; and the Canada-New Zealand Trade Agreement.

● (2030)

Our customs tariffs are becoming fairly lengthy in their descriptions. We now have the British Preferential Tariff and the General Preferential Tariff. The new sections now bring us up to five, I believe. Soon we shall need a computer to keep track of the tariff classifications.

Honourable senators, I should like to touch briefly on each of the five points mentioned by Senator Barrow. The first is the Canada-New Zealand Trade Agreement, which replaces an agreement that came into effect approximately 50 years ago. Our trade with New Zealand, from the point of view of our exports and imports, does not represent a large portion of our trade in general. In 1979 we exported $90 million to New Zealand, and we imported $135 million. However, most of our imports comprised mutton being shipped into Canada and then transshipped to the United States.

Canada, as honourable senators know, has a quota of meat exports to the United States, and I would ask the honourable senator who sponsored the bill to explain the relationship to our quota of the transshipment of meat into the United States. Canadian producers of mutton and lamb were concerned about the large shipments of chilled lamb entering Canada, and an agreement was reached with the New Zealand producers whereby we now have a quota from that country. I believe that the quota was determined by negotiation between producer organizations in Canada and their counterparts in New Zealand, rather than on a government-to-government basis. However, that agreement expires within the next year, and perhaps the sponsor could tell us what stage the negotiations have reached at present.

Honourable senators, before leaving the Canada-New Zealand Trade Agreement, I should mention that it is most unusual to have a trade agreement bootlegged in with amendments to the Customs Tariff. Perhaps there is a logical reason for that. I do not recall that the sponsor explained to us why that is part of this bill to amend the Customs Tariff. Perhaps he could mention that when he closes the debate.

The next section deals with so-called concessions to developing nations. I have no objection to that part of the bill, but there are a couple of situations on which we should have some clarification. First, as to the criteria for establishing a developing nation, which countries will be considered to be developing and which will be considered as having progressed sufficiently that they no longer have the advantage of that classification? Secondly, as to the provision for goods partially produced in one developing country, and transferred to a second developing country, I am wondering which countries would be available for this type of transshipment of goods and how the goods would be stamped when they arrived in Canada. Would it be the country of origin or the country in which the goods are completed? That would be of importance to tourists. When they choose their souvenirs they will want to know whether they were made in Upper Volta or Kenya. The souvenirs would probably be stamped with the names of both countries.

Hon. Jack Marshall: Or P.E.I.

Senator Phillips: The bill provides for the duty-free entry of certain goods for the disabled. Of course, I have no objection to this type of provision. However, there is one matter that causes me some concern. Certain articles will be subject to duty if similar goods are produced in Canada. A paraplegic who suffers a disability as a result of an accident may have far better use of his arms than a paraplegic who suffers a disability as a result of muscular dystrophy. Yet the type of goods necessary for someone who suffers from muscular dystrophy may be produced in Canada, and those items will not have the advantage of duty-free entry into Canada. Therefore, I hope that officials of Revenue Canada will give the greatest consideration to the need of the patient rather than the type of goods produced in Canada.

[Senator Phillips.]

The provision dealing with dental goods has been on the agenda several times during the past few years. It came about following an appeal of the Dental Association to the Tariff Board. The board ruled that the duty on dental goods had been collected illegally for several years, largely to justifiy the bureaucrats who had made the error in the first place. We now find a little movement away from that ruling.

I would point out, honourable senators, that dental products are, in the main, still taxed. For instance, the amalgam used in the so-called silver fillings is still subject to duty, while a number of prostheses may be brought in duty-free. It is not that the amount of the duty charged is excessive—at least, I never considered it to be—but there is always the difficulty that someone has to go to the Customs premises on Walkley Road and spend approximately two hours to pick up something on which there perhaps may be duty payable of 80 cents. It was the waste of time involved more than the duty charged that has been a problem for the dentist.

The section dealing with metrication should be handled with care, because our greatest trading partner is the United States. As honourable senators are aware, the United States has backed away considerably from the move toward metrication, and I doubt very much whether they will ever complete it. In my view, this matter has to be handled with care.

Approximately two weeks ago I enjoyed an item that appeared in the press referring to the Guy Favreau Centre in Montreal. Apparently the washrooms in that building were to be finished in tile, and the specifications were given in metric. Apparently, true metric tile is 100 centimetres by 100 centimetres, but the only tile made in Canada was 104 centimetres by 104 centimetres. So we imported the tile from Japan because it was true metric measurement, and we laid off 55 people in the only company in Montreal that manufactured tile. That is what I mean by using a certain amount of discretion.

Bill C-90 also lists new tariff items on canned fish, which I know will be of interest to the sponsor of the bill. I believe those tariffs were originally removed during this session and they are now being reinstated. In fact, I believe the late Senator John Connolly sponsored that bill during this session. I would like the sponsor of this bill to tell me how these new tariffs relate to the General Agreement on Tariffs and Trade. If I may say so, I am quite happy to see these new tariffs in place because I think our fisheries need more protection. I understand that the bill was before the committee in February, and I see no great need for the same bill to go back to the same committee.

● (2040)

Hon. A. Irvine Barrow: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Barrow speaks now, his speech will have the effect of closing the debate.

Senator Barrow: Honourable senators, I would like to thank Senator Phillips for his remarks concerning Bill C-90. I am not sure that the agreement with New Zealand covers the matter of the transshipment of mutton to the United States. However, I would be glad to look into the matter and bring it to the attention of this house on third reading of the bill.

With respect to the honourable senator's question concerning developing countries, there is a list of least developed countries put out by the United Nations. There are approximately 30 countries on the list. I would be glad to read them out, but I do not think it would add anything to the debate.

As to the matter of canned fish, although this measure has been imposed, I am informed that the amount of canned fish brought into Canada is comparatively small and does not form a large part of our imports.

Senator Phillips also raised a matter concerning metrication. This point was also raised in the report of the Standing Senate Committee on Banking, Trade and Commerce. The minister replied to this, and I will just indicate what he said by paraphrasing one or two paragraphs. The only complaints that have been received with regard to metrication are in those areas, such as sugar and textiles, where complete industry conversion has already taken place and they were complaining that they must convert metric units to imperial units for customs purposes. This reply was given to Senator Hayden on June 16.

Honourable senators, those are all the comments I have to make at this point.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow: I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

CANADA EVIDENCE BILL, 1982

SECOND READING—DEBATE ADJOURNED

Hon. P. Derek Lewis moved the second reading of Bill S-33, to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada.

He said: Honourable senators, it is with pleasure that I rise to move second reading of Bill S-33, the Canada Evidence Bill. I commend this bill to you as an extremely important piece of legislation. The primary function of the Canada Evidence Act is to prescribe the rules of evidence in criminal cases. It is a mark of democracy that those rules ensure a fair balance between the interests of the state in having an effective fact-finding procedure and the interests of the individual is not being deprived of his liberty on insubstantial proof or by unjust means. It is appropriate that this legislation should come before us in the same year that the Canadian Charter of Rights and Freedoms was incorporated into our Constitution.

It is a hard-won principle of our system of justice that political considerations have no part to play in proceedings before the courts, and a corollary of that principle, in my view, is that the rules of evidence should not be based upon political or economic dogma, but rather upon principles of common sense, justice and fairness. Accordingly, I think it is appropriate that this bill be introduced first in this place, where it can receive a more detached and thorough consideration.

There can be no doubt that the law of evidence is in need of reform. It has become one of the most technical subjects, with rules and exceptions, and exceptions to the exceptions. Some indication of its complexity can be gathered from the fact that a leading text, *Wigmore on Evidence*, comprises 11 volumes and occupies a full two feet of shelf space.

The law of evidence is also out of date, for it is based on social conditions that were current in the eighteenth and nineteenth centuries, and it fails to take into account the dramatic changes that have taken place in recent years in relation to the general level of education, the status of women, the place of religion, the mobility of society and the revolution in business practices due to the advent of high-speed communications, photocopying and electronic data processing.

The core of the present Canada Evidence Act dates back to 1893, and while Parliament has introduced amendments from time to time on a piecemeal basis, those amendments often have resulted in legislative overlaps and confusion as to which section actually applies. The scene is further complicated by the fact that there is evidence legislation at both the federal and the provincial levels, and there is no uniformity of legislation between provinces or between provinces and the federal government.

To a greater or lesser extent, every common law country shares these problems and over the past two decades there has been a great deal of effort put into the reform of the law of evidence in the United States, Great Britain and Australia. Significant strides have been made, not only in terms of studying the problems and identifying options but also in terms of implementation of new legislation. The need for a review of the law of evidence was recognized by the Minister of Justice as far back as 1971, when he referred the subject to the Law Reform Commission of Canada for study and report. The commission submitted its report in December 1975, recommending the adoption of an evidence code that would have replaced the common law entirely and would have dealt with many problems simply by leaving the matter up to the discretion of the judge in the particular case.

The Department of Justice carried out consultations with the bench and bar across Canada to determine their reaction to the proposed code. The majority of those who responded tended to react unfavourably. As a result of the consultations

it was concluded that the Law Reform Commission code would not serve as a satisfactory replacement for the present Canada Evidence Act.

In the meantime, the Ontario Law Reform Commission had published a report on the provincial law of evidence in which a more traditional type of evidence act was proposed. In an effort to develop rules of evidence that would be acceptable to both the federal and provincial governments, the Ministers of Justice and Attorneys General in June 1977 decided to approach the Uniform Law Conference of Canada to see whether it would be interested in acting as a non-partisan host for a project to develop a uniform evidence act that could be a model for all jurisdictions to follow.

● (2050)

The Uniform Law Conference of Canada is an independent body comprising legal experts from both the public and private sectors and was established to promote uniformity of legislation. The Deputy Ministers of Justice and the Deputy Attorneys General are *ex officio* members. The conference accepted this challenge at its annual meeting in 1977 and established the federal-provincial task force on uniform rules of evidence. The task force had representation from the federal Department of Justice and the Provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia. Its mandate was to state the present law and to examine the recent reports on evidence by the Law Reform Commissions of Canada and Ontario, and other such reports and legislation, with a view to recommending a uniform evidence act. The task force, which was to complete its work and make a final report within three years, submitted its final report and a draft act in January 1981. I have here a copy of that report.

Unlike the evidence code of the Law Reform Commission of Canada, the task force report recommended that, while most rules of evidence should be set out in a uniform evidence act, some rules would be better left to development through the common law. In addition, the common law should continue to serve as a guide to interpreting the new evidence act, and less scope should be given to judicial discretion in the interpretation and application of the rules than was given under the commission's evidence code. With this change of orientation, the task force hoped to meet the principal objections of the bench and the bar to the commission's code.

The report of the task force and the accompanying draft uniform evidence act were considered at a series of special plenary sessions of the Uniform Law Conference held from April to July of 1981. The new uniform evidence act was given formal approval by the Uniform Law Conference at its annual meeting in August of 1981, where it was endorsed by the delegates of every jurisdiction.

The adoption of a uniform act by the Uniform Law Conference does not have any legal significance, but does indicate that, after careful study, experts from across Canada have concluded that the Uniform Act is a good legislative model for member jurisdictions to follow.

[Senator Lewis.]

Action by the federal government is, of course, central to any scheme of uniform legislation in Canada, and a number of provincial Attorneys General have urged the Minister of Justice to move quickly to introduce a new Canada evidence act based on the Uniform Evidence Act so that their provinces can proceed as soon as possible with similar legislation. That is an excellent illustration of what can be done when a spirit of co-operation exists between the federal government and the provinces, and I think that spirit should be encouraged by prompt legislative action on our part.

The Canada Evidence Bill basically follows the Uniform Evidence Act, but some significant changes have had to be made in order to make the bill comply with the Canadian Charter of Rights and Freedoms and to take into account the evidentiary provisions of the Access to Information Act and the recent amendments to the Criminal Code relating to sexual offences.

A number of minor amendments have been made to eliminate ambiguities, to improve the clarity of certain sections, to fill gaps and to facilitate the application of the legislation.

Finally, special reference has to be made to the French version of the bill. I am given to understand that whereas the English version of the Uniform Evidence Act was drafted by a federal draftsman, the French version was drafted by draftsmen from the Province of Quebec in accordance with the Quebec style of drafting. In order to make the Canada Evidence Bill comply with federal principles of drafting, fairly major reformulation has been necessary.

It is not my intent to go through the bill clause by clause at this time; rather, I propose to deal with what I consider to be the major changes that will be brought about by the adoption of the bill.

First, we have the matter of the burden of proof, which is dealt with in clauses 8 to 15 of the bill. This area of the law has been bedeviled by a plethora of decisions and learned articles which draw fine distinctions and use conflicting nomenclature. The bill clarifies the law by standardizing the terminology and fixing definitions.

From a substantive point of view, the bill preserves the status quo with two exceptions. The first exception is found in clause 12, the first two subclauses of which read as follows:

> 12.(1) The legal burden in a criminal proceeding respecting any exception, excuse, exemption, justification, proviso or qualification that is expressly provided by an enactment in favour of an accused in relation to any particular offence is on the accused and that burden is discharged by proof on a balance of probabilities.
>
> (2) Subsection (1) does not apply to the defence of provocation in relation to murder or to any defence of general application provided by law.

The typical situation contemplated by clause 12 is one in which the accused has a licence or a permit to do the prohibited act—such as carrying a concealed weapon. It is reasonable to expect an accused to produce a permit, if he has one. On the other hand, because of the similarity of names, it is

often almost impossible for the prosecution to prove that an accused does not have a licence or permit. For many years section 730 of the Criminal Code has contained such a provision in summary conviction offences. Logically, there is no reason why the same principle should not apply in proceedings by way of indictment, and clause 12 so provides. The change does not, however, place the burden of proof on the accused with respect to the defence of provocation in a prosecution for murder or with respect to any defence of general applicability.

The second exception is found in clause 13, which deals with the burden of proof as to the mental fitness of the accused to stand trial. Under the present law it is not entirely clear who bears the onus of proof of fitness, or unfitness, and what the standard of proof is. The Uniform Law Conference concluded that this was a basic fact that could and should be established by the prosecution, and clause 13 adopts this position.

With respect to formal admissions, which are contained in clauses 16 and 17 of this bill, sections 582 and 736(5) of the Criminal Code allow the accused "to admit any fact alleged against him for the purpose of dispensing with proof thereof." There is no provision permitting the accused to make an admission that involves a question of law or of mixed law and fact; nor is there any provision to permit admissions by the Crown. These defects are remedied by the bill.

The matter of judicial notice is dealt with in clauses 18 to 21. These clauses do not involve any major change, but they do serve to clarify and rationalize existing law and practice with respect to judicial notice.

Then admissibility is covered in clause 22. At common law, evidence that is relevant is admissible unless it is excluded by some specific rule. According to the Supreme Court of Canada decision in *The Queen v. Wray*, (1971) S.C.R. 22, the fact that evidence is gained by illegal or improper means does not affect its admissibility. That decision must now be read in the light of section 24(2) of the Charter of Rights and Freedoms which provides that the court shall exclude such evidence if it has been obtained in a manner that has infringed or denied any of the rights or freedoms guaranteed by the charter, and it is established that, having regard to all the circumstances, admission of the evidence in the proceeding would bring the administration of justice into disrepute. This principle is specifically incorporated into the Canada Evidence Bill by clause 22(1). The Canada Evidence Bill is, as far as I know, therefore, the first item of federal legislation to reflect the impact of our new Canadian Charter of Rights and Freedoms.

Turning now to the matter of character evidence in a criminal proceeding, covered by clauses 23 to 32, the law in this area is in a very unsatisfactory state, and this bill proposes some significant changes. The bill retains the basic common law rule that the prosecution cannot adduce evidence of the accused's bad character unless the accused has put his character in issue. Where the accused intends to put his character in issue by adducing evidence of his general reputation in the community, clause 24(2) of the bill requires that he give notice to the court at least seven days before the trial of his intention to do so. This is to allow the prosecution or any co-accused to carry out their own investigations of the accused's reputation in the community so that there will not have to be an adjournment for that purpose part way through the trial.

• (2100)

Secondly, the bill clarifies the scope of the accused's right to call evidence of the victim's reputation, found in clause 28, and, similarly, of the right of the prosecution to rebut such evidence, found in clause 29 of the bill.

The Uniform Evidence Act also included provisions pertaining to the admissibility of character evidence in sexual offences. Similar provisions were considered as part of the Sexual Offences Act, recently adopted by Parliament. As these evidentiary provisions relate to specific offences rather than being general rules of evidence, it was thought that they should be set out in the Criminal Code in the context of those offences rather than in the Canada Evidence Bill.

Turning now to opinion evidence and experts. The major change in this area is the incorporation of a provision similar to that in British Columbia and Nova Scotia which allows the reception in civil cases of a written report of an expert without the necessity of calling the expert. The expert may, of course, be called for examination or cross-examination, but if the court comes to the conclusion that in the circumstances it was unreasonable to require the attendance of the expert, the party calling the expert can be penalized for costs.

Two other changes should be noted. Clause 39 provides that, except with leave of the court, no more than seven witnesses may be called by a party to give expert opinion evidence in a proceeding.

The second change will extend to civil cases a power that a judge already has in criminal cases, namely, to appoint an expert to inquire into and submit a report on any question of fact or opinion reported on by the court-appointed expert.

I now come to the hearsay rule and its exceptions. This is dealt with in clauses 45 to 73 of the bill. This is one of the most complex areas of the law of evidence, and the bill does a great deal to simplify the hearsay rule and to rationalize its exceptions.

The general rule is that a witness may not give evidence of statements made by another person or made by himself on another occasion. There are a number of good reasons for insisting on first-hand evidence whenever it is available, but there are also many cases where the best available evidence is hearsay, so a number of exceptions to the general rule have been created. These exceptions have been developed to meet particular problems rather than to conform with some overriding theory, and as a result they are often inconsistent with each other and thus make the law needlessly complex.

The Canada Evidence Bill would simplify the law in civil proceedings by lumping together a number of the existing exceptions and allowing first-hand hearsay evidence in all cases where the eyewitness is not available to testify.

In criminal proceedings, on the other hand, introduction of such a sweeping principle of admissibility might adversely affect the accused, who should have the right to cross-examine

his accusers. Changes to the hearsay rule in criminal proceedings, therefore, have been limited to bringing together the exceptions and rationalizing their conditions of applicability.

One of the most important exceptions to the hearsay rule is the special category comprising statements of the accused to persons in authority. As a condition of the admissibility, the law requires that the prosecution satisfy the court in a *voir dire*—that is, a trial within a trial in the absence of the jury, if there is one—that the statement was voluntary. But, simple as this may sound, this exception has generated scores, if not hundreds, of precedents interpreting every aspect of it.

This bill retains the basic structure of the exception, but it defines the terms "persons in authority" and "voluntary". It also eliminates three anomalies. First of all, it prohibits questioning the accused during the *voir dire* as to whether the statement was actually true. This prohibition has a particular importance where the trial is before a judge alone, for recollection of the accused's in-court admission may persist in the mind of the judge even though he has excluded the statement itself.

Secondly, the quantum of proof of voluntariness has been changed from proof beyond reasonable doubt to proof on the balance of probabilities, which is the test applied to other issues of admissibility.

Thirdly, the current rule permitting the reception of such parts of an inadmissible confession as are confirmed by the subsequent finding of objective fact—evidence such as the murder weapon—is repealed. The bill will allow evidence of the accused's knowledge of the whereabouts or conditions of the objective fact evidence but not of any part of the inadmissible statement.

Another important provision deals with evidence given in previous court proceedings. This is covered in clauses 74 to 79. These clauses essentially overrule the famous decision in *Hollington v. Hewthorn*, an English case, reported at (1943) King's Bench Division, 587, which precludes the plaintiff in a civil case from proving that the defendant had been convicted in a criminal proceeding of doing the very act that forms the substance of the civil action. That rule has long been the object of criticism and has been abrogated by a number of jurisdictions already.

The bill goes one step further, and allows evidence of convictions to be used in subsequent criminal cases in two instances. The first of these is where the accused is charged with the possession of property obtained by the commission of an offence, in which case the bill would permit evidence of the conviction of another person or theft of that property as *prima facie* proof that the property was stolen.

Secondly, where an accused is charged with being an accessory after the fact of the commission of an offence, evidence of the conviction of another person for the principal offence is admissible as *prima facie* proof that the offence was committed. Under the current law, the principal offence would have to be proven all over again even though another court had already found someone guilty of the offence beyond a reasonable doubt.

Turning now to the provisions of the bill dealing with alibi evidence, clauses 80 to 85 of the bill. These provisions basically codify the current practice which permits the judge to comment unfavourably upon the failure of the accused to adduce an alibi at the first reasonable opportunity. In addition, however, with respect to proceedings by way of indictment, the bill provides that the accused may not adduce evidence of an alibi at his trial unless he has given notice of it not later than seven days after being committed for trial. This is to avoid trial delays that otherwise would be necessary to allow investigation of the alibi by the prosecution. This requirement can be waived by the prosecution or by the trial court for cause shown.

There are also provisions dealing with competence and compellability, clauses 86 to 95. The main change here is in relation to the competence and compellability of the spouse of the accused. The bill makes the spouse of the accused generally compellable as a witness for the accused, and generally competent, though not compellable, as a witness for the prosecution.

The list of instances in which the spouse is both competent and compellable for the prosecution has been expanded beyond the limits of section 4(2) of the current Canada Evidence Act to include offences such as treason, murder or attempt to commit murder, infanticide, manslaughter, crimes against children under the age of 14 years, and dangerous offender proceedings. In each of these cases, the interest of the state in obtaining the evidence is considered to be superior to the interest in preserving marital harmony.

● (2110)

Closely tied to the spousal competency is the matrimonial communication privilege. At present this privilege applies to all communications made during the marriage, and it entitles the receiver of the communication to refuse to reveal its content in court so long as the marriage persists.

The bill modifies this privilege in clauses 166 to 173 by restricting it to "confidential" communications, by making it the privilege of the utterer rather than the hearer, and by continuing the privilege during the lifetime of the utterer regardless of whether the marriage continues to exist. I understand this has received the approval of organizations concerned with the status of women.

Clauses 96 to 99 deal with oaths or solemn affirmations. These clauses make some minor changes with respect to evidence of children and persons who are mentally infirm. They also eliminate the present anomaly whereby the accused can give evidence at his preliminary inquiry without being sworn.

Clauses 100 to 114 deal with the calling and questioning of witnesses. To a large extent these clauses set out what heretofore have been assorted rules of law and practice. They provide a handy compendium of the rules, none of which represents a major change.

Clauses 115 to 120 present, for the most part, a continuation of existing rules. However, one change of considerable significance is that a previous statement of a witness may be received in evidence for all purposes where it was made under oath or under solemn affirmation and was subject to cross-examination. At the present time a previous statement can only be admitted to test the credibility of the witness.

Clauses 121 to 125, dealing with credibility of witnesses, contain some important changes. First, evidence of reputation will no longer be admissible for the purpose of challenging or supporting the credibility of a witness. Secondly, the accused will no longer be open to unlimited cross-examination with respect to his criminal record. There are exceptions to this where the accused has dropped his shield by giving evidence against a co-accused or by putting his own character in issue, but if these exceptions are not applicable, the bill provides that the accused may be cross-examined only with respect to his record for offences having a direct bearing upon truthfulness, namely, perjury, giving contradictory evidence, or any offence that includes fraud as an essential element.

Having given the accused this measure of protection against the use of his previous criminal record, the Uniform Evidence Act allows the judge and the prosecutor to comment upon failure of the accused to enter the witness box. The Department of Justice believes that this provision may well be inconsistent with the accused's right of silence which is guaranteed by the Charter of Rights and Freedoms.

This has been the interpretation given by the American courts to their fifth amendment privilege. Therefore, the bill has rejected the comment provision in the Uniform Evidence Act and has adopted a mandatory direction provision that was recommended by the majority of the federal-provincial task force on evidence.

This mandatory direction, which is found in clause 95 of the bill, requires the judge to advise the jury that the burden of proof is on the prosecution throughout the case, that the accused is presumed innocent until he is proven guilty, that the accused has a right to testify on his own behalf—although the law imposes no obligation on him to do so—and that the accused is free to remain silent if he so chooses, and in this case he has chosen not to testify.

The third significant change is that clause 125 abolishes all rules that either require corroboration of certain evidence or require a warning concerning the danger of acting on uncorroborated evidence. In its place the court is required to instruct the trier of the fact of the special need for caution in certain circumstances, namely, with respect to first, the evidence of a witness who has testified without taking an oath or making a solemn affirmation; secondly, the evidence of a witness who, in the opinion of the court, would be an accomplice of the accused if the accused were guilty of the offence charged; thirdly, the evidence of a witness who is proved to have been convicted of perjury; or, finally, a charge of treason, high treason or perjury where the incriminating evidence is that of only one witness.

Clauses 126 to 129 make only modest additions to the present law with respect to the evidence of interpreters and translators.

Clauses 130 to 159 deal with recorded evidence. The law relating to documentary evidence in Canada is in a sorry state. On the one hand, there is no adequate modern statement of the law on documentary evidence generally, while, on the other hand, there is an abundance of conflicting statutory provisions in relation to public, government and business documents. The result is that nobody is entirely sure what the rules are. This poses a serious problem for the business community in particular because it does not know whether it has to retain original documents or whether it can rely upon copies made by photographic, mechanical, chemical or electronic means.

This bill sets out a code in relation to documentary evidence and, in the process, streamlines the means of proof. It reduces the difficulty of proving authenticity by broadening the list of documents presumed authentic. It expands the use of copies by a broad definition of "duplicate," and by making a duplicate receivable to the same extent as an original, thus making it easier to satisfy the best evidence rule. Finally, it spells out an important exception to the hearsay rule for documents made in the usual and ordinary course of business.

The definition of "business" is very broad so that the same rules can be made to apply to financial institutions and government as apply to businesses generally. This standardization eliminates the apparent duplication of provisions that exist in the current Canada Evidence Act.

The provisions make only passing reference to the computer, but it was thought that most computerized records would be encompassed by the broad definition of business and government records. This may need to be re-examined in the near future with the rapid growth of the use of the computer by private individuals.

Clauses 161 to 174 deal with statutory privileges. Section 5 of the Canada Evidence Act, and comparable sections of the Provincial Evidence Acts, affords protection to witnesses with respect to the subsequent use of incriminating answers. The task force had identified a number of problems in connection with the section, ranging from its meaning through to its effectiveness in accomplishing its objective.

To address these problems, the bill extends protection against subsequent use to all statements—not just those that are incriminating in nature—made by the witness at the hearing. The reason for this is that it is often difficult to tell whether or not an answer is incriminating, and, in any case, a witness is not being called upon to give compulsory discovery against himself. The bill also includes provisions designed to reduce the possibility of a witness using the protection as a cloak for perjury. Finally, to comply with section 13 of the Charter of Rights and Freedoms, the protection will apply automatically, and the witness will not have to ask for the protection, as he now has to do, under section 5 of the Canada Evidence Act.

• (2120)

There is a further provision under clause 165 dealing with the question of privilege respecting a psychiatric assessment. While the bill leaves the question of solicitor-client privilege to the common law, it sets out a new professional privilege with respect to statements made to a qualified medical practitioner during the course of a court-ordered psychiatric observation, examination or assessment. I am sure that this extension of privilege, though limited in scope, will be welcomed by the medical profession.

Clauses 193 to 195 of the bill deal with disclosure of government information. When the Uniform Evidence Act was under consideration, the Deputy Minister of Justice informed the Uniform Law Conference that Parliament already had plans to deal with this subject in the context of the Access to Information Act, and that, to the extent that there was an inconsistency between the provisions of the Uniform Evidence Act and the Access to Information Act in this regard, the latter would have to prevail. The Canada Evidence Bill, therefore, adopts verbatim the evidentiary provisions of the recently passed Access to Information Act.

Honourable senators, this concludes my summary of the highlights of the Canada Evidence Bill. Although there are a number of other matters of detail, which I am sure honourable senators will wish to consider, they do not raise matters of principle.

What we have before us may not be perfect but, then, no legislation ever is. It can be said, however, that it is as close to a satisfactory piece of legislation as we are likely to see. It represents the culmination of years of effort by scholars and practitioners in this country and elsewhere to whom, I feel, a great deal of respect is due for their considerable efforts in this regard.

Having the support of all the provinces, the bill should receive our most serious consideration. It provides a good system to give an effective and fair balance between the needs of the state and the rights and protection of the individual. I would urge, therefore, that this bill be given early and favourable attention by this chamber.

Hon. Senators: Hear, hear.

On motion of Senator Asselin, debate adjourned.

THE ESTIMATES, 1982-83

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending 31st March, 1983.

Hon. Douglas D. Everett: Honourable senators, the report of the Standing Senate Committee on National Finance on supplementary estimates (B) for the fiscal year ending March 31, 1983, is contained as an appendix in the *Minutes of the Proceedings of the Senate* for Thursday, November 25. The report was tabled by Senator Leblanc, the deputy chairman, last Thursday and was also printed as an appendix to the *Debates of the Senate* of that date.

The supplementary estimates (B) bring the total expenditures of the federal government, for the fiscal year so far, to $79.6 billion, this in the light of a projected deficit by the Minister of Finance of $23,550 million.

I do not propose to deal in detail with the report, which is straightforward and can be read by all honourable senators. However, I should like to examine briefly some implications of the spending of $79.6 billion and the projected deficit of $23.5 billion.

When one looks at federal government spending in Canada, one must bear in mind that transfer payments to individuals and provinces, the interest on the national debt and expenditures on defence form 80 per cent of the total expenditures of the federal government. It follows then that all other expenditures of all departments and crown corporations aggregate 20 per cent of the total spending. You must bear those figures and those percentages in mind when considering the question of reductions in spending.

Obviously, there could be considerably more efficiency in government, but to a large extent that efficiency would apply to little more than 20 per cent of the total expenditures. If you were able to achieve a 10 per cent more efficient operation, you would, in fact, be achieving a 2 per cent reduction in overall expenditures. That is not to be sneezed at when those expenditures are in the neighbourhood of $80 billion. However, people who say that the deficit can be removed by making government more efficient are probably fooling themselves. It is true that the interest on the national debt will reduce as we lower the level of inflation, but probably the most effective area for the reduction of expenditures by the federal government relates to transfer payments. As honourable senators well know, that is a very politically difficult area in which to reduce expenditures.

One would have to grapple with the ending of certain programs for which there is a large constituency in the country; one would have to grapple with the issue of universality—whether programs should apply generally or whether they should apply to specific need; and one would have to grapple with the issue of whether we index our programs to the rate of inflation as we do now, or whether we cap the increase in the expenditure below that rate.

Although these are areas where we can make major reductions in expenditure, they raise the problem of reducing expenditures in a democratic government, which is particularly difficult.

Although I am very much in favour of reducing expenditures, I am concerned about the glib talk put forward by the critics concerning what should and could be done. If they were in government, they would not have the fortitude to do those things; in fact, if they tried, they would not be in government for long.

On the other hand, at the present time the deficit is largely caused by an economy that is operating grievously below capacity. It is also suffering from the fact that we index our tax receipts so that personal taxpayers do not suffer from inflation. At the same time, we index almost all other payments so that they reflect the effect of inflation. That exacerbates the deficit situation.

● (2130)

Under the six-and-five legislation, it is my understanding that we propose to index the personal tax to a maximum of 6 per cent in 1983 and 5 per cent in 1984. The basis of the deficit, however, is fairly clearly a combination of an economy operating below capacity and the fact that we have indexed our personal tax and suffer from inflation on the expenditure side. In that position, the question you ask yourself is: How important is the deficit to the workings of monetary policy and its effect upon inflation rates?

It is certainly true that a large deficit makes it harder for a monetary policy to be effective. This is because the demand for money from the federal government creates higher interest rates, and, therefore, the policy takes longer to operate. The important aspect of the deficit, however, is whether or not it is monetized. Presently, and over the last reasonable mid-term, our deficit has not been monetized by the central bank. In other words, the fact that we have been running large deficits has not created an increase in the money supply. That situation could change. Obviously it would change if this deficit continues to be large and if spending continues to increase at rates that equal those of, for example, the past 10 years. At that stage it will be impossible for the central bank not to monetize the deficit. At the present time, however, that is not taking place.

The question we must ask ourselves is: Are we seeing a change in central bank policy in that regard? We must ask ourselves that question because the direction of the central bank at this point is crucial. What we have as evidence of the central bank policy is the speech given by the Governor of the Bank of Canada before the Canadian Club in Toronto on November 29. He again spoke out against inflation. He is clearly concerned about the problems of international liquidity and what various countries in the world will do to accommodate those countries which have taken on a great amount of debt. He articulates concern about the level of interest rates in relation to the domestic debt that was undertaken in inflationary times on the grounds that inflation would take us out of the problem of debt. He has abandoned the target for M-1.

That worries me a great deal. It is true that, because of changes in our banking system and the way in which we deal with bank balances, it is difficult to maintain a target for M-1, but it is not difficult to maintain a target for the monetary base. There is a fair amount of empirical evidence to indicate that M-1 is influenced by the monetary base.

Honourable senators, you have to ask yourselves: Why has the Bank of Canada made this change? If it has decided that M-1 is not a reliable aggregate to follow, why did it not go to the monetary base, which is reliable and which can be reasonably controlled? The monetary base is made up of currency in circulation and bank reserves; it is highly controllable by the central bank. We have to ask ourselves why the bank is doing this.

Honourable senators, I do not believe that the central bank has given up on the fight against inflation. What I suggest might be happening, however, is that instead of being concerned with the level of the money supply—using whatever aggregate you want to determine where that supply is—the central bank has reverted to its previous policy of some 10 years ago of being concerned about the level of interest rates. In other words, the bank is going to set the interest rate and the money supply will be allowed to increase or decrease in order to sustain that rate.

A number of people might very well say that that is good, that it would be a step forward if we could have interest rates at a certain level. Well, we went through that period, and it is a retrograde step. Honourable senators, it is a very retrograde step, and it would be a grave mistake if that is what the Governor has in mind.

Having said that, I have no conclusions to draw. I have merely expressed my concern that we may have been watching, over the last two or three months—and we may have come to that fulcrum point in the speech given on November 29—a major change in central bank policy in this country. If it is the change that I suspect it is, then it is indeed a change for the worse.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, perhaps I might ask my honourable friend a question before another honourable senator speaks.

My question arises from the fact that, when I read the reports of the Governor's speech, as my honourable friend did, exactly the same question crossed my mind; namely, what is going to be the rule with respect to monetary restraint if we are abandoning M-1? I also concluded, as I believe my honourable friend did, that the Governor did not give any clear exposition of the policy. If a policy change has taken place, he did not explain what that change is.

My question is: Does my honourable friend think it would be useful if we could ask the Governor of the bank to do us the courtesy of appearing before the National Finance Committee to give us an opportunity to discuss this matter with him, and to give him an opportunity to produce any clarifications which he might think desirable with respect to his policy?

Senator Everett: Indeed, honourable senators, I do.

Senator Roblin: I take it from that, then, that the committee would extend an invitation to the Governor?

Senator Everett: Yes, we would do that.

On motion of Senator Doody, debate adjourned.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Smith*).

Hon. G. I. Smith: Honourable senators, I realize that this order has been standing in my name for some time. That may have impeded the desire of some other honourable senators to speak to it. However, subject to the order of business of the Senate tomorrow, it is my hope and expectation—though, I suppose, not my promise—that I will deliver myself of my wisdom on this matter tomorrow afternoon.

Order stands.

● (2140)

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY VETERANS AFFAIRS EXPENDITURES IN SUPPLEMENTARY ESTIMATES (B)—ORDER DISCHARGED AND MOTION WITHDRAWN

On the Order:

Resuming the debate on motion of the Honourable Senator Marshall, seconded by the Honourable Senator Asselin, P.C.:

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and report upon the expenditures pertaining to Veterans Affairs set out in the Supplementary Estimates (B), laid before Parliament for the fiscal year ending March 31, 1983.—(*Honourable Senator Everett*).

Hon. Douglas D. Everett: Honourable senators, I note that earlier this evening Senator Marshall presented a motion in which he asked that the Annual Report of the Department of Veterans Affairs be referred to the Standing Senate Committee on Health, Welfare and Science. That motion was agreed to, and it is now likely that he will be withdrawing this motion, which is the subject of Order of the Day No. 9. Therefore, my remarks will be brief and perhaps not very helpful in that the motion will not be proceeded with. If it were to stand, I have no objection to a portion of the estimates being referred to any committee of this house. However, I suggest that what is referred to committee should be the subject matter of the particular item of the estimates.

I say that because the National Finance Committee is charged with the responsibility of dealing with the estimates and reporting back to the Senate prior to receipt of the appropriation bill, and if a committee dealt with the subject matter, it would not interfere with the National Finance Committee's study of the estimates and presenting its report prior to receipt of the bill.

I do not consider that reference of any item in the estimates to any other committee should prevent the Finance Committee from making a study of that same area, if, in the course of its examination, it decided it wished to do so.

On that basis, as Chairman of the Standing Senate Committee on National Finance, I would be in favour of the motion if it were amended to say that the subject matter was being referred to the Health, Welfare and Science Committee, and on the understanding of the other points I have made.

Hon. Jack Marshall: Honourable senators, I am in general agreement with what Senator Everett has said. When I moved the motion I was unaware that the Annual Report of the Department of Veterans Affairs was going to be tabled on November 25. I should point out that even though I agree with the honourable senator, I believe that an item in the estimates can be referred to a committee other than the National Finance Committee. A precedent has been set because last year we did that very thing, which gave the Health, Welfare and Science Committee the opportunity to delve into what were considered to be some inequities still remaining in the Veterans Charter.

I repeat that I am in general agreement with what Senator Everett has said, and, if there is unanimous consent, I am prepared to withdraw my former motion in favour of the new motion I presented earlier this evening.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 1, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO RECEIVE PRESENTATION FROM INDIAN ASSOCIATION OF ALBERTA

Hon. M. Lorne Bonnell: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Health, Welfare and Science, in response to a request from the Indian Association of Alberta, be authorized to receive a presentation from representatives of that association, and from other organizations if they so request, with respect to certain issues relating to Indian women and the Indian Act and, if the Committee considers it necessary, to report thereon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a question of the chairman of the committee? As I heard him propose the motion, he said that the committee would report to the Senate only if it deemed it advisable to do so. Is that usual? My prejudice would be to ask the committee to report in any event because, if the committee is meeting pursuant to an order from us, and even if it has nothing to report, we should really hear the conclusions of the committee rather than let the matter hang in mid-air.

Senator Bonnell: Honourable senators, I agree with my honourable friend and I will draw his view to the attention of the committee. However, because a group of Indian women from the Indian Association of Alberta asked to spend 20 to 30 minutes with us in committee, I did want to give them an opportunity of presenting their claims. My intention was to report on what they said, if I thought it was worthwhile, but in view of what Senator Roblin has said I will report to the Senate in any event.

Senator Roblin: I thank my honourable friend for his undertaking, and in view of that I will not suggest that he amend his motion. Personally, I should like to know the committee's view on the matter, because the problem of Indian women concerns people right across the country—and it certainly concerns me, coming from the province of Manitoba.

I take it, then, that we can expect the committee to report regardless of their terms of reference?

Senator Bonnell: Honourable senators, perhaps I should add that all honourable senators are invited to attend the committee meeting. I hope my honourable friend will come and hear their views firsthand, and perhaps ask pertinent questions.

Senator Roblin: If my honourable friend will undertake to hold his committee meeting when other committees of which I am a member are not meeting, I will be glad to give his proposition some consideration. But I must say that I have certain confidence in his own common sense in the matter, and I look forward to hearing his report.

Motion agreed to.

[*Translation*]

PRIVILEGE

STATEMENT BY SENATOR FLYNN

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I want to raise a question of personal privilege, first of all regarding a statement made by the Prime Minister yesterday at his press conference, when he said, concerning the Hambleton case, that the decision not to prosecute this gentleman had been made by the Conservative government and the then Minister of Justice.

I must say the Prime Minister was very poorly informed. In fact, he was also contradicting statements made in the House of Commons by the Solicitor General and by the former Minister of Justice, Mr. Chrétien. In fact, there was a preliminary report in January 1980, when a more thorough investigation was requested. The report was submitted to my successor after the 1980 election, and the decision not to prosecute Mr. Hambleton was made in April 1980, not by Mr. Clark's Conservative government or by his Minister of Justice, but by the Trudeau government and Mr. Chrétien.

In the second place, yesterday on the French television network, Radio-Canada, they said I had informed Mr. Hambleton in January that he would not be prosecuted. Obviously this is absolutely untrue and even ridiculous, and I must object to this statement. In any case, both this statement and the Prime Minister's are at variance with the facts.

QUESTION PERIOD

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

McDONALD COMMISSION REPORT—GOVERNMENT POLICY

Hon. Martial Asselin: Honourable senators, it has been revealed that Mr. Chrétien, the former Minister of Justice, had decided not to launch proceedings against members of the RCMP after the release of the McDonald report and, apparently, had added that had there been any evidence against them, the federal government would not have taken them to court.

Does that statement mean that, with respect to law, members of the Royal Canadian Mounted Police do not get from the federal government the same treatment as do other Canadian citizens?

• (1410)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think that explanations have already been given that are public information. They were given in the other place and elsewhere.

To be more precise, I shall take the honourable senator's question as notice and refer it to the appropriate minister for further information in the terms he has requested.

[*Translation*]

Senator Asselin: I have a supplementary question. When seeking further information, could the minister ask when that decision was made by the cabinet and the Minister of Justice? When were the members of the Royal Canadian Mounted Police informed of the decision reached by the federal government and of the Minister of Justice?

[*English*]

Senator Olson: I will take that under advisement.

FISHERIES AND OCEANS

ASSISTANCE TO FISHERMEN

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. My question has to do with the evident leak from the Kirby task force report on the Atlantic fisheries regarding the alarming statistic that the income of many fishermen in Atlantic Canada falls below $12,035, and, therefore, below the poverty line.

I wonder if the Leader of the Government would determine whether any action will be taken prior to the tabling of that report in order to overcome this sad state of affairs.

Hon. H. A. Olson (Leader of the Government): I shall take that question as notice and obtain further details for the honourable senator, but I can advise him now that—and he knows this—during the past year important steps were taken by the government to assist in the economic problems related to Atlantic fisheries and Atlantic fishermen, and I could name a few of them.

For example, he is aware of the action which was taken with respect to the St. Anthony processing plant, as well as other action which was taken with respect to some of the difficulties encountered by more than one of the major and minor processing plants involved. Action is being taken. Hopefully, there is going to be an even more concerted and long-term solution coming out of the findings and recommendations of, or, at least, assisted by, the Kirby commission.

• (1415)

Senator Marshall: Apart from the fact that the government has rehabilitated, to a certain extent, the St. Anthony fish plant, one of the problems is the lack of work in the fish plants. I will leave that and accept the minister's answer that he will get a more detailed report.

TRANSPORT

NEWFOUNDLAND—ATLANTIC CONTAINER EXPRESS—SUGGESTED GOVERNMENT ASSISTANCE

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning a firm called Atlantic Container Express that was hauling freight between Montreal, Quebec, and Corner Brook, Newfoundland. They have cut out that service, and that is going to hurt the economy of that part of Newfoundland. They are now saying that they would revive that service if they could get a subsidy from the government. I understand that Ace Container Express was made up of two firms that were getting a subsidy from the government.

I realize that I could put this question on the Order Paper but since the Leader of the Government has been giving answers to questions within a week—which he is to be commended for—perhaps he could provide an answer to this one as quickly.

Hon. H. A. Olson (Leader of the Government): Honourable senators, in our usual attempt to be helpful by getting answers as early as possible, I will do that, although I have to admit that at this point I am not familiar with the background of this particular company's operations.

AIR CANADA

CHARGE FOR CREDIT CARD

Hon. Jack Marshall: Honourable senators, turning to air transportation, would the minister also find out the justification for Air Canada's introduction of a charge of $15 for their En Route credit card? I think this is a complete imposition on the public because they have almost a monopoly on air travel in Canada, and besides increasing fares by an exorbitant amount they are trying to introduce a $15 charge for credit cards, which is ridiculous. Could the minister find out the justification for that action?

Hon. H. A. Olson (Leader of the Government): Honourable senators, my friend is becoming more and more expert at making short speeches and getting his arguments submitted before—

Hon. Jacques Flynn (Leader of the Opposition): The leader is the last one who should complain.

Senator Olson: I am not complaining; I am complimenting him on his expertise. Setting aside all of those arguments and terminology that my friend has used in leading up to his question, I shall try to get an explanation, although I believe that if he had read some of the daily news he would have found that the explanation has already been given by Air Canada.

UNEMPLOYMENT INSURANCE

EXHAUSTION OF BENEFITS—GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Social Development.

Hon. Martial Asselin: You are lucky he is here.

Senator Doody: First of all, I want to thank the minister for joining us this afternoon. It is very rare, indeed, that we have an opportunity to pose a question to this very busy minister. I appreciate the fact that he did drop in yesterday afternoon but it was a very fleeting visit and I did not get an opportunity to ask his advice on a matter of grave importance to the people of my province and, indeed, the people across Canada.

I understand that the Minister of National Health and Welfare has said that no meeting of federal and provincial welfare ministers is contemplated, nor is one necessary because there will not be enough people involved in the unemployment insurance exhaustion. There are more and more people running out of unemployment insurance benefits every week and more and more of them are going on provincial welfare rolls. Could the minister tell us if that is the policy of the government, or is it simply an opinion? Will there indeed be a meeting of welfare ministers to discuss this very alarming situation in the provinces?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I think the record will show that I am here most times—

Senator Asselin: No.

Senator Austin: —and anxious to answer questions.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Hear, hear.

Senator Austin: I would be pleased to receive notice of any questions honourable senators would like replies to, because that would allow me to answer in a most timely and, I hope, adequate way. I appreciate the fact that Senator Donahoe accepts that I am busy and, indeed, I acknowledge that I am.

• (1420)

Senator Asselin: You just came from the north.

Senator Austin: I am somewhat confused—

Hon. Jacques Flynn (Leader of the Opposition): That is nothing new.

Senator Austin: —since I do not know the source of the quotation. I have not seen the newspaper column, if that is, indeed, what is being relied upon.

The minister responsible for unemployment insurance is the Honourable Lloyd Axworthy, Minister of Employment and Immigration. If the Minister of National Health and Welfare, the Honourable Monique Bégin, has mentioned some item regarding a meeting of the federal and provincial ministers responsible for unemployment insurance, I am not sure in what context that mention was made.

Senator Doody: Honourable senators, I am constantly aware of the strictures of the Leader of the Government in the Senate to keep questions as brief as possible and that we should not become involved in speech-making. However, obviously, a preamble is necessary in view of the fact that my name is Doody, not Donahoe. Senator Donahoe may very well be satisfied with the attendance of the minister, but I am not at all thrilled with his performance and his attention to his duties in this chamber. His responsibility should not be fulfilled through the mail, but rather by his presence in this chamber. He has to answer for the government in this chamber.

Hon. Royce Frith (Deputy Leader of the Government): We try to answer questions; we do not try to thrill you.

Senator Doody: Despite the fact that he has a tremendous number of duties—and I know how busy he is—I thought the relaxation of the softball schedule during this season of the year would give him more time to devote to his other chores.

Senator Perrault: Don't get political.

Senator Doody: Among those other chores is responsibility for the social welfare of the people of Canada. The social welfare of the people of Canada, fortunately, is in the hands of Senator Austin; the physical welfare of the people of Canada, unfortunately, is in the hands of Senator Perrault.

Senator Frith: Foul ball.

Senator Perrault: You get five minutes in the penalty box for that.

Senator Doody: I just threw that in as an appeal to the good nature of Senator Austin because I know now he has to come forth with all sorts of generous offers of help for the people in the country who are running out of unemployment insurance benefits.

I am aware that the minister responsible for unemployment insurance benefits is the Honourable Lloyd Axworthy who has not yet been fortunate enough to receive an appointment to this chamber, but I assume that will come after the next election. My comments could also apply to the Minister of National Health and Welfare.

In the meantime, the unemployment statistics show that, currently, 5,000 people are running out of unemployment insurance benefits each month and going on welfare rolls. The figure is expected to increase to between 7,000 and 9,000 per

month by June 1983. The same statistics also indicate that there are 15,000 people living on savings; 20,000 people living on the earnings of another family; 5,000 people living on loans; 5,000 people living on pensions; and another 10,000 people presumably living on their wits because they have run out of entitlements.

With these figures in mind, I would ask the Minister of State for Social Development to ask his colleague on the Social Welfare Development Committee to call a meeting of welfare ministers. The expectation is that another 7,000 to 9,000 people in Canada per month will be going on welfare during the coming year.

Some Hon. Senators: Shame!

Senator Doody: The minister says that there will be no problem, and they will be caught up in the—excuse the expression—"welfare net."

I would remind the honourable senator and his colleagues that there is not enough welfare funding available in some of the provinces to support that kind of system during this coming winter. I plead with him to convince his colleague to call a meeting of the ministers so that they can explain the situation as it now exists in some of the poorer provinces and try to alleviate the suffering many Canadians are going to have to endure.

Senator Austin: I would begin by apologizing to Senator Doody for calling him "Senator Donahoe."

Senator Doody: I am honoured; Senator Donahoe is the one with the problem.

Senator Austin: I apologize to Senator Donahoe as well if that is the case.

I would acknowledge that the problem of unemployment is a serious and major one in Canada. It is one to which the government has given every ounce and fibre of its attention. The minister responsible for the Unemployment Insurance Commission, the Honourable Lloyd Axworthy, has spoken on a personal-visit basis with virtually every provincial minister with respect to joint federal and provincial efforts to deal with the question of the expiration of certain benefits under the unemployment insurance program. Indeed, the government announced a program by which it would place $500 million directly into employment stimulation at the level of municipalities and within the private sector. That announcement was made in October.

• (1425)

Since that time, various provincial governments have announced that they are prepared to participate in that same program. For example, the Province of Ontario has announced that it would put in $100 million. The provincial minister, Mr. Miller, has indicated his strong support in this regard.

Honourable senators, there is no question but that Senator Doody is correct. The government's attention must continue to be focused on the subject of unemployment and on that of maintaining the social security safety net which has been put in place over the last 30 to 40 years in this country. That safety net is now a major factor in stabilizing communities and in ensuring that a sense of optimism and a sense of renewed economic growth remains in our country.

Senator Doody: Honourable senators, I thank the minister for his answer. Would he not, then, think it appropriate to call together the ministers of welfare of the various provinces in order to study in detail the sort of plans, schemes and efforts that the honourable minister has just explained to his colleagues here?

Senator Austin: Honourable senators, perhaps I could add to my answer that I believe that the Minister of Finance, the Honourable Marc Lalonde, will be meeting during the month of December with the provincial ministers of finance. Unemployment will certainly be one of the issues that they will be discussing.

ROYAL CANADIAN MOUNTED POLICE

LAW ENFORCEMENT GUIDELINES

Hon. Nathan Nurgitz: Honourable senators, my apologies for rising a little belatedly on this point. The Leader of the Government undertook to find answers to certain questions with respect to the recently announced intention of the government not to proceed with prosecutions of members of the Royal Canadian Mounted Police who have broken the law. While he is seeking those answers, could he also undertake to find out for us the current guidelines for the enforcement of our laws by the national police force?

Hon. H. A. Olson (Leader of the Government): Honourable senators, that question will be included in the reference made to the Department of Justice and the Department of the Solicitor General.

CANADA DEVELOPMENT INVESTMENT CORPORATION

TERMS OF EMPLOYMENT OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

Hon. Orville H. Phillips: Honourable senators, I have a question for the minister of state responsible for the CDIC. Last week it was announced that Mr. Joel Bell, formerly of the PMO and Petro-Canada, has been appointed president and chief executive officer of the corporation. It has been reported that Mr. Bell was engaged by means of a contract—a rather unusual procedure.

Could the minister inform us of the length of the contract and explain why there was a no-cut clause in the contract?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I appreciate the question from Senator Phillips respecting the Canada Development Investment Corporation. I will say that Mr. Bell is one of the outstanding business executives in Canada. His role in the development of Petro-Canada has been an exemplary one. He proved to be one of those who led its corporate growth.

I should like to inform honourable senators that the story which appeared in the press and which was attributed to a Conservative member in the House of Commons is inaccurate.

Joel Bell has agreed to serve as president and chief executive officer of the corporation, and in this connection I am told by the chairman of the corporation, Mr. Maurice Strong, that a compensation committee of directors has been struck to discuss the terms under which Mr. Bell will be employed. He obviously has a salary which is provided by order in council. As to other employment terms, however, nothing has been specifically decided upon. As yet, a contract has not been drafted; there has not been time to prepare one. I regret that someone in the other place should have made statements that have no basis in fact.

Senator Phillips: Honourable senators, I have a supplementary question. I would take it from the minister's reply that the no-cut clause is being considered for the contract. Would the minister consider a clause requiring profit performance as well?

• (1430)

Senator Austin: I cannot tell the honourable senator precisely what is being considered by way of the terms of the contract, but it will not be entered into without my review. With respect to profit performance, this is a corporation whose assets are not, to some significant degree, in a profit-earning position. I think one of its purposes is to obtain a more effective commercial operation of its assets. Whether one hires executives in a case like this on the basis of profit performance is a question I will take under consideration, but I believe that financial improvement would be an excellent test.

Senator Phillips: I would be perfectly happy to have a clause providing that a certain portion of the profits go to the president. Would the minister report to the house when the contract is settled?

Senator Austin: I also would certainly be happy if CDIC, including all its subsidiaries, were in a profitable position. Once a contract is entered into I shall be happy to inform Senator Phillips of that fact and provide him with whatever details it is appropriate to provide.

INDUSTRY

PHARMACEUTICAL RESEARCH AND DEVELOPMENT—EFFECT OF PATENT ACT AMENDMENTS

Hon. Andrew Thompson: Honourable senators, I should like to ask a question of the Leader of the Government. My question is prompted by the closing down of the pharmaceutical research facilities of Ayerst in Montreal and their move to New Jersey, I think in June of this year. I think the Leader of the Government will be aware of the changes that took place 13 years ago in section 41 of the Patent Act. Is the government considering examining the results of those changes with respect to providing a fair, secure investment climate to Canadian pharmaceutical companies that carry out pharmaceutical research and innovation, as well as safeguarding standards and providing drugs at a fair price to the consumer?

Hon. H. A. Olson (Leader of the Government): The more specific question is: Is the government considering extension of some of the patent rules of some years ago? I will make an inquiry of the appropriate minister. Perhaps I could also ask for an explanation of some of the reasons why we have the present conditions.

Senator Thompson: Perhaps I could ask a supplementary question to explain my concern. As I understand it, the Commissioner of Patents has no advisory body to assist him in looking at costs of the research done by individual companies in order for him to establish a price for drugs. The rate of profit permitted has been an average across the board of 4 per cent almost all the time. There are a number of questions like that which I think prove the need to examine the removal of pharmaceutical research facilities from Canada. We also want to ensure that the consumer pays a fair price for drugs and not some outrageous price.

Senator Olson: I think what Senator Thompson has just done is expand some of the details I alluded to, although only briefly, a moment ago.

[*Later:*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a question supplementary to the excellent point made by Senator Thompson? When the minister replies, would it be possible for him to provide any information as to the number of companies that have closed down in the pharmaceutical industry, the number of jobs affected, and generally how the situation has affected our research and development thrust? It seems to me that those matters are germane to the general point raised by my honourable friend.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will try to provide that information. If statistics are to be valid and directly related only to the patent difficulty or dispute over the application of the patent law, that is one thing, but, of course, there may be some difficulties in that sector of the industry due to economic conditions generally. With that qualification, I will try to obtain the information.

Senator Roblin: I see the minister's difficulty, but I would point out that there is a general impression that it is because of the patent problem that the companies concerned have made their changes. That is the main factor involved. Provided that the minister defines his terms sufficiently carefully, I am sure he can provide the information.

Senator Olson: Honourable senators, there is a difficulty that I am trying to avoid. If we were to ask a government department or minister to obtain an answer to that question, they may not regard the matter with as much significance as do some of the companies that are actually operating in that field. That is why I included the qualification.

Senator Roblin: Well, if it is properly qualified, we could then ask the industry what it thinks of the answer.

Hon. Jacques Flynn (Leader of the Opposition): Try again.

Senator Olson: Honourable senators, I am not sure if the honourable senator asked whether or not we should ask the industry for its opinion. My understanding was that he wanted some statistics in a wider range than that asked for by Senator Thompson. There might be some factual information that could be provided, and an expansion of the qualification would be some opinion as to why it happened. Indeed, I am not sure whether I should ask the minister to ask the opinion of the industry itself. Obviously, that is another question.

Senator Roblin: I can put my honourable friend's mind at rest on that point. I want him to give me the facts as he sees them, carefully defining what the facts are intended to include, and I will take the responsibility of asking industry what they think of my honourable friend's answer.

Senator Olson: Very good; it is clearly understood now.

Senator Flynn: That is wishful thinking on your part.

● (1440)

INTERNATIONAL TRADE

MILITARY EQUIPMENT—CRITERIA FOR ISSUANCE OF EXPORT PERMITS

Hon. Daniel A. Lang: Honourable senators, I have a question for the Leader of the Government which follows the line of the response given last night to a question concerning international trade and sale of military equipment to South Africa. I recognize, as did Senator Frith last night, that the question may come within the area of security. Under the Export and Import Permits Act, what are the criteria today for issuing permits to export military hardware from Canada to the rest of the world? That is my first question.

My second is: Does Canada or the executive base its decisions on advice from COMECON, which, of course, is a NATO component? Is Canada varying its position in that regard, as opposed to the omnipresent U.S. input into COMECON decisions?

Honourable senators, these questions may involve security, but in view of the general desire to have freedom of information in Canada, I am of the view that answers to these questions can be given without prejudicing any security areas.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government has authorized me to take that question as notice, as supplementary to the question asked by Senator Nurgitz. I had discussions today on the subject of providing an answer to Senator Nurgitz's question. Without wishing to delay the reply to Senator Nurgitz's question, I will see that Senator Lang's question is also forwarded for reply.

THE SENATE

REFORM—TERMS OF REFERENCE OF ROYAL COMMISSION ON THE ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. The chairman of the latest royal commission on economic union has interpreted the terms of reference of his commission as including the examination of the federal institutions, including the Senate—

[Senator Flynn.]

Hon. Martial Asselin: And the House of Commons.

Senator Flynn: The House of Commons is also included, but I am speaking about the Senate.

Hon. Jack Marshall: The commissioner is not running for the leadership; he is coming to the Senate.

Senator Flynn: That would mean that he is not an aspiring leader of the Liberal Party. He is probably the platform for a rejuvenated Liberal Party, which would mean dropping most of their members in the other place as well as those in this place, but that is a problem for the new leader. I see that Senator Bird is smiling. Unfortunately, she will not be around then.

Hon. Joseph-Philippe Guay: Are you speaking of your leader?

Senator Flynn: I was not speaking to Senator Guay; I was speaking to Senator Bird.

Senator Guay: Then I must say what I was about to say, if you will allow me. I thought you were speaking of your leader in the other place.

Senator Flynn: I can always count on the honourable senator for such a comment, because he is so eloquent and so convincing. We are as happy to have him here as the people of Manitoba who, indeed, would not have him in the other place.

Senator Guay: Oh, oh.

Senator Flynn: The honourable senator makes such a wonderful noise when he speaks, though he is not always easy to understand. However, I will not get involved in a fight with him. Some time ago I had the misfortune to become involved in a fight with Senator Steuart, simply because I misunderstood his reply.

Senator Guay: You can always read about it in the *Globe and Mail.*

Senator Flynn: Why not? You might as well speak of me in unflattering terms if you are going to speak of me at all.

Senator Guay: I am willing to listen and learn from what you have to say, so will you please continue?

Senator Flynn: I will if you will cease and desist.

Senator Guay: I am playing your game.

Senator Flynn: Coming back to reform of the Senate as it applies to the terms of reference of the Donald Macdonald Commission, I am wondering whether this aspect of the terms of reference meets with the approval of the government. Does it mean that the government will await the report of this commission before stating its position on reform of the Senate or does it mean that it is not satisfied with what was contained in the Pepin-Robarts report? Does the government feel that something else should be done with regard to the question of

Senate reform which has not already been fully discussed and considered by previous commissions, by a Senate committee and even by the group which went to Australia in September?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the Leader of the Opposition has partly answered his own question in that he described a number of groups, organizations, studies, and so on, that have been appointed over a number of years with regard to Senate reform. The Pepin-Robarts commission had some comments on the matter as did the Goldenberg-Lamontagne committee report.

Senator Flynn: And Bill C-60.

Senator Asselin: And the judgement of the Supreme Court.

Senator Olson: Views have also been expressed by the group of senators who went to Australia, though we have not debated the matter in this chamber.

But to get back to the specific question, I think what the Honourable Donald Macdonald said is that within the terms of reference of the Royal Commission on the Economic Union and Development Prospects for Canada he would take into consideration the influence of national institutions, including the Senate, with respect to modifications which might be useful in an economic development sense.

Senator Flynn: My specific question is: Will the government wait until we receive the report before deciding on the matter?

Senator Olson: I am not sure that that is implied. I suppose some changes could be made on the recommendation of the government, or changes could be undertaken by the Senate itself in terms of the effectiveness and relevancy of this institution with respect to economic development. Both scenarios are possible. I do not think that the terms of reference of the commission pre-empt any action from being taken until after it has reported.

Senator Flynn: So my understanding is that presently the government has no immediate plan in this regard?

Senator Olson: What the honourable senator should understand is what I said, namely, that the government and other bodies, including the Senate itself, may take an initiative with respect to some improvement—call it "reform", if you like—as to its relevancy to the service that we are obliged to provide to Canadians. What I said was that the government has given no undertaking that there will be no changes—

Senator Flynn: Nor to the contrary.

Senator Olson: —until the Macdonald Commission has reported.

Hon. Andrew Thompson: Honourable senators, I have a supplementary question for the Leader of the Government. I may be out of touch—as I am much of the time—but the Leader of the Government referred to the group that went to Australia. May I have some clarification as to what group went to Australia and under what authority they went there?

Senator Marshall: You should come to our caucus meetings.

Senator Olson: Honourable senators, I will undertake to bring that information to the chamber tomorrow. Perhaps I was somewhat naive in believing that this matter was well-known to every honourable senator in the place.

Senator Thompson: I know that Senator Frith went on this trip, and I appreciate the interest shown in studying countries that have an elected Senate, but I am wondering whether this group had an official designation and, if so, under what authority.

Senator Olson: I shall bring more information to the chamber tomorrow, but it is my understanding that the group went to Australia in response to an invitation. I do not think that it was a formally appointed group authorized to do a study and to report, but merely a group that went there in response to an invitation so that we would have some highly perceptive and intelligent senators—

Senator Frith: Or in their absence, the substitute for same.

Senator Olson: —who had observed the situation there, and who would be able to give us the benefit of their observations.

Senator Thompson: I do not know who the members of the group were, but if they were senators then I can appreciate that they are valuable and intelligent. Was the invitation from the Australian government?

Senator Olson: I shall find out for the honourable senator, and provide the information tomorrow.

Senator Marshall: I have a supplementary question for the Leader of the Government. Will he also find out whether there will be investigations of the second chambers in the United Kingdom, Barbados, Zimbabwe, India, Malaysia and New Zealand?

Hon. C. William Doody: Honourable senators, further to the supplementary question of Senator Marshall, if such is the case could I be one of the intelligent so-and-sos selected to go?

Senator Frith: If you can leave out the adjectives, you are under consideration.

Senator Flynn: And you can join Senator Frith.

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question arising out of Senator Flynn's question. Was the chairman of the commission speaking on behalf of the government when he said he doubted that we needed a bicameral system.

Senator Olson: Honourable senators, I will have to take that question as notice. I am not aware that the chairman said that. The reason I could reply to Senator Flynn so quickly and completely is that I happened to watch the same television program he watched.

• (1450)

Senator Flynn: You were given time to think because of the interventions of Senator Guay. That is why you could reply so readily.

AIRLINES

QUEBECAIR—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question posed by Senator Asselin. Actually, it is an additional reply. Senator Asselin asked why the government's approach to the situation respecting Quebecair has been different from the procedure it followed in aiding Dome, Chrysler, Maislin, and so on.

The answer is that the government believes that different circumstances require different proposals. The government believes that the proposal it made in the Quebecair situation was the best procedure to adopt in the particular circumstances, and the one that made the most sense.

On November 23 the Minister of Transport stated in the other place that he:

> —refused, on behalf of the government, to take up all the commitments, debts and contracts Quebecair had made in the past. Why we did that? If we had not, thereby taking on the entire past history of Quebecair, we would have sabotaged any chance of success we might have. That is why we have refused to take over Quebecair's debts.

Hon. Martial Asselin: Thank you very much, but that does not answer my question at all.

Senator Olson: Well, you should be aware of what was in the Minister of Transport's reply in the other place, and I am sure you are because you must read the Commons *Hansard* avidly. However, if you missed that section, you have it now.

Senator Asselin: I just listen to you. That's all.

EASTERN CANADA—DECLINE IN PASSENGER TRAFFIC

Hon. Frederick W. Rowe: On the subject of airlines, will the Leader of the Government in the Senate undertake to obtain for us the passenger figures for air travel in eastern Canada? I am specifically interested in air travel from Montreal to St. John's, Newfoundland, from Toronto to St. John's and from Halifax to St. John's. I would like the figures for the six months ending November 30 this year and for the comparable period last year.

Many of us who travel back and forth in eastern Canada are curious to know whether there has indeed been a significant decline in passenger traffic. For example, recently, when I was travelling on a Boeing 727, which has a capacity of 139 or 140 passengers, there were only 25 passengers on board. Again in recent days, while travelling on a DC-9, which has a capacity of 99 or 100 people, I noticed that the aircraft was only half full. Certainly, one did not see that sort of situation a couple of years ago.

Can the minister obtain those figures for both Air Canada and Eastern Provincial Airways, which are the two airlines operating in eastern Canada, so that we can determine if changes in passenger traffic are occurring? Behind all that, of course, the question in the minds of many people is whether Air Canada and the other airlines are pricing themselves out of existence—at least with respect to the passenger market in eastern Canada.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall try to obtain those figures.

INDUSTRY, TRADE AND COMMERCE

MAISLIN TRANSPORT LTD.—EXECUTIVE OFFICERS AND DIRECTORS

Question No. 86 on the Order Paper—**By Hon. Jack Marshall:**

> What are the names of the executive officers and directors of Maislin Transport Ltd., 7401 Newman Blvd., La Salle, Quebec. H3N 1X4?

Reply by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion:

> The Departments of Industry, Trade and Commerce and Regional Economic Expansion are informed as follows:
>
> The executive officers of Maislin Transport Ltd. are:
>
> Alan Maislin—President, Chief Operating Officer and Treasurer
>
> Sydney Maislin—Vice-President
>
> Franklin Selegman—Secretary
>
> The directors of the company are:
>
> Alan Maislin
>
> Sydney Maislin
>
> Franklin Selegman

CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. A. Irvine Barrow moved the third reading of Bill C-90, to amend the Customs Tariff and to repeal certain acts in consequence thereof.

He said: Honourable senators, in moving third reading of Bill C-90, I should like to satisfy an undertaking I gave to Senator Phillips yesterday. In response to Senator Phillips's question concerning the agreement with New Zealand on the matter of the transshipment of mutton to the United States, I told him I did not think the agreement covered this matter, but I said I would look into it further. I now have some further information.

With respect to fresh chilled lamb from New Zealand, I understand that no problems have been created for Canadian lamb producers because the Canadian Sheep Council and the New England Meat Marketing Board have negotiated an agreement by which New Zealand producers of fresh chilled lamb will restrain their exports to Canada. That arrangement is expected to expire next year and I assume that the Canadian producers will be in touch with their New Zealand confrères to renegotiate that agreement.

With respect to the question concerning the transshipment of lamb to the United States, I can confirm that the agreement does not contain provisions in that regard. However, under the agreement all goods from New Zealand can be transshipped through any country and still qualify for tariff preferences.

I might mention that chilled lamb also enters Canada from the United States, and that there have been no restraint arrangements between Canadian producers and their counterparts in the United States. I am advised that those imports are not causing any difficulties for Canadian producers.

I trust that I have answered Senator Phillips's questions.

Motion agreed to and bill read third time and passed.

FARM LOANS INTEREST REBATE BILL (NO. 2)

SECOND READING

Hon. Gildas L. Molgat moved the second reading of Bill C-134, respecting rebates of interest on farm loans made under the Farm Credit Act.

He said: Honourable senators, this bill is one of the utmost importance to the farm community. I know that honourable senators are quite aware of how important to Canadian farmers the Farm Credit Corporation has been over the years in providing long-term credit, but just to refresh their memories perhaps I can point out some figures that will even more clearly indicate the importance of the bill.

When we look at the report of the Farm Credit Corporation we find that in the period since 1929 a total amount of almost $6 billion has been advanced to Canadian farmers. If we look at the present situation, we find that almost $4 billion is outstanding. Thus, the whole Farm Credit Corporation operation is vital to the farming community.

Last year, with the great increase in interest rates, it was obvious that a number of farmers were having additional problems and a number of them were faced with either bankruptcy or, at the very least, having to cease farming operations.

● (1500)

Following on this, the Minister of Finance, in the budget speech on June 28, 1982, announced proposals which, when implemented, would have major effects. He listed a number of them, and one was that farmers would be able to secure loans for new capital investment at reduced interest rates. The document which he tabled is available in the budget papers and is entitled: "Supplementary Information and Notice of Ways and Means Motion on the Budget." If honourable senators wish to see the exact wording, it can be found on page 25 of that document.

Under the specific proposal of the Special Farm Financial Assistance Program, $100 million was allocated for loans in the fiscal years 1982-1983 and 1983-1984, and for interest rebates on those loans.

Because of the obvious and urgent need for assistance in this field, the allocation has now been increased to $130 million for 1982-1983, and $70 million for 1983-1984, which basically doubles the amount from $100 million to $200 million. The funding from the Minister of Finance, combined with that from FCC sources, will result in loan approvals of $200 million, with a rebate of four percentage points provided for the first two years of the loan.

This program will assist farmers facing serious financial difficulties in two ways. The first is from a financial standpoint, because it will allow farmers to restructure their debts and thus salvage their operations. The 4 per cent interest rebate will ease their financial burden considerably.

Secondly, under the proposal, the Farm Credit Corporation, through its credit advisers, will assist each borrower under the program in the development of farm plans, which will provide for greater financial stability at the end of the two-year rebate program.

The Farm Loans Interest Rebate Bill is required in order to provide the statutory authority for the appropriation of $16 million for the payment of the interest rebate. The Farm Credit Act does not provide the FCC with the authority to rebate any portion of the interest charged under the act, nor is there other appropriate legislation through which the subsidy could be paid. After a thorough review of all of the options, it was determined that the proposed legislation is the most acceptable method by which to pay the subsidy.

Loans under the Special Farm Financial Assistance Program will be made at the regular Farm Credit Act lending rate. On June 29, 1982, the day after the budget, the rate was 16.5 per cent. On October 1, 1982, the rate was set at 15.75 per cent. The rebate of 4 percentage points over two years today reduces the farmers' effective interest rate to 11.75 per cent.

Honourable senators will realize what substantial assistance this proposed legislation will give to those farmers who are experiencing financial difficulties.

To qualify, the FCC's customary lending criteria also apply. Similarly, as in the regular lending program, the loan ceiling for individuals is $300,000, and for more than one qualifying applicant in a farming enterprise it is $500,000.

Any farmer in financial distress may apply for a loan under this program. There are no restrictions on age, location, and so forth. Any farmer may apply.

Hon. Jacques Flynn (Leader of the Opposition): You said that he must be in distress.

Senator Molgat: Yes, he must indicate that he is in financial distress to qualify for the interest rebate.

Senator Flynn: How does he establish that?

Senator Molgat: To qualify, the farmer must make application to the FCC and indicate clearly that he is in financial distress.

In order to qualify, the farmer must submit a plan of recovery and be able to demonstrate that the farming operation will, after two years, be able to generate sufficient income to meet his financial commitments. Proof that the program has been effective is in the fact that from the time of the

announcement to October 26, 1982, 554 loans have been approved, totalling $80.1 million. Including applications currently in process, the total loan commitment to October 26 under the program is estimated at $105 million.

The following table shows the dollar amount granted in each region, and the percentage of the total.

LOANS APPROVED

Region	Number	Amount (millions)	Per cent of total
		$	%
British Columbia	23	5.3	6.6
Alberta	42	9.3	11.6
Saskatchewan	72	11.4	14.2
Manitoba	50	6.7	8.3
Ontario	237	32.5	40.6
Quebec	105	12.3	15.3
Atlantic	25	2.7	3.4
National	554	80.2	100.0

This program has already been of substantial assistance to a number of farmers, and it can assist many more in running a viable farm operation. The 4 per cent rebate is one of the essential elements, and this bill will establish a method for the payment of that. So, I urge honourable senators to support the bill.

Hon. Orville H. Phillips: Honourable senators, I move the adjournment of the debate.

Hon. Duff Roblin (Deputy Leader of the Opposition): Before the debate is adjourned, may I ask a question?

Senator Phillips: Certainly.

Senator Roblin: I want to be clear in my mind how this bill will work with respect to the interest rebate. As I understand what we have been told, it is that a farmer enters into a loan contract with the Farm Credit Corporation for a lengthy period of time—not for a two year period, but up to 30 years.

Senator Molgat: That is right.

Senator Roblin: As I understand it, the rebate itself applies only to years one and two, and in year three the loan is set at a fixed rate, not a floating rate.

I am at a bit of a loss as to how one can say that a farmer can meet the payments three years down the pike, because obviously somebody has to make that judgment to ensure that we are not throwing good money after bad. How is that circle squared?

Senator Molgat: Obviously there has been no experience as to what happens two years down the pike because the proposal was only made in June.

[Senator Molgat.]

My understanding of the system is that the farmer must not only have a plan himself to restructure his whole debt picture, but also have the assistance of the experts in the Farm Credit Corporation, who will work with him in establishing his plan.

The farmer must then follow the plan, and the whole process is designed to cover the farmer over the short term when interest rates are particularly high. At the termination of that term, the farmer will be placed on a regular financial plan.

Whether interest rates two years down the road will be as high as they are now, nobody knows, but the whole program, to be acceptable, must be able to cover the farmers' total payments.

Senator Roblin: I am still concerned about the fact that the rate is fixed today at, let us say, 13 per cent. That is fixed for the term of the loan, which is 30 years, or whatever, but the rebate applies only to years one and two. I can foresee problems with that kind of an arrangement, because in year three you go back to a fixed rate, which, at that time, may be higher than the market—heaven knows, we hope so—with no flexibility in the contract.

Senator Molgat: I apologize for not being able to reply specifically as to how it will be handled at the end of the two years, but I shall obtain that information for the honourable senator.

Hon. Joseph-Philippe Guay: Senator Molgat mentioned an amount of $100 million. Is that the amount on which the interest will be repaid, or is that the amount outstanding in mortgages?

Senator Molgat: Under the proposed program there is a special injection by the Department of Finance of $100 million, of which $84 million is available for loans and $16 million for the interest rebate, being 4 per cent over the period. Similarly, the Farm Credit Corporation will put in from its regular lending fund another $100 million on the same basis. Therefore, the total available for direct lending will be twice the $84 million, the balance to the rebate of the interest.

• (1510)

On motion of Senator Phillips, debate adjourned.

THE ESTIMATES, 1982-83

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—DEBATE CONCLUDED

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending 31st March, 1983.

Hon. C. William Doody: Honourable senators, I will not take too much of your time—

Hon. Eric Cook: Good!

Senator Doody: —on supplementary estimates (B). I know that honourable senators will be pleased to hear that. Senator

Cook has already said "Good". It is nice to hear that he is still saying anything.

First, I should like to mention in passing the comments made by Senator Everett yesterday. Although they might not have related directly to the items in the supplementary estimates, they certainly did relate to the overall financial picture of the country. He spoke of one particular item of concern to everyone who has given any thought to this matter. He referred to the latest comments of the Governor of the Bank of Canada about the change of direction of M-1—I guess what the layman would call the ready cash situation in the country. It is not so much the uncertainty that the Governor raises with comments like that from time to time on different facets of the economic direction of the country, but it is really the difficulty that the people who are responsible for the direction of the country have in finding out exactly what the Bank of Canada is about.

I should like to say in passing, before I get down to more specific references to the estimates, that I think it is high time for the government of this country to give some serious thought to moving the responsibility for the affairs of the Bank of Canada directly into a government department so that one minister, whoever he might be, is responsible to the people and can be questioned on matters of policy, thus enabling the public to know at any time what the intention of the Bank of Canada is.

If there are problems with having an appointed Senate and a lack of accountability and a lack of legitimacy, then certainly the situation is even more pronounced with the impact of decisions of the Governor of the Bank of Canada who is really, under the present system, accountable to no one and decides when and where he will come forth and enunciate his new directions and policies. If he does not come forth it is because he has chosen not to. He sits in his cloistered office in the hallowed halls of the Bank of Canada and comes forth from time to time and dictates, in effect, the lifestyle of all of us. It is time that the role of the Bank of Canada and the authority of the Governor of the Bank of Canada should be seriously examined with respect to the direction of the economy and, consequently, the lives of all Canadians.

That is simply a thought that I have thrown out in opening my comments, and it has no real purpose other than to ask honourable senators to keep those points in mind. I rather suspect that Senator Everett's concerns were very much along the same lines.

The new votes, the new items and the new objectives in the supplementary estimates (B) are not all that numerous, but their size continues to grow amazingly each year and become increasingly more difficult to grasp.

The deficit that Senator Everett talked about yesterday, and which we discussed in committee, becomes more and more difficult to get a figure on. I do not think anybody knows what the real deficit is. The cumulative official deficit announced by the government is $134 billion. I believe the total deficit is closer to $240 billion. If the current Public Accounts reveal that the debt of crown corporations is $55.7 billion, then surely that should be part of the deficit. The specified accounts section of Public Accounts indicates that the government is responsible for $49 billion that it holds in pension contributions. Somebody somewhere is responsible for looking after these pension contributions. The total, now divided among Canada Pension contributions, the Public Service Superannuation, the Armed Forces, the RCMP, retirements, and so on, adds up to another $49 billion. This money just goes into the general revenue fund and is dispensed through current government spending to pay current bills, but it certainly should be part of the liabilities and part of the deficit of the country. Perhaps the figure is closer to $240 billion. Of course, when you get to deciding whether $240 billion is really pertinent, perhaps it is too difficult for a layman to try to visualize exactly how large these numbers are.

In the course of examining supplementary estimates (B) in committee, we did ask specific questions of the public officials who appeared before us.

A question was asked about the cost to the Canadian tax payer this year of government advertising, and there was a request for a cost breakdown among the various departments. We were told that advertising costs would amount to approximately $50 million. Now, that is a lot of money for advertising; in fact, $50 million is a lot of money for anything. I do not believe that in these days of restraint and in these days of telling people to cut back, that the government should be spending that much money on advertising. I am sure that many people in this country could think of a lot more useful ways to spend that much money.

In just about every departmental heading in the estimates you will find a subheading entitled "Professional and Special Services." I would suspect that term covers a multitude of sins of commission and sins of omission, and legitimate sins if there can be such. I would suspect that there are legitimate needs of legal services, professional services and specialized services from time to time. I would also suspect that a subheading of that wide a scope of generality can excuse any sort of excess.

In reply to a question as to how much the total bill for these professional and special services might come to in the current year, we were told that it would be in the neighbourhood of $2 billion. Now, $2 billion covers a heck of a lot of professional and special services, and I can think of a lot of slots in the economy of this country today that could use an injection of $2 billion. Many senators sitting in this chamber today represent provinces that could well use even a small slice of that $2 billion and $50 million.

We did not have that much time in committee to delve into a lot of detail on supplementary estimates (B)—although if we wanted to push it we could have—but we talked at some length about requirements under the Administration Program of the Secretary of State, with expenditures totalling $6.208 million, of which $1.819 million was for the proclamation of the Constitution Act, April 1982; $216,000 for increased resources for the Advertising Management Group; $3.020 million for increased funding for Canada's birthday; $311,000

for the visit of Her Royal Highness Princess Anne, and $172,000 for the appointment of the Assistant Press Secretary to Her Majesty the Queen.

● (1520)

I am sure that all these things in themselves are necessary, but the people in authority will have to decide how necessary they are, because many of the ordinary people of Canada are crying for succour. They will not be impressed with the appointment of an assistant press secretary to Her Majesty the Queen at a cost of $172,000—however important it might be to keep in touch with what is going on in royal palaces. In any event, I understand the British press covers that topic fairly thoroughly.

I notice a few aside mutterings from my colleagues. They seem to be a little perturbed about these notes of discomfort. They must have anticipated my comments on letters of comfort.

These notes of discomfort concerning the royal budget are not in any way meant to indicate disloyalty to the monarchy. I would add that I will be returning to Newfoundland to concentrate on the second meeting of the Commonwealth Society, and I would assure the house that that is a major step forward in terms of monarchy support.

I know my colleagues will be somewhat disappointed if I make no slight comment on the letters of comfort.

Senator Frith: We should have a definition of "letter."

Hon. Duff Roblin (Deputy Leader of the Opposition): No stamp required.

Senator Doody: Before we get to the "comfort stations," as Senator Thompson so aptly called them—and they have been for quite a few companies, corporations and individuals over the years—I would just touch on the votes for some of these corporations which are wholly owned by the Crown.

Hon. Jacques Flynn (Leader of the Opposition): Not only 10 per cent.

Senator Doody: Not any more. It would appear that a different law applies to the Government of Canada to that which applies to some of the provincial governments. Perhaps there is some justification for that.

Senator Roblin: There is? Let's hear it.

Senator Doody: I do not presume to know what it might be.

I turn now to the situation respecting Canadair and, to a lesser extent—in terms of magnitude but not in terms of principle—the situation concerning de Havilland. In this regard, the supplementary estimates contain two votes of $200 million each in contributions to Canadair and to de Havilland. These are called equity purchases, although the Government of Canada does not list them as such because it does not feel that there will be an opportunity to realize profits from those companies. I think that is a realistic attitude.

The current debt load of Canadair is $1.35 billion, which is a staggering amount of money to have publicly invested in any corporation. It is a privately owned company, all the shares being owned by the Government of Canada. That is what we have been told, although I find it difficult to absorb. It is still controlled and operated as a private company, although the taxpayers of Canada have a $1.35 billion debt load in it, and $200 million has now been added in equity.

The company pays out monthly interest charges of $15 million. It is nowhere near the break-even point. The estimates of the aircraft sales are, understandably, falling every year since I do not think the world is in a position to support the purchase of a great many Challenger jets or, for that matter, any other kind of jet. Nonetheless, the Government of Canada keeps pouring in more money.

During the committee meetings we asked a series of questions as to how the investment of the taxpayers of Canada is being protected in this particular company, and other companies in the same position—one of those companies being de Havilland. We wanted to know what the prospects were of recovering this taxpayer investment; the names of the directors, and what their responsibilities entailed; what sort of mandate they had and who, in fact, directed the course of the company in terms of policy, sales and in trying to reach a reasonable management level of expertise. One would suspect that when one has this kind of kitty to fall back on, the urgency is not on management to achieve a reasonable level of expertise.

In any event, answers to these questions were not forthcoming. I cannot tell the Senate what responsibilities the directors of these companies are given; on what they are asked to report back to the minister; or what terms of reference they have. These are unknown quantities. However, I would hope that answers to those questions will be forthcoming.

de Havilland and Canadair are among the companies which have been placed under the loving care of Senator Austin, and I would hope that as the session progresses we will receive some answers from him.

The situation with regard to the investment in these companies should concern all of us. It is incumbent upon government to report and tell us exactly how far it intends to go in supporting some of these operations, and what the responsibilities of the representatives of the taxpayers are.

I will not detain honourable senators much longer. They probably feel that I am somewhat dissatisfied with the direction the government has taken regarding some management decisions, but that is hardly surprising to some of my colleagues who feel I may be a little partisan, in any event. Although I will vote against the supplementary estimates, I have no doubt that they will be adopted.

Honourable senators, I should like to make one other point before I conclude, and it relates to the concern regarding the Unemployment Insurance Fund and how it will survive. Questions were raised in committee regarding what steps the government will take to see that it is properly funded; where the funding will come from; how long the present management-employee funding will continue; and how long the present situation will sustain itself. These questions were not readily

answered because the officials from the various government departments were not present, although Treasury Board officials did undertake to provide the information.

Honourable senators, I have made mention of only some of the problems we raised. I would conclude by saying that I would have some difficulty in supporting the government's request for the supplementary estimates, but I feel reasonably certain that they will be passed.

Some Hon. Senators: Hear, hear.

Hon. Douglas D. Everett: Honourable senators, if no other senator wishes to speak in this debate, I do have a comment respecting the remarks made by Senator Doody. I should like to thank the senator for his contribution. Once again he has demonstrated why he is such a useful member of the National Finance Committee.

In the course of his comments respecting political control of the Bank of Canada, he did say that he suspected my comments might be similar. He was referring specifically to achieving more political control over the Bank of Canada. In this regard I would refer him to a dictum laid down by a former Governor of the banks, Mr. Graham Towers, on how that political control operates.

• (1530)

As I understand it, Mr. Towers said that there would be consultation between the Governor of the Bank of Canada and the government through the Minister of Finance; that the final authority rested with the government of the day; and that, if the Governor of the bank disagreed with the exercising of that authority, his function would be to resign and to bring to the attention of the public that disagreement. Mr. Towers, and I think all governors since, recognized that the authority does rest with the government. Whether we should go farther than that, to the extent to which Senator Doody is suggesting, I am very doubtful. To put the central bank under the direct control of the Minister of Finance or some other minister would, I think, be counter-productive. I think the situation that exists today, where final control rests with the government, but the bank is, in effect, independent, is the best possible balance between the two requirements.

I believe, however, that the governor should make himself readily available to parliamentary committees so that Parliament can understand what his policies are.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this order is considered debated.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Smith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have conferred with Senator Smith about this order. As he said yesterday, he intends to speak to it today. I mentioned to him that Senator Hastings would like to move Motion No. 3, respecting the establishment of a Standing Senate Committee on Energy, this afternoon. Senator Hastings is also the sponsor of Bill S-32, which has been referred to the Standing Senate Committee on Legal and Constitutional Affairs, and which will be considered by that committee at 4 o'clock, when the minister will appear.

Senator Smith, with his customary consideration and courtesy, offered to step aside so that Motion No. 3 can be moved, and Senator Hastings released from the squeeze in which he finds himself. I thank Senator Smith for agreeing to that, and I am sure Senator Hastings does as well—Senator Hastings owes him one, as they say.

Order stands.

ENERGY

ESTABLISHMENT OF STANDING SENATE COMMITTEE

Hon. Earl A. Hastings, pursuant to Notice of Wednesday, November 30, 1982, moved:

> That in the opinion of this House it is desirable to establish a Standing Senate Committee on Energy to consider legislation and other matters concerning energy and natural resources that may be referred to the said Committee by the Senate.

He said: Honourable senators, before proceeding with a few brief remarks, I join with Senator Frith in extending thanks to Senator Smith for permitting me to proceed with this motion at this stage.

Honourable senators, I place this motion before you in view of the importance that energy has in our lives today. Its availability and its price affect the daily lives of every Canadian. I do not think that a national or international conference is held whereat there is not a great deal of time devoted to the subjects of energy sources and uses because of the dramatic impact that energy has upon our lives today.

Energy has a unique importance to the Canadian economy. Over the last decade, Canada has remained a net exporter of energy, the value of her net exports rising from $838 million in 1971 to almost $3 billion in 1980.

The dramatic rise in oil prices as a result of the two OPEC shocks in the 1970s and the potential consequences of reliance upon insecure and possibly expensive supplies of imported oil, have prompted actions by the federal government to ensure that future Canadian requirements will continue to be met.

The development of our indigenous energy resources represents one of Canada's foremost priorities over the next decade. As we continue to reduce our imports, the exports of energy will increase in importance as a source of foreign earnings.

The growing number of energy bills is evidence of the importance of this subject as a matter of public discussion. Fourteen separate pieces of legislation form part of the National Energy Program, the prime target of which is to achieve energy self-sufficiency by 1990.

With energy becoming a subject of frequent debate in Parliament, it is clear that this subject cannot continue to be an incidental concern of a Senate committee. On the contrary, honourable senators, it warrants the deliberations of one committee which is dedicated solely to that purpose.

The subject of natural resources had committee status for many years prior to 1968. At that time, a consolidation reduced the number of subject-matter committees to six. For the first time, terms of reference were prescribed for the work of each committee, and subjects were routinely assigned to the appropriate committee, or, if undesignated, were left to the discretion of the Senate for assignment. This was the fate of natural resources, which, as I said, lost its committee status in 1968.

The importance of energy in the Canadian and world economies warrants a return to committee status for this subject. It is no longer satisfactory to take an *ad hoc* approach to matters of national significance which are being debated in Parliament and throughout the world.

Honourable senators, Senate committees have become increasingly professional in their treatment of respective areas of expertise. It has become the practice to refer the subject matter of legislation to these committees in advance of legislation coming before the Senate, not only to expedite the review process, but also to allow more thorough study.

Senate committees have also become the initiators of intensive studies of social and economic matters of national concern. The Special Senate Committee on the Northern Pipeline has, itself, developed an investigative role as part of its monitoring of the northern pipeline and related energy issues—a role that would adapt well to an extension of its mandate.

While the special committee's initial purpose was to monitor aspects of the northern pipeline, the need to secure domestic energy supplies led to the study of enhanced oil recovery in western Canada, the report on which was tabled in the Senate in 1979, and to the study of the transportation of hydrocarbons from the Arctic, which subject the committee is currently concentrating on.

The special committee has travelled extensively in western Canada, interviewing representatives of industry and those people most closely concerned with development. Through these studies and its review of energy-related legislation, the special Senate committee has developed a measure of expertise in energy issues.

Honourable senators, I might refer again to the report on enhanced oil recovery which was tabled in this chamber to say that 75 per cent of the recommendations made by the committee in its report were incorporated into the legislative and regulatory process in our energy legislation. Seventy-five per cent of our recommendations were totally accepted by governments, both federal and provincial, and by industry.

The complexity of energy issues, the areas of unresolved dispute, and the discretionary scope of existing legislation necessitate a parliamentary watch-dog which, as opposed to reviewing issues on an *ad hoc* basis, sees the overall picture and reconciles competing interests.

The five to ten-year lead time which is needed to plan major projects and to take into account environmental and socioeconomic factors necessitates a long-term approach to energy development. Only a group with a permanent interest can provide the required continuity to oversee effectively the long-term implications of these projects.

In Canada, our demonstrated technical competence to exploit our resource potential must be matched by a comparable ability to solve jurisdictional and regional disputes in the energy field. To accomplish this task satisfactorily, we need to provide national forums for debate of the issues and for airing differences of opinion.

● (1540)

The less partisan atmosphere of this chamber promotes free discussion, leading to a fairer distribution of benefits and costs, and to resolution. In my view, the special Senate committee is well placed to perform this function. In the studies initiated by the committee, members have become accustomed to confronting controversial issues where dialogue has helped to prevent misunderstanding and to promote consensus in the early stages of decision-making.

In its hearings and travels, the Special Senate Committee on the Northern Pipeline has become very aware of the need to preserve the delicate balance between national and regional needs, developmental and environmental and socioeconomic needs, and the requirements of the producing and consuming regions of Canada. The committee has provided a forum for the exchange of views and the resolution of differences. It has developed strong ties and rapport with those Canadians who may be affected by major energy projects, particularly those living in northern Canada, and with the industry that will be exploiting those resources.

It is the committee's view that those affected by development should reap the benefits and not merely suffer the impacts of major projects. Measures they have recommended in the past five years have been beneficial to many Canadians.

The advisability of assigning a general energy reference to the Special Senate Committee on the Northern Pipeline was discussed on June 16, 1982, before the Senate Standing Committee on Banking, Trade and Commerce, which concluded that the special Senate committee was the "most suitable committee to take this reference." This statement clearly shows an appreciation that energy matters warrant separate treatment.

In summary, I should like to reiterate why the establishment of an energy committee is imperative at this time. First, energy has a priority in Canada that will continue to grow in importance in the years ahead. Secondly, the subject of energy

historically has warranted committee status, a status it presently does not enjoy. Thirdly, there is a need for a committee to provide a permanent monitoring function to oversee the complex energy questions and explore their long-term ramifications. Fourthly, the Special Committee on the Northern Pipeline has developed a considerable subject matter expertise in this area, and has served as a national forum for debate and dialogue.

The energy committee I envisage could, in my view, have a responsibility for matters relating to exploration, production, conservation, transportation, marketing and allocation of hydrocarbons; policies with respect to the import and export of hydrocarbons; hydro-electric power production, transmission and marketing; atomic energy production and application and matters related thereto; renewable energy research and implementation of recommendations related thereto.

It is my understanding that if honourable senators adopt this motion, the Standing Committee on Standing Rules and Orders under Senator Molson will take notice, and consequential amendments to the rules of the Senate will be made to provide for the terms of reference to the committee.

Honourable senators, I commend this motion to your favourable consideration.

Hon. R. James Balfour: Honourable senators, there is little that I can usefully add to the excellent and comprehensive dissertation of my colleague, Senator Hastings, on the desirability of establishing a Standing Senate Committee on Energy. We on this side support the motion. Indeed, some of us regret that this initiative was not taken earlier, in light of the massive impact that energy policy initiatives entered upon by government have had, and will continue to have, on the Canadian economy, not only in the west and frontier areas of Canada, but as well in central Canada.

I do not mean to imply any criticism of the Standing Senate Committee on Banking, Trade and Commerce in what I have said. That committee is to be congratulated for the work it did in reviewing the series of bills related to the National Energy Program at a time when it was overloaded with other matters which, historically, I think it can be said, were of more direct concern to it, and with respect to which it has over time developed a very high degree of expertise.

It is my hope, indeed my expectation, that the proposed committee on energy will in its turn develop an on-going body of knowledge and experience, which its members would bring to bear on the various aspects of legislation intended to implement energy policy, separate but interrelated, as these inevitably must be, which will reflect credit on this chamber and the work carried on here.

Honourable senators, I repeat that we on this side fully support the motion introduced by Senator Hastings.

[*Translation*]

Hon. Joseph-Philippe Guay: Honourable senators, just a few words to say that I fully support the motion of my colleague, Senator Hastings, to change the existing Senate Special Committee on the Northern Pipeline into a Standing Committee on Energy.

I have no intention of repeating all the arguments so convincingly voiced by the sponsor of the motion because, in my opinion, they fully justify the purpose of the motion. I should like instead to emphasize one aspect of the matter to which the sponsor referred briefly.

The transition from one committee to the other will be made easier as a result of the expertise gained these past few years by the members of the special pipeline committee with respect to the constitutional, legal, technical and other considerations directly or indirectly related to the construction of the Northern Pipeline. During the past three years, the Special Committee on the Northern Pipeline had the opportunity of visiting our remote northern regions and to discuss with all the parties involved the outlook, the stakes and the real problems concerning the proposed pipeline as well as the related energy issues. We met with native people, with local authorities and spokesmen for the industries concerned. The committee members already have extensive information about energy transportation, expropriation matters and the technology required to maximize the extraction of energy resources. In fact, the new committee will be in a position to operate from a sound basis and thus cope rapidly and efficiently with Canada's energy problems. The energy challenges are awesome, the problems are complex and the interests and the stakes are diversified and concurrent. It seems to me that an institution such as the Senate cannot fail to respond to the opportunity, nor can it shirk its obligation to marshal all its resources and devote to those questions all the time and reflection required.

That is why I fully endorse the motion introduced in the Senate by Senator Hastings.

[*English*]

Hon. C. William Doody: Honourable senators, at the risk of testing your forbearance to the ultimate, I will ask permission to add just a few words in support of the motion moved by Senator Hastings. I entirely support his motion to establish a standing Senate committee on energy. It seems to me that such a new committee would be a logical and necessary extension of the current Special Committee of the Senate on the Northern Pipeline.

I have had the good fortune to be a member of that committee since I was called to the Senate. I think the work that committee has done—and is in the process of doing—was interesting and necessary. Not only was the committee study of great interest, but it was one of major importance to our country. The impact of pipeline construction on the social and economic lives of our people is immense, and a forum had to be provided to permit all the various interested groups to come forward, to make their arguments and their positions known. The concerns of the people who live in the areas had to be listened to; the impact of the construction of pipelines, exploration, development and the transportation of oil and gas on the every-day lives of the people and the economic status of the residents had to be explored.

• (1550)

The objectives of the federal government had to be borne in mind, and all those things looked at with respect to the huge investment required to be made by the business community. As the various hearings on the northern pipeline, enhanced oil recovery, and the transportation of hydrocarbons from the north, advanced, and as the committee travelled around various parts of the country, it became more and more obvious that our restricted terms of reference did not allow us to do the job that the Senate should do in those areas. We reached the inevitable point where information had to be gleaned on other modes of transport, whether it be surface icebreakers, submarine transportation, or a combination of all of them. Honourable senators might have led Canadians to the view that pipelines were indeed the only mode of transport of hydrocarbons.

Our visits to the north and our hearings on marine transportation in the Arctic inevitably raised questions about other areas of our vast country. Arctic conditions with solid sheet ice, no matter how vast or thick, present problems with cold weather navigation quite different from those affecting iceberg alley off our east coast, or indeed the problems of wind and wave not related at all to ice but which present a real and present danger, as witness the recent tragic *Ocean Ranger* disaster.

Quite apart from the danger to human life and the loss of millions of dollars worth of equipment, there is also the possibility of environmental damage to the high north or to the offshore from an oil spill or blow-out. Those questions and others were raised and should be explored and answers provided.

These are a few thoughts and are not by any means stated as being definite objectives of the proposed new committee. Indeed, there are so many energy-related areas that could be considered, that the wonder is that such a committee was not established before. The importance of energy-related matters in the lives of all Canadians can hardly be overstated, and I believe the Senate has a duty to be in a position to examine and report with knowledge and expertise on legislation and other matters in the field of energy.

A good deal of expertise, experience and knowledge now exists in the committee, which is so well chaired by Senator Hastings. I serve on quite a few committees of the Senate, and on none of them is such a spirit of interest, and a desire to be involved, evident in so many senators as on the Northern Pipeline Committee.

In my view, a check must be kept on the growth and proliferation of Senate committees, but that has been done. Senator Hastings is proposing no new committee and there will be no further demands on the resources of the Senate, the staff, the translators, reporters, and so on. The quality of this committee has been demonstrated. The importance of the proposed field of activity is readily apparent. The background and knowledge of its people, gathered over the inquiries of the past few years, should be utilized to deal with energy bills and energy matters.

[Senator Doody.]

Honourable senators, in closing, may I take the opportunity of congratulating the chairman, Senator Hastings, and also Senator Lucier, his second-in-command, and honourable senators on both sides of this house. I hope that the proposed new committee will be that rarity of rarities, a truly non-partisan committee. I would also like to thank that small but efficient and co-operative staff who have worked with and for us. It has been a great learning experience for me and it has given me an opportunity to participate in a useful exercise. I fully endorse the motion of Senator Hastings, and I ask honourable senators to support it.

Hon. Paul Lucier: Honourable senators, I should also like to support the motion for a standing Senate committee on energy. I was one of the original members of the Northern Pipeline Committee, and, as a senator representing Yukon, I would like to have some northern input into the motion now under discussion. I like to think that I can add some western input, because to get to the Yukon one has to travel 700 miles west of Vancouver. Therefore, I consider myself to be a westerner as well as a northerner.

The Northern Pipeline Committee has travelled, as has been stated, to Alaska, the Yukon and the Northwest Territories, and something has happened which does not often happen in the north. A real rapport has developed between the senators on that committee and the people of the north. Northerners feel that the committee has provided them with a forum in which they can express their views. There has always been a real feeling in the north—I believe with considerable justification—that many important decisions are made on northern development without any input from those who are likely to be seriously affected by those decisions. The committee has certainly helped to alleviate that feeling.

I was present at a meeting of the Energy Committee of the other place when the member from the western Arctic asked whether it could be a joint committee, or if the members of their committee could sit on our committee because of the good work we were doing and the lack of input that he felt their committee was having. I therefore consider that our Northern Pipeline Committee has done a good job, and to expand it to a standing committee on energy is certainly the way to go. The next 10 or 20 years will be critical for the north. A number of things will be happening in northern Canada related to energy, hydrocarbons, petrocarbons, and so on. There will be a good deal of action in the north in the next 10 or 20 years, and, as a northerner, I believe that the formation of the proposed new committee is timely and most important because of the rapport that has developed between senators on both sides of this house and the people of the north. The people of the north very much appreciate that rapport.

Hon. M. Lorne Bonnell: Honourable senators, I too wish to add my support to this motion. In my view it would not be a new committee. It would be a renaming of the Northern Pipeline Committee and would give it new duties and new responsibilities that are needed in these difficult times. Others have pointed out that no new staff or extra expense would be

involved. I support the motion as being well worthwhile. Energy is a subject in which we as senators can well become involved.

I am interested also because I believe that the new committee may be able to find out why we in Prince Edward Island pay more for energy than any other place in Canada. I would like to know what the new committee may be able to do to protect the offshore rights in connection with the Hibernia and Sable Island oil fields. Those are matters that should be looked into by parliamentarians.

In supporting this motion, I would like to make another suggestion. In my view, it is only proper that this motion should be referred to the Standing Committee on Standing Rules and Orders, because an honourable senator might stand up tomorrow and make a new motion that there be a change in the rules without going through that particular committee. I am quite sure, if that committee understands the feeling of honourable senators, that when it brings in its report it will amend standing rules and orders to make the proposed new committee possible.

That being the case, I would like the Standing Committee on Standing Rules and Orders to consider something further. Therefore, I will piggyback something on this resolution. The Standing Senate Committee on Health, Welfare and Science, of which I am chairman, has the responsibility of dealing with veterans affairs and also Indian and Eskimo affairs. I suggest that we should change the words "Eskimo affairs" to "Inuit affairs". I do not want to be involved in my committee with land claims, and so on, of the Indians or Inuit. I would like to have that aspect of Indian and Inuit affairs referred to another committee, such as the Standing Senate Committee on Legal and Constitutional Affairs, because I believe land claims require legal advice. My committee can deal with health and welfare matters, social and cultural matters, possibly education, and also pensions, labour legislation and unemployment insurance. Aging is also a responsibility of my committee, and I suggest that we should add the status of women, and also youth. The welfare of children should also be a responsibility of my committee.

Bill C-135, dealing with housing, has been referred to us, and rightly so. The subject of consumer protection should also be referred to my committee. Therefore, I would ask the Chairman of the Standing Committee on Standing Rules and Orders, when considering this reference, to also consider some changes in the terms of reference of the Health, Welfare and Science Committee, and perhaps a change of name to the Standing Senate Committee on Social Affairs and Science.

The Hon. the Speaker: Does the honourable senator wish to make a formal proposal to refer this resolution to the Standing Committee on Standing Rules and Orders?

Senator Bonnell: No, Mr. Speaker. I thought that the motion might be referred to the committee, but I am not sure whether that is the case.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it seems that Senator Bonnell's obervations can properly be taken into account by the committee under the rules as they now stand without changing the motion.

Rule 67(e) provides that the committee chaired by Senator Molson:

> —is empowered on its own initiative to propose to the Senate amendments to the rules from time to time.

So it does not have to have matters referred to it, and I suspect that Senator Molson quite rightly would rather deal with it on his own motion, taking into account the comments that have been made, without feeling that he is in any way bound to make the amendments suggested by Senator Bonnell. I believe that the honourable senator is merely urging that the committee consider his suggestions when considering amendments to the committee sections of the rules.

If I am correct, honourable senators, we can go ahead with Senator Hastings' motion. I believe that Senator Bonnell's objective can be reached in the way suggested.

The Hon. the Speaker: Is the Honourable Senator Bonnell satisfied with that arrangement?

Senator Bonnell: Honourable senators, my purpose was to express my thoughts to the chairman of the committee, so that his committee might consider whether my suggestions are apropos.

Hon. Hartland de M. Molson: Honourable senators, there seems to be a slight hiatus on this particular point, and perhaps it would be appropriate for me to say that it is well known in the Senate that the Rules Committee exists only to carry out the clearly expressed wishes of the Senate. From the motions that have been presented and the observations that have been made, it is perfectly clear what the wishes of the Senate are in this respect. Therefore, if it is generally accepted by the Senate, I would propose that the Standing Committee on Standing Rules and Orders meet shortly to consider the two motions, and recommend for the consideration of the Senate appropriate changes to the rules.

Motion agreed to.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am in a somewhat difficult position because Senator Smith has already agreed to stand, at least temporarily, his speech on the next item.

I noticed that we did not authorize the Standing Senate Committee on Legal and Constitutional Affairs to meet this afternoon during the sitting of the Senate.

Therefore with leave of the Senate and your permission, Your Honour, I ask that we revert to notices of motion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to meet at four o'clock this afternoon even though the Senate may be sitting at that time, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Wednesday, November 17, the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on February 10, 1982.

Hon. G. I. Smith: Honourable senators, I am not unaware of the passing of time or that the Legal and Constitutional Affairs Committee is meeting at present. If it is the wish of the Senate that I defer my gems of wisdom until some other time, that would not disturb me. On the other hand, if the Senate is prepared to listen to me now, I am prepared to go ahead. I am in the hands of the Senate.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if Senator Smith is prepared to meet our convenience, I am of the opinion that we should meet his. If he is prepared to proceed, I shall be happy to stay to listen to him.

Senator Smith: I thank the Deputy Leader of the Government for his forbearance. I take it that he is speaking also for his colleagues, and I will take it upon myself to ask my colleagues also to bear with me.

Honourable senators, this report seems to me to be a sound and important one. It is a pleasure to be able to say that the Minister of National Defence appears to have a similar view.

Before dealing with the report, however, there are two other documents which I would like to commend to honourable senators as being useful reading on defence matters. I draw the attention of honourable senators to pages 12 to 17 of the *Financial Post* of November 27, 1972, which contain a great deal of valuable comment on the Canadian defence position. The other document to which I refer is a publication which may have been distributed to most if not all honourable senators entitled "Canada and Western Security," with a subtitle "The Search for New Options". That document states—and I believe it to be true—that it is a report prepared under the auspices of the following: The Atlantic Council of Canada; the Canadian Institute of International Affairs; the Canadian Institute of Strategic Studies; the Centre for International Studies, University of Toronto; and the Research Program in Stragegic Studies at York University. It seems to me to be an impressive list of sponsors and, in my opinion, the publication contains some valuable observations on the matter of defence, particularly on defence as it concerns Canada and our NATO allies.

Turning to the committee's report, it is primarily concerned with the question of manpower in our armed forces. It draws attention to many matters which the committee believes need careful attention. They are specifically mentioned in the "Summary of Conclusions and Recommendations" which begin on page ix. There are 16 recommendations, all of which are important. However, I do not intend to attempt to deal with all of them this afternoon, but merely wish to draw attention to some particular points—points in the report itself and some points which I believe flow from it.

Our efforts since 1975, or perhaps beginning earlier, in providing security and defence for ourselves and assisting our allies in mutual defence, are, I regret to say, not such as to permit us to have as much pride and satisfaction as we would like. It is true, of course—and I am happy to be able to say this—that in recent years we have obtained over 125 Leopard tanks—which probably are the equal of any other tanks—a substantial number of long range patrol aircraft, at a cost of over $1 billion; a new fleet of two-and-a-half-tonne trucks has been ordered; a program to obtain six new frigates for the navy has been put in train, and we have ordered 138 new fighter aircraft, of which I believe two have been delivered to date. Also other improvements of substance have been made.

However, honourable senators, it is still a fact that our NATO allies look at us as a rather reluctant ally, not willing to pull our own weight even for our own defence protection. It appears that over the years we have been spending on defence a lower portion of our gross national product than any other NATO country except Luxembourg—less than 2 per cent of our GNP. I believe the average for Europe is in the order of 3.6 per cent, and for the United States about 5.5 per cent.

Our effort has improved somewhat in recent years, as I have pointed out, but we are still falling substantially short in our current effort; and, what is a good deal worse, we still have a lot of catching up to do, and we are not doing it very quickly.

For instance, we recall that in 1948 our navy was the third largest in the world, and at that time was as efficient as any navy. It is now hardly able to defend itself in modern warfare. Perhaps I am being kind when I use those relatively moderate words. Even if the program for the six frigates that I mentioned is formally approved and proceeded with in the next few months, it will be nearing 1982 or 1983 before they are all delivered and in service.

An Hon. Senator: I think you mean 1992 and 1993.

● (1600)

Senator Smith: Yes, and I thank the honourable senator for correcting me.

Honourable senators, you have all heard about the helicopter gear box problem which has so incapacitated our helicopter fleet for the time being, and I do not need to enlarge on that. It

is necessary to remember, however, that we do have important NATO roles in Europe, and the report considers them at some considerable length.

One of these roles is mentioned on page 5 of the report under the heading "Some Basic Questions," and it is ground defence in central Europe. Another role mentioned on page 10 of the report is the commitment of 4,000 men to be transported to Norway in certain eventualities. The name of that force is shown on page 10 of the report as the Canadian Air-Sea Transportable Force committed to northern Norway, and for convenience it is commonly referred to as CAST. Another role is the use of 2,400 troops designated to augment the Canadian forces in central Europe, also referred to on page 10.

On page 13 the report has this to say about augmentation:

> Augmentation of the land element—building up units in Europe to committed levels during a crisis period preceding hostilities—would add another 2,400 troops to the command and bring its full strength to 7,800—
>
> One of the major difficulties about Canadian Forces Europe concerns augmentation. A witness from DND noted that augmentation personnel are all in place in Canada, already identified and virtually ready to go in one or two days. However, other observers have expressed fears that a crisis preceding warfare might be a very short one, or else take place in the kind of political atmosphere which would make it difficult to augment troop levels or move to higher states of alert without aggravating the then existing delicate situation. Some of the testimony heard by the sub-committee convinced it that augmentation is a very dubious proposition . . .
>
> Augmentation seems an uncertain prospect at this time. It might prove completely impractical in various circumstances.

The report discusses the CAST commitment—that is the movement of troops to Norway—at pages 21 and 22. At page 19 the committee says in part:

> —the Sub-committee questions whether Canada should endeavour to improve the present force or to seek alternative NATO tasks for its 4,000 men.
>
> Doubts about the military viability of the force arose because of the time required to move it from Canada to north Norway and fears that . . . assault on Norway might be a massive one launched without much warning.

Honourable senators, these are just two of the points—that is, the CAST Force and augmentation—with which the committee dealt. Its views about these two points, which I have just quoted, although not in full, are not very comforting to say the least. They lead me to support Senator Molgat's position as to a national debate on the whole question of national defence, as he stated on page 5006 of *Debates of the Senate* for November 17, 1982. Such a debate would be greatly assisted by the issuance of a government white paper or green paper. I accept Senator Molgat's words as a statement of the situation upon which I could not improve. He states in part:

> So the minister seems favourably disposed, but at this point, if I understand him correctly, he feels that we are not ready for a white paper as such. Well, I accept that. I really do not care if it is a white paper, a green paper or a grey paper; but I believe that what we need is a national debate on the whole question of national defence and armaments.

Honourable senators, I wish to emphasize not only that I agree with Senator Molgat, but that I think this question of a national debate in which many members of the public can join is indeed important.

But there is another good reason for a national debate on defence matters, apart from those I have just mentioned. Senator Molgat spoke about it, and I would refer you again to page 10, shortly after the words I have just read, and I would like to support those words and add something to them.

Senator Molgat drew attention to a newspaper story which appeared in the Winnipeg *Free Press* of Monday, October 18, 1982, in which the heading was, "MPs call for cuts in arms spending." He then goes on to say:

> We had three members of the House of Commons travelling across the country in connection with the program Operation Dismantle, and speaking on behalf of disarmament.
>
> Recently in connection with the decision of the government to increase the amount of money to be spent on job creation, we found that the defence budget was going to be cut by approximately $245 million. Yet, in our report, as a result of the committee's study, we found that there should, in fact, be an increase in expenditures if we are to meet the commitments we have accepted, and if we are to fulfil the tasks that we have set ourselves.

Honourable senators, these I believe are serious matters indeed and further indicate how right Senator Molgat was when he said there was a need for national debate on the subject of defence. But let us look a little further into what is taking place and has taken place in history which it is perhaps desirable to bear in mind.

We all know that Canada has acquitted herself with great distinction when called upon to fight in a cause which Canadians have considered necessary. We also know that Canadians have not been very enthusiastic about defence in times of peace. That is perhaps due in part, perhaps in large measure, to the fact that we have not had to worry about invasion for several generations and have not suffered the consequences of invasion for a very long time indeed. Perhaps our attitude is also in part due to the fact that during the first years of our history as a nation we felt secure behind the shield of the British navy, and that from the end of World War I, or just a little later, to the present time we have had a similar feeling of security behind the shield of our powerful neighbour to the south.

But perhaps, honourable senators, it is also due in part to the fact that out of our total population of about 24 million people over 16 million were born in the year 1937 or thereaf-

ter. That means that over two-thirds of our population have no personal recollections of the years leading up to the beginning of the Second World War—that is the years from 1930 to 1939—nor do they have any personal recollection of that terrible event itself. Some of them seem to look at it today as a great catastrophe which happened in the dim and distant past but which does not have much significance for them.

Let me give a very few statistics to remind us just how terrible an event that was, and then I will give a few of the high points of the history of the 1930s leading up to that war.

According to a publication titled "World War II Almanac" by Robert Goralski, which has a 1981 copyright, the total number of battle deaths—that is deaths suffered on the battlefield—by all combatants in that war amounted to 14,900,000, which we all know included 40,000 Canadians. The civilian deaths caused by that war amounted to 38,500,000, making a total of over 53 million deaths brought about by that war.

It was, indeed, a horrendous catastrophe, one which should impress itself upon us now and upon all who come after us. When considered in connection with what led up to it, it should draw a lesson to us that weakness will not deter a potential aggressor.

Let us recall, again as a matter of the history leading up to what we face today, that when we entered World War I we had a total of just a few hundred regular soldiers, no navy, no air force and really no modern armament. But, just to demonstrate what we can do, in a relatively short time we had placed the Canadian Corps on the battlefields of Europe, and they proved themselves the equal of any and better than most of the armies on those battlefields. Since that time perhaps a very necessary realization has faded away—that the ability to defend itself is a fundamental part of any nation's duty to its citizens, perhaps its primary duty.

● (1610)

By the late 1920s a movement for pacifism began to grow across the land until by the mid-1930s it became so strong that defence and everything related to it became anathema to a very large portion of our citizens. Things were not so different in the great countries of the western world.

Then, honourable senators, along came Hitler with his grandiose dreams of world domination and his belief that western powers, particularly France and Britain, had lost the will to fight and perhaps the ability to fight. In March 1938, he put that belief to the test and seized Austria. He was proved right—France and Britain did not fight, nor did anybody else! Now secure in this belief, he set out to obliterate Czechoslovakia.

By a skilful combination of threats and promises, he persuaded France and Britain to join Germany and Italy in the infamous Munich pact of September 29, 1938, giving Hitler a very substantial slice of Czech territory. This was followed by the agreement of November 2, 1938, which Prime Minister Neville Chamberlain of the United Kingdom was persuaded to enter into with Hitler. Many of us remember the press picture of Chamberlain returning to England, waving a copy of this agreement and declaring that he had secured "peace in our time". What folly! Soon Hitler swallowed the rest of Czechoslovakia. Again, France and Britain did not fight but acquiesced. So did the United States. This once more confirmed Hitler's belief that France and Britain did not have the national will to fight. It encouraged him to further acts of aggression which led to war.

Over the years preceding 1938 he knew of the wave of pacifism those countries and our own was experiencing. He knew that in debates at universities, in church halls, in pulpits and other gathering places, many influential people were preaching the gospel that the way to avoid war was to disarm, thus to give a potential aggressor no excuse or provocation to attack you. He knew that on these and many other occasions, resolutions were being passed that the participants would never bear arms and that no war could ever be a just war.

The people who took part in these activities were good people, sincere people and honourable people, who honestly thought they were right. But how events proved them wrong! How their words and conduct encouraged Hitler, the potential and soon the actual aggressor. No wonder he believed that the countries of which they were citizens had not the will to fight. His success with Austria and Czechoslovakia, the Munich agreement and the agreement with Chamberlain, all confirmed this belief.

Thus in 1939 he felt it safe to threaten Poland, and then to attack her on a manufactured excuse. He felt it safe then to ignore the belated attempts of France and Britain to convince him that, after all, they would fight about some things, and that they would fight if he attacked Poland. He did not believe them and for very good reason, keeping in mind the recent history. He attacked Poland. They did fight. And so began the war that took 53 million lives.

You might say what does this have to do with the present situation or with the question of defence now. I say a very great deal. I say that if Britain and France had had the will to fight in 1937 or 1938, Hitler would not have launched his grab for Austria, for Czechoslovakia and for Poland, and there would not have been a war. Had he known that these nations had the will and the means to fight and were ready to fight, he would never had taken the chance that it would be safe to seize Austria in 1938. He would never have gotten to the point where he would have swallowed Czechoslovakia or attacked Poland. But the things that were happening in those countries—Britain and France—led him to believe he could get away with it. So he tried! And 53 million died!

Honourable senators, now I see history repeating itself. Like many of you I have personal recollections of those days and later days. I see Canadians and people in other NATO countries coming to believe that the best way to avoid war is to make sure that you do not have the means to defend yourself.

What a comfort it must be to our chief potential enemies to hear decent, sincere, honest and influential people in NATO countries demonstrating against nuclear arms or for unilateral

disarmament apparently without the slightest regard for the position they and we would be in should we follow their advice.

Like Senator Molgat, and like any sensible person in any country, I want to see disarmament. I do not want to see war. I have a very strong revulsion at the possibility of being obliterated by nuclear warfare or any other warfare. I have great revulsion at the thought of my children and my grandchildren, and those who come after them, being obliterated in that way or in any other way. Surely the best way to encourage our potential enemy to think we will not fight is to push for unilateral disarmament, or unbalanced disarmament, or unverifiable disarmament while they are able to continue their nuclear armaments and other armaments without worrying about public opinion.

Like Senator Molgat, I am for disarmament but not under any conditions. Surely disarmament must be mutual, it must be balanced, and it must be verifiable.

How can we avoid situations which the allies allowed themselves to get into in 1938 and 1939? It looks to me as though we are heading that way now, unless there is a great national debate during which all aspects of the problem can be properly discussed, including those I have put forward today. Such a debate is not going to come about without some stirring up. I believe that this subcommittee with its report that we are now discussing, with the work it is now doing and with the work it will do, will help bring about that necessary debate in this country, at least.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in moving the adjournment of the debate I should like to mention that I discussed this matter with Senator Lafond and if no other senator wishes to participate in the debate he will make some closing remarks towards the end of next week.

On motion of Senator Frith, debate adjourned.

• (1620)

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, pursuant to Notice of November 30, 1982, moved:

> That the name of the Honourable Senator Hastings be substituted for that of the Honourable Senator Buckwold on the list of Senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 2, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NATIONAL HOUSING ACT

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science presented the following report:

> The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-135 intituled "An Act to amend the National Housing Act (No. 2)", has, in obedience to the order of reference of Wednesday, November 24, 1982, examined the said Bill and now reports the same without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate, and that the order stand in the name of the Honourable Senator Stanbury, the sponsor of the bill.

Motion agreed to.

[*Translation*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on National Finance have power to meet at 3:30 next Wednesday afternoon, December 8, 1982, even though the Senate may be sitting at that time, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): Would you explain?

Hon. Douglas D. Everett: Honourable senators, when I made my brief intervention on supplementary estimates (B) I referred to a speech the Governor of the Bank of Canada made to the Men's Canadian Club in Toronto on November 29.

Following my remarks, Senator Roblin said he was concerned about the statement the Governor of the Bank of Canada made at that time. He wondered if we could call the Governor as a witness before the National Finance Committee, and I said we could do that.

It is possible for the Governor to attend at 3.30 next Wednesday afternoon. We tried for the Thursday, which is our normal meeting day, at 9 a.m. but, unfortunately, he is not available at that time. For that reason we are asking permission of the Senate to meet while the Senate is sitting.

• (1410)

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday next, December 7, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if you will allow me, I realize that we are adjourning, as usual, until next Tuesday. However, I may point out that there is a possibility that, not next week, but the week after, we will be sitting Monday evening, December 13, and perhaps also on the Monday of the following week, because of our workload and the bills that are now before the Senate or are expected to arrive from the other place.

As for the legislation we shall be considering and the business of the Senate, I believe the Leader of the Government is now going to add a few comments.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to expand on what the deputy leader has just said because I think it would be useful for honourable senators to have some background information as to the workload we will be dealing with between now and December 22.

I say December 22 because the other place now has a house order to adjourn on that day. Therefore, it would be useful for honourable senators to have at least some advance indication, if not all the details, of the number of bills that will probably be before us and which we will endeavour to deal with to the point of Royal Assent by the time the other place adjourns on December 22.

Those honourable senators who were present at a committee convened by the chairman of the co-ordinating committee of committee chairmen, Senator Lafond, were given some indication of the number of bills that we can expect. I am simply putting in a few explanatory words now because I know all senators were not at that meeting.

The Senate has already decided to adjourn today until December 7 at 8 o'clock in the evening, which is our usual sitting time, but for the following two weeks beginning on Monday, December 13 and Monday, December 20, it is highly likely that we will have to commence our week's work on those two evenings, and continue to sit as far into the week as necessary. Obviously, December 22 comes before December 24 so that date is not in question. I suggest that the deputy leader and I should discuss some of this detail with the Leader of the Opposition and his colleagues so that there is an understanding of what is involved.

● (1415)

From memory, I believe there are eight or nine pieces of legislation, at various stages, before the Senate. However, we will probably receive at least 15 more bills from the House of Commons by the date of adjournment. Hopefully, they will arrive in such a way that we will have an opportunity to deal with them to the satisfaction of all honourable senators.

You will recall, of course, that on Tuesday of this week Senator McIlraith moved a motion respecting the pre-study of all the proposed budgetary bills and financial measures, and that will commence as soon as they are known in the other place. However, there are some other bills, which are well known to the Senate because they have been around for some time but have not yet been studied in committee, and perhaps we should consider doing something about those, too, so that we can at least be in a position to deal with them by the time we adjourn for the Christmas recess.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I simply want to say that we on this side are, of course, disposed to co-operate in order to meet our responsibilities.

It seems to me that the main workload will be for the committees. If we have to sit on Mondays and Fridays, we will be glad to do so. However, it seems to me that, if the House of Commons is able to dispose of those bills in a short period, we should be able to equal their speed without too much difficulty.

In any event, I understand that we will hold discussions next week in order to assess exactly what bills will come to us before the Christmas adjournment.

I understand that the new rules in the other place provide for an adjournment on December 22. However, there is a suggestion that we adjourn on December 22 and return on January 17 unless, if my understanding is correct, we are to commence a new session. Of course, if we commence a new session, it could change our perspective and our way of dealing with the bills. It will soon be three years since the present session started. I do not know if the Leader of the Government can tell us if it is the government's intention to commence a new session in January. This will be the second and probably the last session of this Parliament—at least, we hope it will be the last of this government.

Senator Frith: We can give you a direct answer to that question. The answer is no.

Senator Flynn: That is too bad—not for us, but for the people of Canada. After all, we are used to sitting on this side, and if we have to sit here for another year, we can stand it, but the people of Canada may not be able to afford that.

I have been unable to get a smile from Senator Robichaud, which is too bad.

Senator Frith: There, you got one.

Senator Flynn: In any event, should we anticipate a new session commencing in January or the continuance of this far-too-lengthy session?

Senator Olson: Honourable senators, since I am not authorized to do so, I cannot make an announcement as to when a new session, beginning with a Speech from the Throne, will commence.

I appreciate the Leader of the Opposition's comments that he will give us full co-operation. I would suggest to him that the target would be to pass all the legislation that comes to us, all of which is now known to senators on both sides of the house. We should set a target to try to deal effectively and efficiently with all matters on the Order Paper by the evening of December 22 and to have Royal Assent at that time. However, I have to say also that while that order has been made there is always reserved the right of the Speaker to recall the House of Commons. The motion, as it now stands, is from December 22 to January 17.

● (1420)

Senator Flynn: As a matter of curiosity, could I ask whether the new rules applicable in the other place would prevent the government from deciding to have a new session start later than January 17, without recalling Parliament?

Senator Olson: I think the answer is no, it does not prevent that. I do not know how far I should go. I think it is the hope that we would clean up those pieces of legislation, of which there are a number, that are very important to Canada and Canadians, by the time we adjourn on December 22. However, there are several alternative scenarios, in the event that we are unable to complete that package.

Senator Flynn: My understanding is that prorogation is not affected by the new rules in the other place, so it is possible that Parliament could be recalled on January 17 just to adjourn until a further date, when a new session would start. Possibly Parliament could be recalled merely for prorogation on January 17.

Senator Olson: That is possible, but I would expect that that is not likely. If Parliament is recalled, for whatever announced reason, prorogation could take place on January 17 or January 18. However, I think the likely thing is that a new session would begin immediately or the next day.

Hon. George J. McIlraith: Would the Leader of the Government in the Senate permit a question arising out of his remarks?

Senator Olson: Yes.

Senator McIlraith: It is obvious from the discussion that has been going on that the new rules in the other place are of direct interest and concern to us in relation to our work in the Senate. Would he consider having these new rules assembled and distributed to all senators?

Senator Olson: Yes, I can give that undertaking. I am wondering, however, if they are not printed in the *Hansard* of the other place, so that they are indeed already available. If that is not so, I will try to obtain them.

Hon. G. I. Smith: Honourable senators, I should like to ask the Leader of the Government a question, the necessity for which perhaps arises only because I did not hear him well. When he was talking about coming back on Monday, December 13, and Monday, December 20, I did not hear whether he was thinking about the evening or the afternoon.

Senator Olson: I do not think I said that.

Senator Frith: I did; I said the evening.

Senator Olson: The deputy leader advises that he did say it would be in the evening, and that would be acceptable. However, I suppose when we look at the committee load that will result from the number of bills I mentioned, we might also want to consider having some committee meetings on the Monday afternoon preceding the sitting of the Senate in the evening.

QUESTION PERIOD

[*English*]

THE ECONOMY

NEWFOUNDLAND—CORNER BROOK—ANNOUNCED CLOSURE OF BOWATER PULP AND PAPER MILL

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. It has to do with a very sad situation in which another town, another community and another industry is on the verge of deterioration. I refer to the announced closing of the Bowater Pulp and Paper Mill in Corner Brook, Newfoundland, where 746 people will be laid off, and one of its most efficient paper machines, No. 7, will be closed down. In view of the fact that the Bowater Corporation has been a good corporate citizen—it owns five or six mills across Europe and also mills in both the United States and Canada—can the Leader of the Government say if the government is aware of the situation and whether any action has been taken as a result of this disturbing announcement?

• (1425)

Hon. H. A. Olson (Leader of the Government): Honourable senators, yes, the government is aware of the situation, because obviously the honourable senator and I both know that this matter has received a good deal of publicity, and indeed there have been some in-depth journalistic attempts to explain it.

I am not sure whether there has been some formal notice sent to the government, but I will attempt to find out. I will also make a reference to the appropriate minister in response to the other part of the honourable senator's question.

Senator Marshall: Honourable senators, as a supplementary, the problem of the Bowater mill situation could be more far-reaching because in central Newfoundland we have the Abitibi Price paper mill which is almost as large as the Bowater mill. Also, approximately 50 miles away, there is another paper mill in Stephenville. The problem is therefore far-reaching when we consider the escalating effect on the number of people employed in that industry and the resulting offshoot industries. When we consider what Chrysler means to Windsor, Ontario; what Massey means to Brantford, Ontario; what de Havilland means to Toronto; and what Canadair means to Montreal, and the government's action in that regard, the effect of the Bowater situation could be most far-reaching and should receive similar support. Could the Leader of the Government treat this matter as an extraordinary emergency and, in addition to taking the question as notice, consider what immediate action can be taken to either contact Bowater, or have the minister responsible for economic development enter the picture immediately so that any further deterioration of the situation can be corrected?

Senator Olson: Honourable senators, I consider it most appropriate for me to say at this stage, without going into detail—I am not, of course, authorized to commit the government at this stage—that the government is keenly aware of the significant impact that those mills have on the community, in view of the fact that they are employers of such a high percentage of people in those communities.

Senator Marshall: Honourable senators, as a final supplementary and further to the situation in Newfoundland, having regard for the whole of the pulp and paper industry, and also the forest industry, across Canada, which is so vital to our economy, would the Leader of the Government obtain a short resume from the minister on the immediate, short-term and long-term future of this industry, particularly in connection with Newfoundland, where so many jobs will be lost and the economy of the province may be seriously affected.

Senator Olson: Yes, I will try to obtain that.

Hon. John M. Godfrey: Honourable senators, I have a question supplementary to that asked by Senator Marshall. As the honourable senator pointed out, Bowater is a multinational corporation. Could the Leader of the Government ascertain whether the corporation has closed any of its mills in other countries?

Senator Olson: Honourable senators, that question can be included in the reference I shall make to the minister. I will ensure that it is included as part of the inquiry.

LEGISLATION

BILL S-31—STUDY BY LIBERAL CAUCUS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in connection with Bill S-31. I am sure that honourable senators are aware that the Liberal caucus has appointed a special committee to consider Bill S-31. That committee includes, I believe, two senators. One is, I believe, Senator Riel, but I cannot recall the name of the other senator. The special committee has indicated that it will make a report on approximately January 17. My question is whether there is any necessity for the Standing Senate Committee on Legal and Constitutional Affairs to report on that bill before we have the views of that special committee. Of course, the views of the committee will be most important because they will be looked upon favourably by the government. So I would appreciate it if the Leader of the Government would reply to that question first.

● (1430)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think we have to take the words and description of the Leader of the Opposition, who moved the motion that the subject matter of Bill S-31 be sent to the Legal and Constitutional Affairs Committee for the purpose of considering the federal-provincial relations aspect of that bill—

Hon. Royce Frith (Deputy Leader of the Government): As to background.

Senator Olson: —and to obtain some background—and I am paraphrasing the Leader of the Opposition—to assist in the determination of second reading, agreement in principle. I think that is almost precisely what he said.

Senator Flynn: I am not contesting your description, but I am wondering what conclusion you will come to.

Senator Olson: I take it that the Leader of the Opposition agrees so far. If that is so, then I think he and I would both agree that the Legal and Constitutional Affairs Committee has done a good job of complying with the wishes of the Senate in accepting the subject matter as it was sent to it.

Now we come to the next part of Senator Flynn's comments, whether or not there should be some recommendations or changes. I am sure you will agree with me that agreement in principle is determined on the floor of this chamber at second reading, before which time the question of recommendations is really not in order. Therefore, we ought to have the bill before this chamber so that we can have a debate and vote on the matter, after we have complied with Senator Flynn's request and the committee has given us the background to assist us in the consideration of whether or not we should agree with the principles involved in Bill S-31.

Senator Flynn: The Leader of the Government has given a long reply but has said nothing that is very precise. I would point out to the leader that we agreed to the motion, that the subject matter of the bill be referred to the Legal and Constitutional Affairs Committee, because the main thrust of the bill deals with federal-provincial relations. But there is nothing in the motion restricting the debate to that point.

Senator Frith: No, background.

Senator Olson: That is the argument.

Senator Flynn: That is the argument on the side opposite, but not on my side. I said "principally" and I insisted that it be "principally." In any event, when we are dealing with the subject matter of the bill I think that the preoccupation of that special committee formed by the Liberal caucus, or the supporters of the government, will have much to do with the position our committee can take on the subject matter. Honourable senators can imagine what would happen if we were to force debate on second reading and the committee came up with something entirely different. We would look silly, and though we have looked silly on previous occasions, I would like us to avoid it in the future. When I mentioned in committee that there was opposition to the bill from the provinces, the Honourable André Ouellet, Minister of Consumer and Corporate Affairs, replied that only the Province of Quebec was objecting to the bill and that I did not know what I was talking about. In view of the fact that British Columbia, Alberta, Saskatchewan, Ontario, Quebec and Newfoundland are objecting to the bill and that Mr. Ouellet, according to hearsay, is going to consult with the provinces, it seems to me that this is another reason why the Legal and Constitutional Affairs Committee should not be urged to report on the subject matter before this meeting has been held and we find out whether Mr. Ouellet is willing to change his stance to some extent. He will probably be influenced by this meeting and by the special committee of the Liberal caucus.

● (1435)

Senator Olson: Honourable senators, I appreciate the comments made by the Honourable Leader of the Opposition. I think they entirely support the idea that we really ought to have Bill S-31 in the formal possession of a body which can deal with amendments. At the present time the Standing Senate Committee on Legal and Constitutional Affairs is not formally in possession of the bill. It is in possession of a reference, which has to do with the subject matter of the bill.

It seems to me that it would be of assistance to everyone involved if we were to accept with appreciation the work that the Legal and Constitutional Affairs Committee has done in compliance with the specific task—a task which is at least

narrower than dealing with the totality of the bill—that was given to it. We could be of assistance by bringing matters to the next stage, namely, the debate on the principle of the bill. As the Leader of the Opposition well knows, after a bill receives second reading it is usual to refer it to committee for consideration. At that time the committee is in a position to take some action and consider all aspects, including amendments.

Matters do not end there. The bill goes through third reading, following which there are a number of other stages through which the bill must pass in the other place, including a committee to which my honourable friend alludes but really has no authority for doing so, because caucus committees are not usually matters of public information. In any event, during these other stages there is a great deal of opportunity for input into the bill.

I repeat, honourable senators, that the greatest service we could provide is to put the bill into a position where the body that is in formal and legal possession of it is competent to deal with any criticisms that may be made.

Senator Flynn: Honourable senators, I do not think that the Leader of the Government and I agree as to the meaning of a referral of the subject matter of a bill to a committee before second reading. It is because we want to know all of the circumstances surrounding the bill that we refer the subject matter to a committee. This provides the means by which to assess the position we are going to take on second reading.

The elements that I have mentioned—namely, the view of that special committee of the Liberal caucus and the views that may flow from a meeting of the minister with representatives of the objecting provinces—are elements which are very important for the committee to consider at the stage where it looks at the subject matter. When the committee deals with the subject matter it can, without adopting formal amendments, recommend changes which are, in practice, the equivalent of amendments.

Hon. Duff Roblin (Deputy Leader of the Opposition): It is done all the time.

Senator Flynn: It seems to me to be silly for the Leader of the Government to say that we will deal with the principle of the bill and will consider all of these aspects afterwards. Once we have adopted the principle of the bill, we are tied into this position. Suppose the minister were to come to the conclusion that the bill ought to be withdrawn because it was ill-conceived? That is quite possible. We would look silly indeed if we were to have adopted the principle of the bill only to be faced with a ministerial decision of that kind.

Senator Olson: Honourable senators, I could make a fairly convincing argument, one which might even convince my honourable friend—

Senator Flynn: Try again!

Senator Olson: —centred around the idea that the Senate is a deliberative body.

Senator Flynn: So are the committees.

[Senator Olson.]

Senator Olson: My honourable friend knows the process when bills are introduced in the Senate for first reading. He also knows that, in our deliberative function, we are to deal with the principle involved at second reading. It is after that point and not until we reach that point—and I could dig up all of the authorities for saying this, as I used to do 15 or 20 years ago when I did this kind of thing every day—

Senator Flynn: You probably did not understand it.

Senator Olson: Yes, I understood very well and I recall my understanding very well. I suppose I should not go into that because I do not intend to make that argument now.

I think that we have done the Senate a service, in compliance with the request of the Leader of the Opposition, by providing some background information to the federal and provincial aspects which are involved. We are in a better position to consider whether or not to support the principle of the bill, and the debate on that, in the deliberative nature of this chamber, takes place on the floor here. After that, as a matter of course, the bill goes to committee where amendments can be suggested, if it is the will of the committee to recommend amendments to this place, and those can be adopted at third reading.

● (1440)

My honourable friend knows all of that quite well, but now he is trying to have us go through all of those stages before the Senate is in formal possession of the bill and before it has dealt with the principle of the bill, and that, as he knows, has always been the first stage in the debate either in this chamber or in the other place.

Hon. Richard A. Donahoe: Will the honourable gentleman permit a question? As one who serves on that committee I have listened carefully to the discussion that has taken place this afternoon. The impression I have had is that the reason this chamber referred the bill to committee in the first place was that we should look into and understand all of the constitutional aspects of the bill. In order to do that it was necessary, and still is necessary, for us to look into and understand the attitudes of the various provinces. However, in listening to the discussion this afternoon, the impression I receive from the Leader of the Government is that there is no need to know what the provinces think. In effect he tells us, "You know the provinces are opposed to the bill, but you don't have to wait to find out their reasons. You don't need to discuss it with them. Just send it back to the Senate chamber." In other words, we are being told not to do the very thing which caused the bill to be referred to us in the first place.

Putting my question quite simply, was I not correct in understanding that it was to examine the constitutional aspects of the bill that it was referred to the Legal and Constitutional Affairs Committee in the first place?

Senator Olson: I would find a higher level of agreement with that. I believe Senator Flynn said earlier today that he did not restrict his submission to that position. I guess you will have to sort it out between you.

Senator Frith: He did say it earlier in opposition, in fairness.

Senator Olson: Yes, he did say it. That is right.

Senator Donahoe: On a point of privilege, I wish to make it clear that I did not say that that was the only reason. I said it was the main reason alleged by the other side of the house that the bill was sent to committee. I did not say it was the only reason I agree with what Senator Flynn had to say, but the other side obviously does not because they have advanced a different reason.

Hon. John Godfrey: Honourable senators, if I may join in this debate, in my opinion, once the subject matter of a bill is referred to committee the whole matter is open and it is irrelevant what anyone's motives were in sending it there. In point of fact, once we began our hearings on this matter it became obvious that it was not the minister's intention to have the bill pass through the Senate. He told us he was not restricting us to any particular aspect, such as federal-provincial relations, but that he would be interested in hearing any suggestions we had, that he would consider our recommendations and would introduce a new bill in the House of Commons—not in the Senate. Consequently, there is no need whatsoever for a second reading debate here.

Moreover, the actual hearings have taken place. We listened to Mr. Parizeau for four hours. You may recall that he told us he was not here to discuss federal-provincial relations, admitting that he was not an expert on the Constitution and that he would have legal opinions in that respect. He confined himself exclusively to the economic questions.

I must say that I thoroughly disagree with Senator Flynn's suggestion that we should wait for a report from the Liberal caucus before we decide what a Senate committee will do. In my opinion the Senate committee should look at it on a non-partisan basis and should make recommendations only. It should not move amendments. The minister simply wants our recommendations so that he can take them into consideration before introducing an amended bill—and I am sure the bill will be amended in many ways. Then, when the bill comes to the Senate, after having gone through the House of Commons, we can vote on the principle of the bill as it will then be, as opposed to voting on what we have now, which I suspect will be heavily amended after the House of Commons hears from our committee.

Senator Flynn: On a point of privilege, I was merely attempting to help the government side, when I suggested waiting for the caucus committee to report. I should have thought it was obvious your side is more interested in their views than we are.

Senator Godfrey: The fact is they should want to hear from us. We should be influencing them.

Senator Olson: Honourable senators, I appreciate the comments that have been made and the offer of co-operation on a number of points. Perhaps we ought to have some further discussions about this as early next week as possible. We might then have a better understanding of the progress that can be made.

Senator Roblin: I should like to refer to one aspect of my honourable friend's comments. He left me with the impression that, if we refer the subject matter of a bill to a committee for study, we should not be making any amendments to the bill. I see that point. It is not before us, so we do not amend it in any official sense. However, I would like him to recognize that it has been the custom in the Senate, in sending bills to committee for a pre-study of the subject matter, to receive a report from the committee with recommendations. Well, we have sent the subject matter of this bill to committee and I don't see why we should feel constrained to deal with it in any way different from the way my honourable friend Salter Hayden dealt with the subject matter of Bill C-42 in connection with oil expropriation in the Arctic and the 25 per cent back-in. He reported to this chamber on the substance of the bill with a clear recommendation of what the committee thought about it.

I should like to be assured that there is no suggestion that our Constitution committee, seized with the subject matter only, is thereby barred from making suggestions or recommendations for the improvement of the legislation.

Senator Olson: Honourable senators, we can have a longer debate on this question, but Senator Roblin is once again mixing apples and oranges. It is true that the subject matter of a bill, especially a Commons bill, is often referred to a committee of this house, and the Standing Senate Committee on Banking, Trade and Commerce has usually been the recipient of such subject matter, but that happens only after the Commons bill has been introduced at first reading, before there is any debate on it but after its contents are known.

With respect to Bill S-31, the situation is substantially and significantly different—and what I am about to say adds significantly to my argument that this is a deliberative body—in that we introduced the bill in the Senate and when we entered into second reading we were formally in possession of the bill. It was formally before us with everything that flows from that fact.

That has happened before, although it is unusual, but it should be plain that that is not the same thing as taking the bill out of the Senate before second reading and sending the subject matter to a committee, because in this case we have already had the bill before us and we can deal with it in that sense.

Senator Flynn: You are all mixed up.

Senator Roblin: I don't like to continue this discussion because it is getting into a rarified academic atmosphere, but the plain fact is that, when you refer the subject matter of a bill to the committee for examination, you do refer the subject matter of the bill to the committee for examination. It does not matter where the bill came from in this case or what its provenance was; that is what you have done, and our clear precedent in this house is that in such a case the committee can report back with recommendations.

Is my honourable friend telling me that this committee will examine this bill in its present state and then report to this house without having made any comment on what it thinks is good or bad about the bill? If that is the case, just what are we

doing? Surely we are being asked to make that judgment. That is my point.

Senator Olson: I think your point is badly taken, if I may say so. The reason I say that is that if we were going to change the entire process of dealing with legislation in the Parliament of Canada, we could have a proposal put before us in terms of a bill, a motion or whatever, and refer the subject matter to a committee to answer all the questions that my honourable friend has raised, when he says the entire bill is before the committee.

Senator Flynn: You don't understand the process at all. Poor you!

Senator Olson: I agree that that is one way in which the Parliament of Canada could function, but it is not the way the Parliament of Canada does function.

● (1450)

What was done under the so-called Hayden formula was to refer the subject matter of a bill to a committee for the committee's consideration and recommendations. That was done because it was not possible for us at that stage to be in legal possession of the bill. Of course, we are not in legal possession of a bill until the bill has passed all stages in the other place.

The honourable senator says that that is a practice, but it is not a practice to take the subject-matters of Senate bills and refer them to committees so that all questions on them are answered before we are seized with the deliberative action we are required to undertake with regard to such bills. In the case of the so-called Hayden formula, the bill was before the Senate. I do not believe we can slough it off by saying, "We will refer it to a committee, obtain all the answers before we debate the bill, and either approve or disapprove of the principle of the bill." If that were the case, that would abrogate our responsibility of being a deliberative body at each stage, and that responsibility is well defined in Canadian parliamentary practice and the practice of other parliaments. One cannot argue that that is a proper or even a traditional way of dealing with bills or other motions that are before this deliberative body.

Senator Roblin: If my honourable friend believes what he has said, why did he support the proposition that the bill be referred to the committee for that kind of study?

Senator Olson: I was impressed by the pleading of the Leader of the Opposition.

Senator Roblin: My honourable friend did not really consider the matter carefully if he responded in that manner.

The bill was referred to the committee, and he has to accept the consequences of that action. If my honourable friend wants to attend a meeting of that committee and tell its members that they cannot present a report to the Senate which contains any recommendations, I invite him to do so, but he will find that more than one member of that committee will object to that kind of high-handed procedure.

[Senator Roblin.]

Senator Olson: That is not a high-handed procedure by any stretch of the imagination. The committee has indeed complied with the request made by the Senate, after the plea by the Leader of the Opposition, to assist honourable senators with some background information relating to the federal-provincial aspects of the bill.

The argument has been made that some of the witnesses who appeared before the committee did not deal with that aspect of the bill. Senator Godfrey made that point, but I do not think that the committee or any honourable senator can tell witnesses who appear before a committee what to say. The discussion that preceded referring the bill to the committee, and the acquiescence by this side of the house, was for that purpose.

If Mr. Parizeau chooses to say that he is not prepared to deal with that aspect of the bill, he has the right to say so, but that does not take away from the purpose for which the bill was referred to the committee.

Senator Godfrey: Honourable senators, I should like to make another interjection. When the telegram was sent to the premiers from the chairman of the committee, the telegram indicated that the members of the committee were interested in the federal-provincial aspects of the bill. There was an open discussion on that subject before we heard from any witnesses, and the consensus of the committee was that the committee not be confined to that. I believe the witnesses were told that, and the telegram, to that extent, was amended.

The one point I should like to make regarding this matter is that, admittedly, it is not traditional to refer the subject matter of a bill to a committee, but that can be helpful on occasion. I have been advocating that procedure for years. This is obviously one of those occasions.

I should like to draw the attention of the Leader of the Government in the Senate to the report of the Canadian Bar Association on parliamentary reform, which was issued in August 1982. It is a well written and thoughtful report. They recommend that non-partisan and contentious bills—a category in which I think we could place this one—be referred to committee for consideration of their subject matter before second reading debate, so that the committee could make recommendations. Then, having those recommendations before them, parliamentarians would be in a much better position to debate the bill and approve or disapprove of the principle of the bill.

Why we should be bothering with the principle of the bill right now, or even have any discussion on this, I do not know. The minister has said that all he wants from the Senate are recommendations so that he can re-draft the bill and submit it to the House of Commons.

Senator Frith: Since we are still on Question Period, may I suggest that we consider this question duly debated and that the matter be discussed between the Leader of the Government and the Leader of the Opposition when they discuss the business of the Senate?

There have been a number of informative and helpful interventions which the Leader of the Government and the Leader of the Opposition can consider.

Senator Flynn: They were more helpful to him than to me.

Senator Frith: As you will. I hope that they were helpful to all, but I suggest that we now continue with Question Period.

Hon. Arthur Tremblay: Honourable senators, I rise on a question of privilege, since I am a member of the Standing Senate Committee on Legal and Constitutional Affairs. The Order of the Day reads as follows:

> For the Day that the Report of the Standing Senate Committee on Legal and Constitutional Affairs—

If I understand correctly, the discussion which has just taken place concerned the nature, content or substance of the report of the committee. If the report of the committee does not include recommendations or proposals of any kind, what kind of report will it be? Will the committee simply report that it met three times, four times, six times, and nothing else?

As a member of that committee I should like to feel that we can report on the substance of a bill. If we do not include recommendations or comments, or anything of that kind, what will we report on—our thinking?

Senator Frith: Honourable senators, one thing that everyone has agreed to is that it is the committee that will decide what it will do with the subject matter of the bill.

I am sure that Senator Tremblay's question of privilege will be carefully taken into account. His remarks, along with the other remarks made today, will be available on Tuesday when the Leader of the Government and the Leader of the Opposition meet to discuss what we will do with the legislation that is before us.

FOREIGN AFFAIRS

CANADIAN DAIRY COMMISSION—SALE OF EVAPORATED MILK TO LIBYA

Hon. C. William Doody: Could the Leader of the Government in the Senate clarify a matter of policy for me?

I understand that the Canadian Dairy Commission has confirmed that it sold evaporated milk to Libya in 1981, in direct defiance of the Canadian policy regarding the anti-Israeli boycott.

Could the minister inform the Senate as to why that was so, and what has been done about it? Does the government not abide by its anti-Israeli boycott policy, and if not, is the policy only to be directed at private firms and not at crown corporations or government agencies? Does the government believe that it is acceptable for a crown corporation or government agency to flout the rules laid down by its own master, the government?

I wonder if the minister could assure as that this is not a common practice, and that no other crown corporations or government agencies are engaged in flouting the laws of Canada?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I, too, have read what I think is press speculation as to whether that is correct or not. I am not now going to argue one way or the other whether it was a violation of a least two aspects of government policy, first of all, with respect to the sale, and, secondly, to the vessels the milk was carried in.

I shall take Senator Doody's question as notice and refer it to the Department of External Affairs. I am sure they will offer comments on whether they agree with the speculative interpretation to which he has referred.

Senator Doody: While the leader is obtaining that information for me, perhaps he should also check to see whether the Department of External Affairs has grounds to take action against the *Globe and Mail*. I ask that because, according to the *Globe and Mail:*

> External Affairs Department officials confirmed yesterday that a document that paved the way for the deal contained two requirements that contravene Ottawa's rules, one a certificate of origin that could be interpreted as discriminating against Israel, and the other an inadequate certificate dealing with shipping via Arab-blacklisted vessels or ports.

• (1500)

If this is speculation, then I suggest that the *Globe and Mail* should be asked to apologize and retract the quotation ascribed to officials of the Department of External Affairs.

I also ask the minister to find out, assuming that the information is correct, what disciplinary action the government intends taking against the Canadian Dairy Commission. Mr. Gilles Choquette, the chairman of that commission indicated that it sold the milk through a third party—a co-operative in Quebec—because it could not legally carry out the sale itself. If this is so, I ask the minister to tell us what action has be taken against the commission.

Senator Olson: Honourable senators, I will include all of those comments in the inquiry that will go forward.

SCIENCE AND TECHNOLOGY
THE ENVIRONMENT

SPACE EXPLORATION—OIL SPILL CLEAN-UPS—CO-ORDINATING AGENCIES

Hon. Andrew Thompson: Honourable senators, I have a question for the Leader of the Government. In his former role he was co-ordinating a number of government programs into a logical, coherent pattern. My question is: How effective would that same kind of philosophy of co-ordination become with respect to planning for aerospace exploration and technology? We spend a great deal of money on, and are very pleased with, Canada's achievements but many departments are involved. Does the government consider, with respect to space exploration and technology, that there should be one agency similar to the NASA agency in the United States to co-ordinate this work?

Honourable senators, I have another question concerning an oil spill in the Arctic and it again deals with co-ordination of the many departments that are involved. I read recently where one of the chemical engineers said, "I do not know who would take responsibility. There are so many departments but there is no one in charge." Could the minister check into that also?

Hon. H. A. Olson (Leader of the Government): Honourable senators, in response to the first question with respect to the space exploration and co-ordination of the various departments and branches that are involved in that, Senator Thompson will recall that the responsibilities of the Minister of State for Science and Technology have now been transferred to the Minister of State for Economic and Regional Development. That, of course, will lead significantly to the kind of co-ordinating functions that that department can perform in several aspects. One function will be to have an overall look at the financing that is going into various efforts that are being made in that high technology sector. In any event, I will also get an update insofar as that co-ordinating effort is concerned.

I am also aware of some other aspects—not only responsibility for cleaning up an oil spill—of development that is expected to take place in the northern part of Canada, but I will have to make an inquiry and get an update as to where that is at the moment between several departments, EMR, Indian Affairs and Northern Development and the Department of the Environment.

CANADIAN WHEAT BOARD

CANADA-POLAND GRAIN SALE CONTRACT

Hon. Stanley Haidasz: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Can the minister tell us whether it is internal problems within the Canadian Wheat Board or difficulties regarding agricultural problems in GATT, or perhaps a hardening of Canadian foreign policy, that are delaying any initiation of a Canada-Poland grain sale contract? I ask this on an urgent basis because we know that the present Canada-Poland grain contract expires on December 31 of this year, and that grain products in Poland are in very short supply at the present time.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, Senator Haidasz has raised a very important question. Certainly, there is nothing within the Canadian Wheat Board operation that really bears on the question that is put by him. The Canadian Wheat Board is always looking for sales to countries, and arrangements whereby the Wheat Board and the farmers get fully paid and where there is virtually no risk attached to those sales by way of a possible default on payment.

Last year Canada provided a $500 million credit to Poland. I think everybody would agree that that was a very large sum of money. Canada has been supplying credit to Poland since 1956, and over the years payments in general have been made. When payments have been delayed there has been a rather steady increase in the amount of the ceiling governing the total loans. I am informed that Poland owes Canada today $1,225,000,000 by way of outstanding loans.

Hon. Duff Roblin (Deputy Leader of the Opposition): Is that only for wheat?

Senator Argue: No, but it is mainly for wheat.

Poland is in bad financial shape and is having great difficulty meeting its payments. Canada agreed, in concert with 15 western creditor countries, to reschedule over eight years, including a four-year grace period, 90 per cent of Poland's principal and interest payments falling due from May 1 to December 31, 1981. I am informed that for this period of grace, nothing by way of principal or interest is to be collected. Payments in connection with the remaining 10 per cent are being met.

As Senator Haidasz said there is, in effect, a current wheat agreement which expires on December 31. The question arises whether Canada should—and I presume Poland would wish it—undertake additional credit to Poland which would result in increasing the current ceiling beyond the $1,225,000,000. That particular question is under consideration.

Personally, I feel that, in considering this policy, the government should arrive at a conclusion that really has nothing to do with whether or not the Canadian Wheat Board may wish to make a given sale. This kind of international policy needs to be based not on what one might perceive as Canada's needs for a market, but rather on our general attitude toward Poland in these difficult times, and whether or not, with those things in mind, we should make provision for additional credit to Poland.

Sometimes politicians are not all that helpful and when we have made credit arrangements for Poland we have sometimes been very severely criticized. The Leader of the Opposition, the Right Honourable Joe Clark, is reported in the press as saying that "Canada keeps lending money and technology to the faltering economies of the Soviet bloc countries." I think we should look at Poland's needs from the standpoint of Canadians interested in the welfare of the people of that country. We must bear in mind that these are very difficult times from a financial point of view and from the point of view of assessing what Canada should do under these circumstances.

• (1510)

I can only tell the honourable senator that this whole question is being considered, but a decision has not yet been arrived at. When a decision has been made, I will be happy to convey it to him.

Hon. Jean-Paul Deschatelets: Is Canada the only wheat supplier to Poland, or are other countries involved?

Senator Argue: I would have to check into that since I do not know the precise answer. However, I think it is pretty obvious that Canada is the main supplier, having supplied 1.5 million tonnes of wheat to that country this year.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, on the same subject, if I heard the minister

correctly, he tells me that the re-scheduling of the Polish debt has postponed the payment of the present debt for eight or ten years.

Senator Argue: Eight years.

Senator Roblin: Would this mean that any further extension of credit to Poland for the purchase of wheat would have to take its place at the end of that queue? It would seem to me that would probably be the case.

If so, if we are to do anything, we might as well give them the wheat because at present day interest rates, discounted over eight years, there will be no return in any event. Would the minister give some consideration to that aspect of the problem?

Senator Argue: On Senator Roblin's assumptions, I suppose it might follow that, if payment is going to be that much delayed, perhaps a gift should be made.

However, as I understand the arrangements, the interest has not been cancelled; the interest will accumulate. There are those who believe—and I think some of them are pretty sound economists—that Poland is likely to be able to make an economic turnaround and that, in the future, she is likely to be able to meet all her outstanding obligations, including her obligations to Canada.

I do not want to disclose the many options being considered, but I think one could imagine that one of the options that might be considered would be an extension of credit, but on a basis that would provide for a quicker repayment for the new credit. However, those things are only under consideration, and the conclusions are impossible to forecast.

Senator Roblin: Honourable senators, I agree that it is probably not very productive to try to probe any deeper into the government's plan. I would simply make the comment that, based on present values, money payable eight years from now is not going to be worth very much. I would also say to my honourable friend that probably the other creditors of Poland would have something to say about advancing Canada in the queue. If my honourable friend expects to finance the deal on any commercial basis, I would suggest that he will have some real problems, but he is the one who has to worry about that.

Hon. Orville H. Phillips: Honourable senators, I would congratulate the Minister of State for the Canadian Wheat Board on starting to read the remarks of the Right Honourable Joe Clark. I will expect to find him much more effective inside and outside of the chamber now that he has started to study Mr. Clark.

I would ask the minister why the Canadian farmer, the producer, has to pay his expenses immediately while those who are buying wheat have eight years to pay for it.

Senator Argue: Honourable senators, since Poland is in difficulty and is in a position of getting into arrears with what she owes us, I think that all of the 15 western creditor countries, of which Canada was one, were wise to re-schedule the payment over a period of time.

If a creditor is having difficulty, you cannot go through a system of bankruptcies on the international market and, therefore, from Canada's point of view, this is the best possible arrangement. It is certainly something that I think was the best possible arrangement under very difficult circumstances.

GRAIN

CROWSNEST RATE—GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have another question that I should like to address to the Minister of State for the Canadian Wheat Board, which relates to the progress being made in resolving the differences of opinion which exist in the country about the Crow rate.

I believe the minister has accepted the paternity of a third proposal with respect to the Crow, and that is never to break the log-jam between those who want the farmer to receive the government subsidy and those who think it should go to the railway.

Would he please let me know whether he can describe what his plan is and whether it really is an official proposal of the department, or whether it is just a balloon that is being floated to see whether, in fact, it can attract some support?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I took no specific plan to any organizations with whom I had discussions. From time to time recently, I have discussed whether, if certain provisions were made, some of those organizations who are opposed to the proposals in Dr. Gilson's report might be able to agree. If changes were made, they might be able to agree to at least substantial parts of the Gilson proposal. In any discussions I have had it has been assumed that the main provisions of the Gilson report would result in a fifty-fifty sharing between the producers and the government by 1990-91. As I say, I took no concrete proposals to these other organizations.

From time to time, including recently, I have discussed with them whether some variation of the Gilson report might result in their support.

Senator Roblin: Somebody has been making a proposal because the details have been published, and the story I have is that sources confirmed this week that a third option surfaced from the office of Senator Hazen Argue, Minister of State for the Canadian Wheat Board. The "sources" are apparently those in his own office.

I do not know what the status of this proposal is, but what attracted my attention to it was the fact that it suggested that the farmer should get no payment, that it should go directly to the railways; and that the farmer's share of the freight rate cost would double in 1983 from $150 million extra, which is the Gilson proposal, to $300 million under this proposal which, apparently, has emanated from the minister's office.

I should like to know whether that is a fair statement of the general proposition that has been floated, or whether it is an incorrect assessment.

Senator Argue: Honourable senators, I have nothing further to add to what I already said. I have discussed with the leaders of some of the farm organizations whether, if there were certain modifications to the Gilson proposal, they would be prepared to come on side. Whatever I have discussed with them would not change, over the period in question, the farmer's proportion of the cost of transportation.

Senator Roblin: I hate to press the minister on this, but the report specifically states that the cost to the farmer would double from $150 million to $300 million in 1983. This is compared to the increase proposed by Dr. Gilson, which would be an increase of $21 million as opposed to $150 million. These are fairly substantial numbers.

The report goes on to say that the treasury is relieved by this extra amount that the farmers are paying compared to what the Gilson report had in mind.

In view of the great interest in my own province in reaching some solution to the Crow, if the minister cannot make any advance on the statement he has given now, would he be kind enough to consider preparing a statement on this and letting me have it at his earliest convenience?

Senator Argue: I do not think I will have anything to add to what I have already said, but I am prepared to consider the request of the honourable senator. I took no detailed statement to the leaders with whom I spoke.

THE ECONOMY

NEWFOUNDLAND—CORNER BROOK—ANNOUNCED CLOSURE OF BOWATER PULP AND PAPER MILL

Hon. Jack Marshall: Honourable senators, I rise on a point of order, and it relates to my question on the laying off of Bowater's employees.

In view of the fact that we will be adjourning until Tuesday, would the minister treat the question with some urgency and attempt to have an answer in my office either tomorrow or by Monday?

• (1520)

Hon. H. A. Olson (Leader of the Government): I can give the honourable senator an undertaking that I will make the inquiry. I cannot give him an undertaking on behalf of somebody else. Although I am part of a very competent and conscientious government, I cannot give an undertaking to give a reply as early as tomorrow.

Hon. Robert Muir: It is urgent.

Senator Olson: It is urgent, that is true. It is also very complex, and some views have to be obtained from the companies involved. The honourable senator has asked me to give him an undertaking to get an answer by tomorrow. I suppose I can give an undertaking to get a reply tomorrow, but it may not be a complete answer because of the qualifications.

Senator Marshall: Bearing in mind that the question might have been asked in the other place, would he do what he says he will do?

Senator Olson: Yes, he will do what he says he will do.

[Senator Roblin.]

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have three delayed answers. The first is in response to a question asked by Senator Marshall on November 30, concerning negotiations between Canada and France relating to the maritime boundaries between St. Pierre and Miquelon and Canada.

The Secretary of State for External Affairs informs me that the negotiators who will represent Canada on this question have not yet been chosen.

In any case, it is the minister who carries the responsibility for such matters, not his officials. The officials are given a mandate to negotiate on behalf of the minister, operate under his authority and are responsible to him. As such, it is felt that it would be inappropriate to divulge their names.

The government has not yet been informed who will be negotiating on behalf of the French government in this matter.

THE SENATE

REFORM—TERMS OF REFERENCE OF ROYAL COMMISSION ON THE ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a relatively short answer to a question asked yesterday by Senator Thompson concerning the Senate delegation to Australia.

The Senate delegation to Australia went there as a result of a long-standing invitation from the Government of Australia.

The Senate delegation went to Australia under the authority of the Speaker, who unfortunately was not able to lead the delegation because of previous commitments. The trip was organized through regular channels of the Parliamentary Relations Secretariat. The senators who made up the delegation were Senators Perrault, Frith, Flynn, Roblin and Buckwold.

Hon. Andrew Thompson: May I ask a question supplementary to that reply?

Senator Olson: It is normal to wait until I have given the other delayed answers.

[*Later:*]

Senator Thompson: Honourable senators, I should like to put the supplementary question I wanted to ask earlier. First of all, I want to say that I in no way question that it was a first-rate group of senators who went to Australia. I know they are hard-working and intelligent, and deserve all the other adjectives that have been used. It is because I am something of a doubting Thomas about the effectiveness of an elected upper house, that I would have hoped that amongst that group there might have been a doubting Thomas. I might say that I do not think I would have had the physical energy to make the trip and complete the heavy itinerary they had. However, among

us there may be a doubting Thomas with respect to an elected upper house who might have gone. In view of the meticulous care taken to see that all delegations are fairly balanced, I find it unfortunate that I think all those who went expressed some kind of approach in favour of an elected Senate, which will make it all the harder to debate against them.

Senator Olson: Honourable senators, I really do not wish to comment on the make-up of the delegation. I think it was excellent. I do not want to repeat what I said the other day, but I meant it sincerely. If we get to the order, as I hope we do in a few minutes, we will get some expansion of what that delegation saw. I hope the honourable senator's doubting Thomas characteristics will provoke him to ask some questions so that he will be satisfied that it was a very useful trip.

Hon. Orville H. Phillips: Honourable senators, I have a question arising out of the answer the Leader of the Government gave to Senator Marshall yesterday.

I find it hard to believe that Australia would extend an invitation for the specific purpose of having an elected Canadian Senate. I will consider this to be undue interference in Canadian affairs by the Australian government. Could the minister table a copy of the invitation so that all senators could see it?

Senator Olson: No, I cannot give that undertaking. I will try to obtain it, but I think there will be an appropriate time in a few minutes—

Hon. D. G. Steuart: We can drop over any time.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): By telephone.

Senator Olson: Those kinds of questions can be asked in a few minutes, I hope. The undertaking I gave was to Senator Thompson with respect to the basis on which the delegation was put together, and I have already done that. There will be an opportunity for Senator Phillips to pursue his curiosity in a few minutes.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have another delayed answer which is very long. It is in reply to a question asked by Senator Muir on November 8 concerning the Sydney Steel Corporation. If he agrees, I would ask that it be printed in *Hansard* as if it had been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Canada/Nova Scotia Sysco Modernization Program Subsidiary Agreement signed in June 1981, provides some $77 million of a total $96.2 million for Stage 1 of Phase 1 of a business plan to rehabilitate Sysco. The business plan was predicated on a minimum throughput of 240,000 tons of rail, substantial export markets and conformance to performance criteria. The Agreement provides for modernization of various stages of the production process, including blast furnace, open hearth and the rolling mills, as well as funding for related services and pollution control. The question is not so much the holding up of funding for the project as a decision on whether it is prudent to continue with the business plan as designed two years ago, in face of existing world markets for rail.

It is also important to recognize that the subject Agreement is co-managed by a Committee comprising representatives of the federal government, the provincial government and Sysco. It has been the view of federal officials, which the Minister of Industry, Trade and Commerce and Regional Economic Expansion supports, that progress under the Agreement be reviewed in light of the fact that Sysco has not met the established performance targets and the significantly changed world market conditions for rail. This may lead inevitably to the consideration of other alternatives for Sysco.

In respect to the timing of the proposed review, the minister has spoken to Premier John Buchanan of Nova Scotia on this question and they are attempting to establish an early mutually satisfactory date to discuss the project. The minister believes that it would take a period of time after that for a more complete review of the project by officials. In the meantime, production of the Sydney Plant is not being inhibited, as there is one blast furnace operating at a capacity sufficient to handle existing demand.

FOREIGN AFFAIRS

CANADIAN DAIRY COMMISSION—SALE OF EVAPORATED MILK TO LIBYA

Hon. H. A. Olson (Leader of the Government): Honourable senators, earlier today Senator Doody asked me a question related to the Arab boycott, the guidelines surrounding it, and some action taken by the Canadian Dairy Commission. Since then I have been told that government officials have only recently received the documentation dealing with the specific transaction. Indeed, the wording of that is now being assessed to see whether the government's anti-boycott guidelines have indeed been contravened. Therefore, the reply that I gave some time ago is accurate, as usual.

[*Later:*]

Hon. C. William Doody: Could I ask a supplementary question on the alleged anti-boycott violation? Would the minister undertake to bring us the information when the documents have been studied, and could he indicate how long that will take?

Senator Olson: No, honourable senators. I hope there is no misunderstanding. I did not intend the supplementary answer today to satisfy the undertaking that I gave Senator Doody earlier in the Question Period.

GRAIN

WHEAT—PROPOSED CARTEL OF EXPORTING COUNTRIES

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): I have a delayed answer to a question asked by Senator Roblin, which has to do with our credit arrangements with Poland. If it can be taken as read, we will ask that it be printed in *Hansard*.

Hon. Duff Roblin (Deputy Leader of the Opposition): I think I should like to hear it.

Senator Argue: I hope it is a repetition of what I said.

The grain agreement with Poland—

Senator Roblin: Is this a question I asked some time ago?

Senator Argue: It is a delayed answer to a question the honourable senator asked on November 16.

Senator Roblin: Very good. Let us have it printed in *Hansard*.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> The grain agreement with Poland covers the period January 1, 1980, to December 31, 1982, and calls for repayments at commercial interest rates within three years. Canada agreed, in concert with 15 western creditor countries, to reschedule 90 per cent of the principal and interest originally falling due between May 1 and December 31, 1981. These amounts are being repaid over eight years, including a four-year grace period. There is no subsidy element involved as interest continues to accrue on the outstanding balances and we anticipate being paid in full, albeit over the longer term, as further arrangements are made to deal with Poland's debt problem.
>
> Canada has been selling grain on credit to Poland since 1955-56. The revolving government guaranteed credit limit for Poland has been increased from time to time, most recently by $500 million, mainly to cover 1982 shipments under the government to government grain agreement. The credit guarantee for Poland is currently $1,225 million.

FARM LOANS INTEREST REBATE BILL (NO. 2)

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Molgat for second reading of Bill C-134, respecting rebates of interest on farm loans made under the Farm Credit Act.

Hon. Orville H. Phillips: Honourable senators, I am in the process of preparing my final notes for my remarks on this bill. I understand the sponsor of the bill has information that was requested by Senator Roblin yesterday. I would ask that he be allowed to give that information, after which I will move the adjournment of the debate.

Hon. Gildas L. Molgat: Honourable senators, with leave, I am prepared to reply to the question posed yesterday.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Molgat: The situation is as I described it then. Senator Roblin asked for more precision as to what would happen at the end of two years. The loan is based on a mortgage which may be 10 years or as long as 29 years. The interest rate is fixed. As of October 1, the rate has been set at 15.75 per cent. For the first two years there will be a rebate of 4 per cent; after that it is at 15.75 per cent. Obviously, if two years down the line the rates are going to be higher than 15.75 per cent, then the farmer will be happy to continue at that rate. If the rates are going to be lower—and there is no guarantee that he can get a lower rate—the Farm Credit Corporation will entertain a visit at that time by any farmer under the plan. However, it is clearly understood that before a loan is made under this special program there is a complete plan set out with the farmer, with his agreement, and it is based on his ability to pay the present going rate, or the loan is not made. So presumably the farm, two years down the line, will be in a position to carry the rate of interest of 15.75 per cent.

• (1530)

Hon. Duff Roblin (Deputy Leader of the Opposition): I presume that the willingness of the Farm Credit Corporation to consider an application for a lower rate at the end of the second year applies only to this type of loan; it does not apply to the general run of their business already on the books.

Senator Molgat: No, and I should make it clear that there is no commitment by the Farm Credit Corporation that it will revise the rates. There is absolutely no commitment. But, obviously, if there were a substantial change in rates the matter could be reviewed.

On motion of Senator Phillips, debate adjourned.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

The Senate resumed from Wednesday, March 3, 1982, the debate on the consideration of the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain aspects of the Canadian Constitution", tabled in the Senate on November 26, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, when I had the honour and the privilege, so to speak, of taking some law courses at the University of Ottawa in 1968 and 1969, one of my best teachers at the time was Professor Dussault, who taught administrative law.

I believe he later became Deputy Minister of Justice and then Attorney General of the Province of Quebec. I remember he was very keen on having his students prepare outlines, especially for exams. This was in the so-called cartesian tradition that one must organize one's thoughts before putting words on paper.

That is why, honourable senators, I have prepared a one-page outline of my speech, listing the subjects I intend to discuss at this time.

I have had a few copies printed, and if honourable senators agree, I shall have them distributed by the pages.

Hon. Senators: Agreed.

[*English*]

Senator Frith: Honourable senators, I should like to have your permission to refer to the plan that is now being distributed and request that the plan appear on the record at the beginning of my intervention so that it may be followed by anyone interested in reading what I have to say.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The document follows:*)

PLAN
for intervention

I. "Model" for an elected Canadian Senate.
  (a) What do we want from our Senate?
  (b) Canadian Regionalism.
    (i) Historic tensions.
    (ii) Fragmentation of federal representation for national parties.
    (iii) Regional parties.
  (c) The Australian experience.
  (d) Model for an elected Senate to meet Canadian needs—How and why it would give us more of what we want from our Senate.

II. Constitutional and political obstacles.
  (a) The amending formula.
  (b) The Senate.
  (c) The House of Commons.
  (d) The Provincial Premiers.
  (e) The long range target.

III. In the meantime—
  (a) gradual change through changing attitudes.
  (b) the "Lamontagne Report" and other interim steps.

Senator Frith: Honourable senators, I propose to divide my intervention into three parts. First, I shall, with respect, present my plan of a model—using the term "model" in the sense that economists use it—for an elected Canadian Senate. In doing so I want to deal with some sub-topics as set out in the plan now being distributed.

It seems to me that I should start by asking the question: What do Canadians want from their Senate? The second topic, still under Part I, will be Canadian regionalism. Under that sub-topic reference will be made to historic tensions, and the fragmentation of federal representation for national parties and regional parties. I shall deal with paragraphs (ii) and (iii) together. I shall then report on my impressions of the Australian experience.

Following that, still under Part I, I propose to extract from paragraphs (a), (b) and (c) what I submit is a model for an elected Senate which I believe would meet the needs of Canadians. I hope that by then I will have described how and why I consider the model would give us more of what we seek from our Senate.

Part II will deal with the constitutional and political obstacles to the implementation or establishment of that model. Under Part II I will speak of the amending formula, the Senate, the House of Commons, the provincial premiers, and the long-range target.

Under Part III I will make some suggestions as to what we might do in the meantime by way of gradual change, through changing attitudes, and make some reference to what has become known as the Lamontagne report and other interim steps. I suspect that if I receive permission to adjourn the debate, I will probably deal only with Part I today and with Parts II and III when the debate is resumed at a later date.

When dealing with any question of Senate reform, it seems to me that we should try to address the question of what it is that we want from our Senate. What are the functions which Canadians expect the Senate to perform? Perhaps somewhat appropriately, since I am speaking under the inquiry that deals with the Lamontagne report, as is its short title, I consider that the work of the Lamontagne subcommittee, as it is set out on pages 33 and following, remains valid from the point of view of the traditional functions of the Senate and those functions which I believe Canadians will expect of it.

The first function referred to is the legislative function. Clearly, as it states in the report, that is primary.

The second function is the investigative function. In the Lamontagne report reference is made to a recommendation in an earlier report of a special joint committee on the Constitution that the Senate's investigative role should be continued and expanded at the initiative of the Senate itself.

The third function referred to is the regional function. Reference is made to the increase in regionalism. I will come back to that subject under another topic, because it seems to me that the regional function of the Senate will be the Senate's most important function in the future; and, of course, it spills over into all the other functions, namely, the legislative function, the investigative function, the representation of minorities and the human rights function. Then there is the constitutional clarification of the Senate's role, as described in that report.

● (1540)

Honourable senators, I warn you of another matter. The regional role of the Senate, to me, is of such importance to my

whole thesis that some of you may feel that I am using un pavé de l'ours—that is, a great paving stone—to squash a fly when I discuss with you some of the material that I have dug up on the question of regionalism. I say that for the reason that I do not think I need to prove to any one of the honourable senators present that since the beginning regionalism has been a serious problem for the Canadian confederation. I have done some research on some aspects of that regionalism. I will refer to that research for the purpose of building a foundation for my case, because my case depends very much on the Senate's solving what I consider to be one of the main problems, if not the main problem, still remaining unsolved by Canadian institutions, which is regional alienation or regionalism. The other reason that I want to do so is because I want to share with you some material for use by other honourable senators in this ongoing debate on the question of regionalism.

So, first, let me refer you to a book by David Bercuson. It is entitled *Canada and the Burden of Unity* and it is published by Macmillan, Toronto, 1977. Essentially, the book is an overview of the enduring importance of the regional factor in Canadian politics. My first reference is "Canada is a country of regions", page 1:

> There is nothing new or extraordinary about this observation, and the fact is recognized, sometimes grudgingly, by academics, journalists, and politicians. Our trouble is that, having paid lip service to the concept, too many Canadians who should know better wish regionalism would go away . . . the experience of regionalism remains prominent and distinctive in Canadian history—and time has tended less to erode it than to develop it.

I go now to page 2, where it says:

> There are probably as many definitions of regionalism as there are people defining, the most common being that which distinguishes five major areas in Canada: the Maritimes, Quebec, Ontario, the Prairies and British Columbia . . . Ontario and Quebec together have always held an absolute majority of seats, making it possible for a government to sit at Ottawa without one Western or Maritime representative. In a liberal democratic society it is hard to see any alternative.

The next reference is to George Rawlyk. The title of his book is *Regionalism in Canada: Flexible Federalism or a Fractured Nation.* I should perhaps describe this book. It is very interesting and I have not run into it before. It is a gathering under historical periods of many documents sourced in newspapers—the Vancouver *Sun* and others—on the subject of regionalism. Let me give honourable senators a sample from page 145, which deals with dominion-provincial relations in the late 1930s:

> Eastern Canadians were for a long time wholly ignorant of British Columbia, and very indifferent about its welfare. In fact, generally speaking, the mental attitude of the people towards the Province for about thirty-five years was not only of a negative character, but to a very considerable extent unfavourable; not intentionally so, but, because they did not understand the real situation and had been prejudiced on account of a long political fight in which British Columbia and the Canadian Pacific Railway were the principal issues. Hence, even if various Governments had been more favourably disposed, the mental attitude of the people as a whole would have prevented a betterment policy being carried out. British Columbia was not only commercially isolated, but she was politically isolated as well.

Another reference is: Paul Fox, "Regionalism and Confederation", in *Regionalism in the Canadian Community 1867-1967*, edited by Mason Wade. This is the earliest material I have. I refer honourable senators to this material because of the definition that begins Professor Fox's book, which reads:

> The term "regionalism" is very vague and subject to many different interpretations. In Canada one can think readily of geographic regions, climatic regions, economic regions, political regions, resource regions, planning regions, and no doubt many more. We have all been long familiar with the traditional conceptualizations of Canada as a country divided into geographic, climatic, economic and political regions. With the recent attention paid to the development of natural resources and to economic planning, we are now becoming familiar also with the concepts of resource regions and economic development regions. But this elaboration adds to the confusion in the use of the term. Obviously, there may be many different kinds of "regions" and many different ways of classifying each kind. In fact, there may be as many definitions of "region" as there are persons defining it.

I have a few more references. One is *The Roots of Disunity: A Look at Canadian Political Culture*, by David Bell and Lorne Tepperman. I have noted that the conclusions to this book see regional fragmentation, continentalism and political economy of divide and rule as one of the chief obstacles to the full development of Canadian nationhood. Again, I sampled, or dipped into the book, as Clyde Gilmour says when he is sampling records. At page 248 the authors refer to how little most Canadians identify themselves with the federal state. They go on to say:

> When asked to which level of government they feel closest, most Canadians reply "the province"; only in Ontario does a majority report feeling closer to the federal government. Strong regional or provincial loyalties have tended to supplant national loyalties, keeping truly national institutions and alliances from coming to fruition.
>
> Canada's political institutions have not dealt effectively with these problems . . . Canadian federal politicians can no longer resolve regional conflicts through mutual compromise at the federal level. Instead, these conflicts are being fought out between federal and provincial leaders, who increasingly think of each other as antagonists rather than compatriots.

Roger Gibbins wrote a book which may be known to many of you here called *Prairie Politics and Society: Regionalism in*

Decline. It was published in 1980 and it provides an extremely interesting analysis of the underlying tendency of regionalism and provincialism in western Canada and of the implications for national politics of the ascendancy of the latter over the former. There is a section dealing with the decline of regionalism on pages 197, 199 and 201, and the ascendancy of provincialism. On the question of better regional representation I dip into this book at pages 210 and 211. This is not to say that I do not recommend the rest of the book to honourable senators who may wish to intervene on this general subject. I quote from page 211:

> It has been a longstanding grievance of western Canadians that their interests are not given appropriate weight in the national government. Therefore if western Canadian interests are to be more adequately protected in the national government, western Canadian representatives must be given more power than they would be entitled to by any calculation based on the premise of one man one vote . . . Potentially the most viable approach is to argue that territorial units should receive equal representation as they do in the American Senate. While territorial representation would not be the principle to be followed in the House of Commons, it could be adopted in other national government institutions such as the Canadian Senate, provided that the latter possessed the power to check the House of Commons when regional interests were at stake.

● (1550)

Honourable senators will see that I am now leading up to the question of institutional reform. Let me pause at this point to emphasize something that is, perhaps, self-evident; that is, whether a second chamber is required at all.

I have moved quickly to consider the question of what we want from our Senate. Perhaps it was careless of me not to deal with the basic question, which is: Why do we need a Senate at all? I do not intend to dwell on that subject, because it seems to me, from all of the discussions I have had with my honourable colleagues, that the basic understanding of the need for a second chamber—especially in a country which is as large as Canada and which is regionally divided and federally organized—is relatively clear. To bring together a group of political entities or units which are not equal in terms of population requires a principle which alleviates or mitigates the concept of representation by population. I think that concept is evident to most Canadians. Anyone who has read the debates at Confederation will realize that that was precisely why the Senate was instituted for Canada. I have never read anyone who quarelled with the idea put forward by Sir John A. Macdonald and by Mowat to the effect that, without the Senate, which is based on regional representation rather than representation by population, there would never have been a Confederation.

The whole point of a Senate, therefore, is to ensure that those areas of any federation that enjoy population concentration do not totally dominate the political units that are established at the federal level.

Honourable senators, let me move to another topic, and that is fragmentation. I shall refer honourable senators to a few sources on that subject, the first of which is written by Alan Cairns and is entitled *The Electoral System and the Party System in Canada, 1921-1925*. In this article, Cairns outlines the following thesis: Our electoral process has greatly and unnecessarily exacerbated regional and sectional tensions. I do not think honourable senators will have much trouble with the idea that our regionalism has had an effect upon the electoral system. If I read Cairns correctly, he goes one step further to say that, in his view, the party system has been sectionalized and distorted to the detriment of national unity. I refer honourable senators to pages 230, 231, 232 and 234, which have to do with minor and major parties; and, for system-wide effects, to pages 240 and following.

I shall give honourable senators a sample of just a couple of those references so that they can then decide whether they are interested in studying these matters in any further detail. At page 228, he says:

> The analysis to follow will suggest that the electoral system has played a major role in the evolution of Canadian parties, and that the claim that the party system has been an important instrument for integrating Canadians across sectional lines is highly suspect.

At page 228 there appears a table dealing with percentages of votes and seats for government parties. On page 230 there appears a table on the bias of electoral systems in translating votes into seats. A third table concerning minor parties and percentages of seats and votes might also be of interest to honourable senators. I would ask that these tables be incorporated into the text so that honourable senators can have a look at them.

TABLE 1

PERCENTAGES OF VOTES AND SEATS FOR GOVERNMENT PARTY, 1921-1965

	% Votes	% Seats		% Votes	% Seats
1921	40.7	49.4(L)	1949	49.5	73.7(L)
1925†	39.8	40.4(L)	1953	48.9	64.5(L)
1926	46.1	52.2(L)	1957	38.9	42.3(C)
1930	48.7	55.9(C)	1958	53.6	78.5(C)
1935	44.9	70.6(L)	1962	37.3	43.8(C)
1940	51.5	73.9(L)	1963	41.7	48.7(L)
1945	41.1	51.0(L)	1965	40.2	49.4(L)

† In this election the Conservatives received both a higher percentage of votes, 46.5%, and of seats, 47.3%, than the Liberals. The Liberals, however, chose to meet Parliament, and with Progressive support they retained office for several months.

Note: The data for this and the following tables have been compiled from Howard A. Scarrow, *Canada Votes* (New Orleans, 1963), and from the *Report of the Chief Electoral Officer* for recent elections.

TABLE 2

BIAS OF ELECTORAL SYSTEM IN TRANSLATING VOTES INTO SEATS

	Rank order of parties in terms of percentages of vote									
Year	1		2		3		4		5	
1921	Libs.	1.21	Cons.	0.70	Progs.	1.20				
1925	Cons.	1.017	Libs.	1.015	Progs.	1.09				
1926	Libs.	1.13	Cons.	0.82	Progs.	1.55				
1930	Cons.	1.15	Libs.	0.82	Progs.	1.53				
1935	Libs.	1.57	Cons.	0.55	CCF	0.33	Rec.	0.05	Socred	1.68
1940	Libs.	1.43	Cons.	0.53	CCF	0.39	Socred	1.52		
1945	Libs.	1.24	Cons.	1.00	CCF	0.73	Socred	1.29		
1949	Libs.	1.49	Cons.	0.53	CCF	0.37	Socred	1.03		
1953	Libs.	1.32	Cons.	0.62	CCF	0.77	Socred	1.06		
1957	Libs.	0.97	Cons.	1.087	CCF	0.88	Socred	1.091		
1958	Cons.	1.46	Libs.	0.55	CCF	0.32	Socred	0		
1962	Cons.	1.17	Libs.	1.01	NDP	0.53	Socred	0.97		
1963	Libs.	1.17	Cons.	1.09	NDP	0.49	Socred	0.76		
1965	Libs.	1.23	Cons.	1.13	NDP	0.44	Cred.	0.72	Socred	1.51

Independents and very small parties have been excluded from the table.

The measurement of discrimination employed in this table defines the relationship between the percentage of votes and the percentage of seats. The figure is devised by dividing the former into the latter. Thus 1 — (38% seats/38% votes), for example — represents a neutral effect for the electoral system. Any figure above 1 — (40% seats/20% votes) = 2.0, for example — indicates discrimination for the party. A figure below 1 — (20% seats/40% votes) = 0.5, for example — indicates discrimination against the party. For the purposes of the table the ranking of the parties as 1, 2, 3 ... is based on their percentage of the vote, since to rank them in terms of seats would conceal the very bias it is sought to measure — namely the bias introduced by the intervening variable of the electoral system which constitutes the mechanism by which votes are translated into seats.

TABLE 3

MINOR PARTIES: PERCENTAGES OF SEATS AND VOTES

	Progressives		Reconstruction		CCF/NDP		Soc. Credit		Créditiste	
	votes	seats	votes	seats	votes	seats	votes	seats	votes	seats
1921	23.1	27.7								
1925	9.0	9.8								
1926	5.3	8.2								
1930	3.2	4.9								
1935			8.7	0.4	8.9	2.9	4.1	6.9		
1940					8.5	3.3	2.7	4.1		
1945					15.6	11.4	4.1	5.3		
1949					13.4	5.0	3.7	3.8		
1953					11.3	8.7	5.4	5.7		
1957					10.7	9.4	6.6	7.2		
1958					9.5	3.0	2.6	—		
1962					13.5	7.2	11.7	11.3		
1963					13.1	6.4	11.9	9.1		
1965					17.9	7.9	3.7	1.9	4.7	3.4

[Senator Frith.]

Honourable senators, I shall quote from page 231 a passage which is concerned with sectional intra-party discrimination and its effect on all parties. This information is taken from the historical period which is referred to in the tables I just mentioned.

> The electoral system consistently minimized the Ontario support of the Progressives, which provided the party with 43.5 per cent, 39.7 per cent, and 29.4 per cent of its total votes in the first three elections of the twenties. The party received only 36.9 per cent, 8.3 per cent and 10 per cent of its total seats from that province. Further, by its varying treatment of the party's electoral support from Manitoba, Saskatchewan and Alberta, it finally helped to reduce the Progressives to an Alberta party.

I ask that tables 4 and 5 form part of the text as well. They deal with this question and provide the figures for this phenomenon, if I can call it that, of fragmentation.

TABLE 4

PERCENTAGES OF TOTAL CCF/NDP STRENGTH, IN SEATS AND VOTES COMING FROM SELECTED PROVINCES

	N.S.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1935—votes	—	1.9	32.7	13.9	18.8	7.9	24.8
seats	—	—	—	28.6	28.6	—	42.9
1940—votes	4.5	1.9	15.6	15.6	27.0	8.9	26.2
seats	12.5	—	—	12.5	62.5	—	12.5
1945—votes	6.4	4.1	31.9	12.5	20.5	7.0	15.4
seats	3.6	—	—	17.9	64.3	—	14.3
1949—votes	4.3	2.3	39.2	10.6	19.5	4.0	18.6
seats	7.7	—	7.7	23.1	38.5	—	23.1
1953—votes	3.5	3.7	33.4	10.1	24.6	3.7	19.7
seats	4.3	—	4.3	13.0	47.8	—	30.4
1957—votes	2.4	4.5	38.7	11.6	19.8	3.8	18.6
seats	—	—	12.0	20.0	40.0	—	28.0
1958—votes	2.7	6.6	37.9	10.8	16.3	2.8	22.2
seats	—	—	37.5	—	12.5	—	50.0
1962—votes	3.8	8.9	44.0	7.4	9.0	4.1	20.4
seats	5.3	—	31.6	10.5	—	—	52.6
1963—votes	2.6	14.6	42.6	6.4	7.3	3.4	21.5
seats	—	—	35.3	11.8	—	—	52.9
1965—votes	2.8	17.7	43.0	6.6	7.6	3.2	17.3
seats	—	—	42.9	14.3	—	—	42.9

Note: Percentages of votes do not total 100 horizontally because the table does not include Newfoundland, Prince Edward Island, New Brunswick, or the territories where the CCF/NDP gained a few votes but no seats.

TABLE 5

LIBERALS AND CONSERVATIVES: PERCENTAGES OF TOTAL PARLIAMENTARY STRENGTH AND TOTAL ELECTORAL SUPPORT FROM QUEBEC AND ONTARIO

	Conservatives				Liberals			
	Ontario		Quebec		Ontario		Quebec	
	seats	votes	seats	votes	seats	votes	seats	votes
1921	74.0	47.1	—	15.5	18.1	26.6	56.0	43.8
1925	58.6	47.4	3.4	18.4	11.1	30.1	59.6	37.8
1926	58.2	44.9	4.4	18.7	20.3	31.7	46.9	33.4
1930	43.1	38.9	17.5	24.0	24.2	33.7	44.0	30.6
1935	62.5	43.1	12.5	24.7	32.4	34.4	31.8	31.5
1940	62.5	48.6	2.5	16.4	31.5	34.4	33.7	31.2
1945	71.6	52.7	3.0	8.3	27.2	34.6	42.4	33.3
1949	61.0	43.6	4.9	22.6	29.0	31.9	35.2	33.2
1953	64.7	44.2	7.8	26.0	29.8	32.6	38.6	34.2
1957	54.5	42.9	8.0	21.7	20.0	31.1	59.0	38.1
1958	32.2	36.2	24.0	25.7	30.6	33.3	51.0	37.8
1962	30.2	36.9	12.1	21.6	44.0	39.2	35.0	28.6
1963	28.4	37.8	8.4	16.0	40.3	39.1	36.4	29.3
1965	25.8	37.4	8.2	17.3	38.9	38.6	42.7	30.0

I also refer honourable senators to a paper written by Richard Simeon, and included in *The Canadian Political Process.*

Hon. Lowell Murray: Before the deputy leader moves to another topic, would he say whether Professor Cairns' prescription was to reform the Senate? My impression, from some earlier research, is that the prescription put forward was that the House of Commons ought to be reformed by the introduction of some type of proportional representation. When the honourable senator is dealing with these authorities, would he indicate whether their prescriptions involve some changes in the Senate?

Senator Frith: Honourable senators, I have two comments to make in response to that question. Senator Murray is quite correct as to the prescription for remedying regionalism, which prescription is found not only in Cairns but also, I believe, in Smiley and in Irving, who wrote a book entitled *Does Canada Need a New Electoral System?* I am not referring to their prescriptions because I am not quoting them as authorities but, rather, for the research that they have done on the subject. I am coming to the opposite conclusion. I am grateful to Senator Murray for raising this point.

I disagree with the thesis that the solution to the problem of regionalism is to abolish the Senate and to change the House of Commons, particularly as some of the recommendations embodied in that solution involved having two classes of members, provincial members and other members. That is why I am merely using these references as groundwork for my suggestion that the real solution lies not in changing the House of Commons but in leaving it as the house of representation by population and making the Senate a truly regional body.

Honourable senators, I return to Roger Gibbins because he has produced a recent piece of work which I wanted to bring to your attention. This study was prepared in 1982. In it a contrast is drawn between the Canadian and the American electoral and party systems. I do not want to dwell greatly on this subject because I do not consider the American system to be a model for Canada. I say this most particularly because it is not a parliamentary system. Honourable senators are probably aware that I am edging my way towards the view that the Australian system gives us more assistance than does the American system. The Australian is a parliamentary system developed for a country that is organized in a manner similar to ours.

I should like to make one reference to this more recent work of Gibbins because it deals with another important part of my thesis, that is, the question of organization based on senatorial regions rather than on provinces. I refer honourable senators to pages 160, 165 and 166, wherein he discusses the dangers of provincially-centred rather than federally-centred territorial cleavages.

• (1600)

Honourable senators, I think I will leave it at that. I just wanted you to know that the same author had dealt recently with that comparison between Canada and the United States.

The last reference is to a piece by Peter McCormick, *Regional Representation: The Canadian Partnership.* This was a task force report prepared by Peter McCormick, Ernest C. Manning and Gordon Gibson for the Canada West Foundation in September 1981. I think honourable senators are rather familiar with it and I recommend particularly its table of contents because it deals with many of the topics I have already discussed. I think it will be found useful.

Honourable senators, I am coming to something now that I believe is a little more original than what I have already regaled you with. I believe that so far I have done what I attempted to do, namely, to show that there is a good deal of support for this political problem of regionalism in Canada. Perhaps what is original is the thesis or the conclusions I draw

from that material and from the balance sheet of the Senate's performance and the outlining of the Senate's functions contained in the Lamontagne report. I think most members of this house and many Canadians would feel that his thesis is valid. I conclude, first, that we must have a second chamber, that the Fathers of Confederation were right when they insisted that we have a second chamber; second, that it should be organized essentially on a regional basis and that it is there as a balance or mitigating factor for the principle of representation by population; third, that, essentially, it has done its work well; fourth, that it could fulfil all of those functions more effectively if it were elected.

It may be that I lose a bit of support as I move to some further logical developments from the facts as I have stated them. But I say that, although the Senate has done its job well and although there is clearly a role for it—and I will try to outline that role particularly on the question of regionalism, which I consider the major weakness in Canadian federal institutions—in my opinion it could do the work it has already done and could meet the challenges of the future more effectively, and in this I join Senator Roblin, if it had more political muscle, and the only way it can acquire more political muscle is to be elected. That is not to say that the present Senate does not fulfil its duty, or that past Senates have not fulfilled their duty, in the framework of the method of their appointment. It is simply to say that, if the Senate is to have the strength it needs to do the job I believe it is uniquely and perfectly designed to do, it needs more muscle, and in my view that can only come from a source of power arrived at or achieved by election.

Honourable senators, I now propose to report to you on my impressions of the Australian experience and my own experience in looking at the Australian system as a possible model. If I may, I will do that by first posing questions and then answering them.

The first question is this: Why use the Australian Senate as a model for a reformed Canadian Senate? First, because there are similarities between the two countries. Australia is large—about the size of the continental United States; geographically and demographically it is as diverse as Canada and, consequently, has a deep-rooted sense of regionalism. For example, there is a remarkable and startling similarity between the attitudes found in Perth, which is in the west of Australia, and the attitudes found in Calgary, and, to complete the analogy, between the attitudes found in Sydney and Melbourne and those found in, say, Montreal and Toronto. As is ours, Australia's political system is federally organized and is modelled on the Westminster parliamentary system. Australia is also a member of the British Commonwealth and, incidentally, the Government of Australia is referred to by Australians as the commonwealth government rather than a federal or dominion government. The provincial counterparts in Australia are the states, some of which are still bicameral.

Let me give you some of the facts as I found them. What is the legislative structure of the commonwealth government? The House of Representatives is like our House of Commons in function, term and method of election, except that election is by preferential ballot and the riding or constituency is called an electorate. Representation is by population with one representative per electorate. There are 125 electoral divisions. Each of the six states is entitled to ten senators; the two territories are entitled to two each, for a total of 64 in the Senate.

Population is irrelevant. The population of New South Wales is 5,221,600. It has ten senators. The population of Tasmania is 426,000. Tasmania also has ten senators.

What is the ratio of representatives to senators? There being approximately 125 representatives to 64 senators, the ratio is two to one, and that ratio is constitutional. Half the Senate is elected every three years—that is five senators per state and one per territory, unless there is double dissolution.

Until 1949 the Senate was also elected by preferential ballot, but almost inevitably that led to an almost total control by the two major parties of the electoral system and of the electorate, in the sense that almost all Australians form loyalties to either one or the other of the two major parties and their vote is almost, if not entirely, predictable. Those two parties are the Liberal National Party, which is more or less the equivalent of the Progressive Conservative Party here—at least it is considered more the conservative party—and the Australian Labour Party.

In any event, until 1949 the Senate was elected by the same system as the representatives, but because of the almost total control of the two major parties they ended with a lopsided Senate, because it depended entirely on which party got the most votes. Out of a possible 64 senators they might end up with 60 from one party.

Senator Murray: How did the preferential ballot lead to the result the deputy leader describes in the Australian Senate?

Senator Frith: From what we were told, it came about because of the non-assignment of balances and because of the fact that people would vote a party slate in such a way that whoever received the higher amount, if it fell down, it fell down on another party person. As they reflected it in the way they assigned preferences, they assigned them on the basis of popular vote and as a result it was sort of winner take all, although in a different sense from that in which we use that expression.

With proportional representation, the two major parties are close to even, normally, and a balance of power is often in the hands of a minority party. At present, for example, the Australian Labour Party and the Liberal Country Party coalition is balanced by one independent and the Australian Democratic Party of five senators. So of the total of 64 you have one independent and five of the somewhat new Australian Democratic Party and the other divided almost evenly between the Australian Labour Party and the Liberal Country Party.

• (1610)

Does the government usually control both houses? The answer to that is no. Since 1949 it has been more common for the government not to control the Upper House. The govern-

ment is responsible directly to the Lower House, but has certain responsibilities to the Upper House resulting from its wide powers. I will deal with those later.

When we were there, the Labour Party coalition had effective control of the Senate, whereas the Liberal Country Party held the majority in the House of Representatives and was the governing party. Does it not cause serious problems if the government has a majority in the House of Commons, nominates the members of the cabinet, but does not control the Upper House?

Some told us that it would, and some said that it would not. The system seems to work. Some said that the system works even better when the Upper House is not controlled by the governing party, because if that were the case the Upper House would always rubber stamp government programs.

Is there not a dilemma, then? Either the Upper House is a rubber stamp of the Lower House, or it frustrates the responsibility and duty to govern. In theory that is right, but without question the most significant and impressive experience I gained on my trip to Australia was that, although in theory that is right—in other words, it either rubber-stamps or it frustrates—in practice it is not true. That is the one basic and central thing that I did not find in the marvelous briefing I had, and I do not think I would have known it had I not travelled to Australia. Senator Roblin and I, and I believe other senators, had a feeling of diffidence about going on the trip because we received such wonderful briefings. We wondered what the point was in going since it was all there in front of us, but it really wasn't.

As I said, that was the most significant experience I gained on the trip. The reason I say that is that I have never been able to solve that dilemma in the case of a Canadian-elected Senate—in other words, if the Senate is a carbon copy of the House of Commons, what is the point in having a Senate, and if the Senate is not a carbon copy of the House of Commons, then how will the government govern? That is what takes place most of the time in Australia, and the system seems to work.

Hon. Andrew Thompson: Would you permit a question?

Senator Frith: Certainly.

Senator Thompson: In your nine-day trip, how did you arrive at the conclusion that in practice they are not faced with those two dilemmas?

Senator Frith: Simply by asking. As soon as I was told that the government had not normally controlled the Senate since 1949, I realized that this was the situation which would totally constipate and frustrate government. So everywhere I went I asked questions about that. I received different views, but I came to the conclusion that people thought it worked.

Hon. Peter A. Stollery: If questions are in order, I have one or two.

Senator Frith: I only ask that the questions relate to where I am in my speech.

Senator Stollery: Yes. In fact, you have already passed the point on which I wish to ask a question. Is there still a fine if someone does not vote in Australia, and, if so, did you inquire as to what effect that has on the system?

[Senator Frith.]

Senator Frith: Yes, there is, and yes, I did. Of course, that results in high voter turnout because it is against the law not to exercise one's franchise. I asked many questions on that and found that the government keeps track, that it actually sends letters out to those who did not vote asking why they did not vote, and so forth. There are not too many prosecutions under that law, but there are some.

As far as the second part of the question is concerned, the effect it has on the system, I do not think there is any doubt that it has a salutary effect. The fact that a large percentage of the people vote makes the system work better.

Senator Stollery: As I recall it, approximately five years ago—and this was reported in the international press—there were three or four elections in a short period of time and there was a great period of political instability. If I am wrong, I am sure that Senator Frith will correct me. I understood that that was brought about precisely because of a conflict between the two chambers.

Senator Frith: I was not told that, although I was told about the situation that had developed. I was told that it did not develop for those reasons. The question of double-dissolution, and the ability of the Senate to cause an election without having to go to the electorate itself is a part of that problem. I was never told that their constitutional problems related directly to that fact.

What are the Senate's powers?

The Australian Senate has the same legislative powers as the Lower House, except that it cannot introduce money bills. That is the situation both here and in the United States. All legislation requires the Senate's approval before it becomes law.

Senator Thompson: The Senate can refuse to pass money bills.

Senator Frith: I am coming to that. The Senate also has the power to review and block executive orders; that is, regulations, orders in council, and so forth. We have the power to review them, but they have the power to block them. We heard about that from Senator Godfrey.

Does it have the power to amend financial bills and refuse supply? The Australian Senate has that power, and the power to refuse supply seems to be one of the most controversial of its powers.

What is the justification of such a power?

Those who support the Australian Senate's current role and powers argue that these powers are necessary if the Senate is to remain the only check on the executive. They say that a party in the House of Representatives with majority control in fact elects the cabinet and the Prime Minister. So effectively the majority in the House of Representatives has no control over the executive, and is expected to support the executive's legislative program.

If the Senate is controlled by the party in power it has the same role; if it is not, it becomes the only effective check on the executive, and the only way it can exercise that check is to have the power to refuse supply. It is a constant threat.

Has this power been used often? No, it has not, but it was used in the famous double-dissolution crisis of 1975.

Senator Thompson: I suggest to you that the Australian Senate has threatened to use that power on a number of occasions.

Senator Frith: As I said in my previous comment, its existence is a constant threat.

The next question: If the Senate exercises its right to refuse supply, is there always a double-dissolution so that senators have to go to the electorate also? The answer is no. Double-dissolution is ordered by the Governor General on the recommendation of the government, providing there are, on the shelf, as they say, a certain number of bills that have been refused approval by the Senate. Once the Senate refuses a number of bills, they are shelved, and that shelving triggers the mechanism for double-dissolution, which takes place on the government's recommendation to the Governor General.

Is it common for there to be bills on the shelf that have been refused by the Senate? Apparently that is so. There are usually a few bills which have been refused by the Senate, and, when they remain on the shelf, that loads the double-dissolution gun, although there is nothing requiring the government to pull the trigger.

Does that mean that the Senate can force the House of Representatives to hold an election without going to the electorate itself? It can, but I found fairly solid opinion that it ought not to do so, and that it ought to be ready to go to the electorate itself if it forces the House of Representatives to do so.

● (1620)

How does the proportional representation system work? It is a bit complicated and, before explaining it in detail, I ask honourable senators to remember that there are hundreds of ways to implement the principle of proportional representation. It is not a single, fixed system. I refer you to Professor Irving's book, written as part of the Queen's study group in Kingston about two or three years ago, entitled: *Does Canada Need A New Electoral System*? In his book Professor Irving discusses proportional representation and reviews its various forms. Senator Murray made a suggestion for reform of the House of Commons on the basis of proportional representation, but I do not support that view.

In any event, here is the Australian system. The voter marks his ballot preferentially, but those votes in excess of the minimum required for election are transferred proportionately to the other candidates. Therefore, you can see that the key is a quota. Proportional representation utilizes a quota system which requires a successful candidate to gain a specific percentage of first preference votes to be elected. This is the way the quota is expressed. It is going to sound somewhat obtuse and perhaps enigmatic, but I am going to read it so that it can appear in *Hansard*. Perhaps it can be discussed later after honourable senators have seen it. It is expressed this way:

$$\frac{\text{Total number of valid ballot papers}}{\text{Number of seats plus one extra vote.}} = \text{Quota}$$

For example, if 100 valid ballot papers had been cast, and the total number of seats to be filled was five—

As you know, half the Senate is elected in each one so you know the number of seats to be filled.

—the quota would be:

$$\text{Quota} = \frac{100}{5 + 1} = 16.67 \text{ per cent}$$

That is the basic vote that you have to get in order to be elected. It someone gets 16.67 he is elected. With respect to the ones who do not get 16.67, you take the preferences and spread them along until someone does get 16.67. You do that until you have the required number of people to be elected.

Hon. Richard A. Donahoe: Would the honourable senator permit a question? Can you explain to us whether the second and later preferential choices on the valid ballots which elect a candidate, must of necessity be forgotten and you are concerned only with the ones which by accident have not been used to elect you?

Senator Frith: No, I do not think I can. I may be able to answer your question by explaining the system as it was shown to us. It does require, and perhaps this is part of the question, that you must mark a choice by preference for every candidate. There was an election when they had something like 70 candidates and people had to sit and mark down 70, 69, 68, and so forth, because the system will not work otherwise. That normally does not happen because you usually do not have that many candidates.

Let me just finish this description, if I may. It says:

> Only five candidates can in fact obtain that quota.

It is mathematically impossible, as I think Senator Donahoe appreciates, once you pick the five and put in the formula, for anyone to get more than that. To continue:

> The quota therefore represents the minimum figure necessary to elect five, but no more than five candidates, on an absolute majority principle. This means that in the three-yearly Senate elections, where normally five places have to be filled in each state, each successful candidate must obtain a fraction more than one-sixth of the total ballot first preferences votes cast (or 16.7 per cent of the total). Where ten senators have to be elected—

That happens in the case of double dissolution, for example.

> —the quota for each candidate becomes a fraction more than one-eleventh (or 9.10 per cent of the total). In such an election, each voter marks his preferences opposite the

> names of the candidates according to his choice, 1, 2, 3, 4 (and so on). In Senate elections each candidate must be ranked for the ballot paper to be valid. Candidates who achieve the quota on first preferences alone are declared elected and their surplus votes redistributed according to a somewhat complex formula. If no candidate achieves the quota on the first count, then the candidate with the lowest number of first preferences is eliminated and the second preferences on his ballot papers are distributed, and so on until the requisite number of candidates have achieved the quota.

Incidentally, the source of that is not Irving's book, but a book by H. V. Emy, *The Politics of Australian Democracy, Fundamentals In Dispute* (Macmillan, Melbourne 1978) page 202.

I should like to pause there for a moment to assure honourable senators that although that sounds terribly complicated, the man who is the chief electoral officer for the Senate, Mr. Pearson, showed us a film depicting this system and he had all his officers there, and perhaps this is a good time to say that I took some tapes of the interviews. I had the tapes transcribed. They are in my office, and available to any honourable senator wishing to hear them. I started taping these interviews by using my own little dictaphone which was very unsatisfactory because there is only 15 minutes on each side and the recording was not that clear so I bought, at my own expense, a small cassette recorder and I asked them if they objected to my taping the interviews. If there are enough honourable senators interested I think it would also be useful to get the film because it shows the system of counting. It is not a long film. Of course, it depends on how quickly quotas are met, but the system does not require a long wait. You very seldom get the results that night, but it is not a matter of a week although the results can take that long.

Senator Stollery: What is the turnover in the Australian Senate? In other words, what is the average number of years that an Australian senator serves?

Senator Frith: I do not know. It is a six-year term. I do not know what the average term is but I will endeavour to get that answer for you.

How does one get to be a candidate for the Senate? The constitutional qualifications are: 18 years of age, a British subject, three years as a resident within the limits of the Commonwealth at the time the person is chosen, who must be either an elector entitled to vote in elections of members of the House of Representatives or a person qualified to become such an elector.

In practice—and this part of the Australian system I do not think we need to borrow, and I hope our system does not evolve that way although I am sure if any such system is put in practice ever in Canada, it will evolve in a Canadian way—selection is governed by a very strict party control of the electoral system. Candidates must go through their party's "pre-selection" procedures to become one of its candidates. One has very little hope of being elected without a party's "pre-selection." I suggest, honourable senators, that that will not be the system that will evolve in Canada, but this is the way it is there.

Senator Thompson: Am I correct in assuming that the candidate for the Senate must take an oath that he will follow the party's program?

Senator Frith: Literally, yes, for the Labour Party; and no, for the other party. The chances of being elected as an independent are very slim. When we were in Australia there was one independent senator in the Senate.

The two major parties are the Australian Labour Party, and the Liberal Party which is governing now in a coalition with the Country Party. Their pre-selections make up most of the senators, the ratio depending on how their party does at the polls. We were told that most people vote according to the party loyalties and that the vast majority of Australians support either the ALP or the Liberal-Country Party.

As I said, I am going to indicate why I do not think that situation will evolve in Canada. However, because of the proportional representation system a party that receives a certain number of votes can elect senators and that is what happened with Senator Chip's Australian Democratic Party, and this is what I think will happen in Canada. The Australian Democratic Party is not to be confused with the Democratic Labour Party which previously held some seats. Senator Chip's successful slogan was: "Keep the bastards honest." That helps illustrate how Australians have come to assume major party domination of the Senate.

• (1630)

Hon. Eric Cook: That slogan will never meet with any success here.

Hon. C. William Doody: He will not make it in Canada.

Senator Frith: Honourable senators, I too was once a cynic who thought you could never succeed that way. I can only say, "Oh, ye of little faith," and, "Listen a little longer." I do not expect you will agree with me, but I do promise I will deal with the question of whether it is going to be possible to have such a system in the Canadian context.

The next question is: Are there ministers in the Senate as well as in the House of Representatives? The answer is, yes, and support for that idea was divided. Some purists feel that the major role of the Senate is as a check on the executive, and they prefer not to have government ministers in the Senate.

When we were there, there were six ministers in the Senate—Sir John Carrick, Minister for National Development and Energy and Leader of the Government in the Senate; the Honourable Dame Margaret Guilfoyle, Minister for Finance; the Honourable Peter Durack, Attorney General; the Honourable F. M. Chaney, Minister for Social Security; the Honourable Peter Baume, Minister for Education; and the Honourable Anthony Messner, Minister for Veterans' Affairs and Minister Assisting the Treasurer. Honourable senators, I am giving you this detail so that you can see the kind of portfolios held by senators.

Hon. Jean-Paul Deschatelets: Is the Leader of the Government in the Australian Senate an *ex officio* minister of the Crown?

Senator Frith: I am not sure of that. In this case I did not have to find out because he was a minister of the crown holding another portfolio. As Senator Deschatelets knows, that was not always the case in Canada. Only fairly recently has that been so. I am not sure whether that is automatic in Australia.

The next question is: Has the Australian Senate succeeded in representing the states as a states house? There was unanimous agreement that the Senate has not been a states house as originally conceived. Because of the party system, the Senate tends to represent the views of the major parties rather than the interests of the states whose electors send 10 senators each to Canberra.

However, there was an almost unanimous opinion that, informally, the Senate does operate as a states house because states' interests are strongly represented in the party room—which is our caucus room—and in informal political conferences and horse-trading.

The next question is: What, if any, features of the Australian system can be borrowed for application to a new Canadian Senate? I suppose that again brings us back to the original question—that depends on what one wants for the Canadian Senate. I am assuming that the objective is still to have a second chamber of legislative review, but one that better represents regional, not necessarily provincial, interests with the necessary powers to fulfill such a constitutional mandate.

It follows that those powers must come directly from the people in some way; therefore, by election. If it is not to be elected, but is to continue as an appointed body, honourable senators, it seems to me that it cannot expect to have such powers.

Because of the similarities, constitutional and otherwise, between Australia and Canada, I think a significant number of Australian features could be adapted to the needs of the Canadian Senate.

Honourable senators, that brings me to the last section I will deal with today, section D of Part I.

Senator Thompson: I appreciate Senator Frith's courtesy of allowing us to interrupt to ask questions. I am very impressed with all the work that he has obviously done in connection with this matter.

Could he explain to me why one of the major parties in Australia, namely, the ALP, has on its party platform the abolition of the Senate and of the upper houses of the legislatures? My understanding of the situation is that they have said that the upper house is undemocratic in two aspects, one being equality with respect to the basis of elections and the other being the six-year term of office.

Senator Frith: I think part of their reason may be similar to that of the NDP—it is just a bad habit. The impression I had, when driven to it, was that the main reason was the inequality of representation between the states.

Senator Thompson: They are different from the NDP.

Senator Frith: Perhaps I should not have mentioned that since I do not want to debate it.

Senator Thompson: While that was on their platform, I understand they received sufficient support for it from the Australian people. They were the former government.

Senator Frith: Senator Thompson is quite right, and I am sorry I alluded to the NDP. This just proves that, when you are trying to make a sensible intervention, you should not try to be a smart alec. I withdraw that comment.

When driven to it, I felt the main reason given for the suggested abolition of the Senate was that it was undemocratic, not because the Senate represented regional representation versus population representation, but because of the inequality of the state representation. In other words, they were prepared to reject the principle of one-man-one-vote, but not when it caused a huge swing between Tasmania, New South Wales and Victoria. They felt that the only way to do this was to abolish the Senate because they would never encourage Tasmania to give up its 10 seats.

As I am going to point out in just a moment, we are lucky—

Senator Donahoe: P.E.I. has four.

Senator Frith: Yes, but it does not cause nearly the same amount of swing. We are lucky that our Fathers of Confederation did not saddle us with that inequality which exists in Australia and in the United States where Rhode Island and California cause the same sort of swing. At least the principle of regional representation as opposed to provincial representation was set up by our Fathers of Confederation when they selected the number 24. However, it is true that Ontario and Quebec have the same allocation as the so-called "region of the maritimes."

This fact is quite important to my thesis, which is that we do not have that fight on our hands. Almost everyone I spoke to in Australia, except the Tasmanians, expressed the wish that they had had never organized in that way. Their amending formula makes it totally impossible for it ever to be changed because Tasmania will never give up its 10 seats.

Senator Thompson: Honourable senators, the fact that a majority is required to form a government means that the majority of Australian people have considered the process of election. The fact that they want to abolish the upper chamber means that they feel that it still is not democratic.

Are we hoping that, if we have an elected Senate, it will be the basis for giving prestige and strength to this chamber? It is my feeling that we have all the power we need in this chamber. In Australia, the very fact that one is elected is not considered to be sufficient justification for that power.

Senator Frith: First, it depends upon what Senator Thompson means by "democratic." Second, he is saying that there are those in the Australian Labour Party who hold this view.

My experience in Australia indicated that most people do not think the second chamber should be abolished, but do

think that it is democratic. My impression was that most of those who think it should be changed think it should be changed only in such a way as to have more regional rather than state representation, and that is exactly what my proposal is going to be.

Senator Cook: First, I should like to congratulate Senator Frith on a most structured form of address.

He spoke of bills being put on the shelf or rejected by the Senate, thus triggering suspension. How many bills are on the shelf? What was the formula?

Senator Frith: I wish I could give you the exact number. I know it is not very many—perhaps two or three.

Senator Doody: Did you say they were "important" bills?

Senator Frith: No, just "bills". As I remember, it just has to be a certain number of bills, not many, in order to load the double dissolution gun. As I say, the government does not have to pull the trigger, but once they are there, that can happen.

• (1640)

The next question, that I have used simply as a topic heading, is No. 17:

> What, if any, features of the Australian system can be borrowed for application to a new Canadian Senate?

As I said, that brings us to the question of what we want for the Canadian Senate. As I have said before, I assume the objective is still to have a second chamber of legislative review, but one that better represents regional interests, and so on. But I have covered that.

I come now to subheading (d) under part I: Model for an elected Senate to meet Canadian needs—based on what I hope are foundations for such a model that I have so far tried to present.

I propose a division of Canada into senatorial regions, using the original British North America Act concept of 24 senators per region. I should say immediately that I am not wedded to any particular number. I am of the opinion that a system that might work could be based very much on our present system. However, I cannot see that it would be that difficult to establish senatorial regions. Right now we have the report of the Electoral Boundaries Commission, which uses a certain number of basic criteria to decide on the natural boundaries of a riding or electoral constituency in the Canadian system. I would therefore suggest that we should not kick the idea to death, because I am not wedded to any particular number or distribution, but I have a suggestion to make, as a working start.

Hon. W. M. Benidickson: Are you going to give us your views on that?

Senator Frith: Yes, but as a working start only, because I am of the opinion that the eventual solution would be to set up a senatorial electoral region commission, which could take its time in determining this matter, and it could also be subject to revision, as are the recommendations of the present Electoral Boundaries Commission after every census, and so on.

What is the best way to start? In my view, we should start by asking ourselves what a Canadian says when he is asked, "Where are you from?" In most cases he will reply that he is from a certain province. But often he will say, "I am from the west", or, "I am from the east", or, "I am a maritimer", or, "I am from British Columbia", or "I am from the north". So, in general terms, I believe that regionalism represents a sense of community, and we have to start from that point. I suggest that we have to adopt the concept that we are looking for regional boundaries rather than provincial boundaries, and that we are deliberately doing that.

In my opinion, the system would work better if senators represented regions rather than provinces, and I will try to explain why I hold that view. As an example, Ontario and Quebec could continue as regions with 24 senators. However, that is an exception to the rule, and, although theoretically right, it would be hard to consider that as a senatorial region or that one was not representing a province as distinct from a region. The Atlantic provinces, including Newfoundland, could continue to constitute a region of 30—that is, 24 and six. The boundaries commission would listen to representations and might decide that it would be a good idea to have sub-regions, with senators coming from sub-regions rather than a region as a whole.

For the west, the number at present is 24. That could be increased and the region divided, with the prairies becoming a region. British Colombia could be another region, and the Territories could be included with British Columbia as a sub-region or as part of the region. However, I repeat that I am not wedded to any number; but I am convinced that the system—and this is important, because to disagree with this principle is to disagree with the fundamentals—should be regionally organized rather than provincially organized.

I believe that the concept of sub-regions within any of the above, including Quebec and Ontario, is consistent with the geographic and political regionalism that actually exists within those regions, and unwanted divisiveness might arise if that did not exist. The machinery would not be controlled entirely by the parties, as in Australia, although there is no reason why parties should not support certain candidates.

That deals with the question of provinces versus regions. I would ask honourable senators to refer to the Lamontagne report, which is the central focus of this inquiry. I would remind honourable senators that the report of that committee was based essentially on the following: that the problem of provincial representation at the centre would be better solved by institutionalizing, as part of our Constitution, the first ministers' conferences; that, in fact, any federal institution that was nominated directly by provincial governments would, in effect, simply be reflecting the views of provincial premiers, and that there absolutely must be provincial input at the centre; that there must be some organization, some institution, on a regular basis, that gives the opportunity for federalism to work by having the first ministers—and, of course, other ministers—meet regularly to discuss federal government versus provincial government questions. The reason why it

would be good to institutionalize that is because it has been a Canadian evolution. The fact is that without anything in the Constitution institutionalizing that institution, it grew up, and important decisions are made, as they should be, each year at first ministers' conferences.

Senator Benidickson: And at other ministers' conferences.

Senator Frith: Yes, but it seems to me that it leaves a hole. It means that the federal government tends to say, "You do not necessarily represent federal-regional interests"—that is, regional interests at the federal level—"because you are concerned with your provinces. That is your jurisdiction, your responsibility, and you should accept it and defend it." But there are duties, responsibilities and powers that are provincial, and duties, responsibilities and powers that are federal. The hole that is left is regional representation at the federal level—that is, people who say, "I am electing a provincial premier, or a provincial government, to look after the constitutional responsibilities and powers of the province; but that does not mean that he or she is necessarily the one that I would want to represent my region's interests at the federal level, dealing with federal responsibilities."

That is why I believe that the organization of our federation on the basis of provincial governments, plus a Senate on a regional basis, plus a House of Commons on a national basis—representation by population—was right, was sound, and is still sound. The only problem is that the Senate does not have the political powers and political clout to represent the interests of the regions, because its source of power is not the people.

● (1650)

Honourable senators, I will move away from that subject to just a couple more points on the model. Should the Senate elections take place simultaneously with the elections of the House of Commons? There was divided opinion on that question in Australia, where there is some movement for simultaneous elections, which they do not now have. The Senate there seems mostly opposed to the suggestion, and I feel that if the Senate is to fulfil the roles that I have discussed it is better not to have the Senate elections take place simultaneously—at least, not for the whole of the Senate.

The question also turns on fixed terms, another controversial issue in Australia. I recommend a fixed term for Senate elections—one third every three years or four years. I even recommend that it be one half of the full term. If the full term is 10 years, perhaps one half of the Senators would go out every five years. The number is not important, but I do not think that the whole Senate should be elected at one time.

Should the Senate be required to have an election if it forced the House of Commons into an election, as is the case in Australia? I say no because I do not recommend that this new Canadian Senate have power to force an election. I do not think it is consistent with Canadian political reality and I do not think it would be acceptable to the people for the Senate to be able to deny supply. I do not think that the government should be required to go to the electorate if the Senate refuses approval of a bill. The Senate should not have an absolute veto on bills in any event, but should have a substantial suspensive veto. Refusal to adopt a bill in the Senate should not be considered a vote of no-confidence. That does not mean that the government could not have an election on an issue arising from Senate refusal to pass a bill if it wished, but it would not be required to do so.

Senator Deschatelets: Is it your intention to try to Canadianize the Australian system as far as a veto for the Senate is concerned? It seems to me very strange that you would suggest that the Senate could force an election of the House of Commons without the members of that house being involved.

Senator Frith: That is why I said that we should not have the same powers as the Australian Senate in that regard. What I am trying to do, having suggested what I think are some of the good points of the Australian system, is outline some of the bad points that I do not think we should acquire.

Senator Doody: I do not want to impose on the will of the valiant few who remain, but how can the honourable senator suggest that the regions will be protected if in the long run the Senate does not really have the kind of authority or power that the Commons has? We will not have a veto—and when I say "we" I mean the new Senate, and, obviously, I am being very optimistic—or, in other words, authority equal to the House of Commons?

Senator Frith: By doing it, that is all. It is an opinion, and there is no perfect answer. It seems to me that if we have a suspensive veto with the power to generally slow up bills, we will slow up a lot more of them, and if we are elected we will not have any apology for doing so. My whole system is based on a model of what I think will give us, not only enough power, but that amount of power that we will exercise it and, therefore, protect the regions accordingly.

Senator Cook: Would the deputy leader care to mention a few recent bills which we should have slowed up?

Senator Frith: No, I would not.

Senator Thompson: I just want to be clear on the point the honourable senator made. Did he say that when the Senate refuses to pass a supply bill, for example, it could cause an election. Is there double dissolution?

Senator Frith: No, that is the point.

Senator Thompson: Do you want double dissolution?

Senator Frith: No, not here. My suggestion is that we do not have an absolute veto and we do not have the power to refuse supply. Our whole job should be to act as a legislative body representing the regions and reviewing legislation with the political power and the modified legislative power to cause us no embarrassment or diffidence about exercising it.

Senator Deschatelets: But not the power to defeat the government in any case?

Senator Frith: Only in a case where the government feels that the particular bill is so important that they would call an election on it to prove the Senate wrong.

Senator Cook: We would be the same old toothless monster we are now.

Senator Frith: I do not think so. If I did, I would not be saying what I am saying. My views may not be sensible, but they are sincere.

The next question is: Should we have a Senate election and a House of Commons election take place simultaneously? I have said no. Would the Senate be required to have an election whenever it forced the House of Commons into an election? I say no because I do not recommend that the new Canadian Senate have the power to force an election.

Under the system of proportional representation applied to Canada, would it not be likely that we would have a house of many parties considering the existence of provincial or regional parties who might very well send senators to Ottawa? For example, there is the Social Credit Party in British Columbia, the western separatist party in Alberta, the Parti Québecois in Quebec. My answer is yes, I think that would be the result. In addition, it would mean that we would have more evenly spread representation than with the big three, namely, the Liberal Party, the Progressive Conservative Party and the New Democratic Party. However, there would also be regional parties. I think that would be a good thing because it would reflect the reality of Canadian regionalism.

In my experience in Canadian politics, the basic reaction to regionalism is that it should go away. We say to people, "Stop being so regional, so parochial." This is after 100 years and it is still going on. How can any democrat say, when he is trying to organize or suggest a system or institution to reflect a political reality and a given opportunity for expression of political reality, "I know you are regional but it is too much trouble to set up any kind of an institution that is going to give you a chance, so stop being regional because it is too damned much trouble to force us to set up an institution that can give regionalism an opportunity to express itself"?

Senator Thompson: What public leader has said, "Stop being regional?"

Senator Frith: I say that every Canadian at one time or another, when it did not suit his purposes because he disagreed with some form of regionalism has said, "We should not be so regional." That is my experience.

A good deal of my reasoning is inductive, rather than deductive. It is based on my experience in Canada and my experience, of course, in Australia and that is what I am trying to share with honourable senators. I believe that an analysis, and the analysis of these books that I have read, would support the fact that proportional representation in the form that I am suggesting would probably result in some members of the Conservative Party from all parts of Canada, some members of the Liberal Party and some members of the NDP plus members of regional parties and splinter parties being represented in the Senate. I know that this view may sound rather radical, but I do not see it as a bad thing considering the powers that I am talking about. The fact is that such parties

exist and such regionalism exists, but I do not think they are adequately represented in our federal institutions.

Would that not result then in coalitions that could stifle the government's legislative program, and power and duty to govern? I do not think so. I expect there would be many *ad hoc* coalitions dealing with particular bills and particular issues, and I think that would be healthy. I doubt that there would be permanent coalitions established after elections, because the nature of the Senate as so reformed would not lead to such permanent coalitions. Elections would not be simultaneous and the whole Senate would never be elected at any one election.

• (1700)

What about ministers in the Senate? We would develop our own answer to that question. If, for example, review of executive action and counterbalancing to executive power evolve as the most important role of a new Canadian Senate there should be few, if any, portfolio ministers in the Senate.

How does the Australian system work regarding responsibility of Senate ministers to the lower house? Ministers in the Senate are responsible for their own portfolios and also are officially responsible for answering questions dealing with portfolios of certain of their House of Representatives colleagues. The Attorney General, for example, who is a senator, may be responsible in the Senate for other portfolios. Senator Durack, who was the Attorney General when we were there, was also responsible for Defence, Defence Support, and Immigration and Ethnic Affairs. Similarly, a minister in the House of Representatives will be responsible for the Attorney General's portfolio and other Senate portfolios.

Our system can evolve in either direction. I think it would most likely evolve in the same way as it has evolved in Australia. There would be some senators in the cabinet, and the grouping of portfolios for answering questions in the two houses could easily evolve in the same way.

In summary, honourable senators, in my opinion we can borrow from the Australian system the following good points: For the most part, elections would be held by proportional representation for senatorial regions rather than on the basis of representation by population, by state or by province. The House of Commons should continue to be elected on the principle of representation by population. As to features of the Australian system which can be applied in Canada with modification, I think that representation ought to be regional rather than provincial or state. Power should be given to reject bills on a suspensive veto.

I think we should reject these features of the Australian system: The power to totally refuse bills, the power to refuse supply, and the feature of double dissolution.

Honourable senators, I wish to raise a matter which might be of marginal interest but which should, nevertheless, be mentioned. What will happen to present senators if the Canadian Senate were reformed in the way I propose it? I believe that they should stay on for their constitutional term.

Senator Doody: Hear, hear.

Senator Frith: That is the basis upon which they were appointed to the Senate and accepted such appointment. Provision should be made for supernumerary status, as it is with judges. This was referred to in the Lamontagne report.

Senator Deschatelets: It was different in the Lamontagne report.

Senator Frith: Yes, the judges' supernumerary status is different. There is no question about that. I think that voluntary full retirement should also be available to senators.

There is something further about the Australian experience that I have to comment upon. We might wonder whether an elected Senate would create an invidious distinction between elected and appointed senators.

Senator Benidickson: Honourable senators, I rise on a point of order. It is a pity that this most important speech is being delivered on a Thursday afternoon, but have we a quorum? Nobody will read it.

The Hon. the Speaker: Honourable senators, the Clerk has counted the senators, and there is a quorum present.

Senator Frith: Honourable senators, I should like to share the aspect of the Australian experience respecting whether or not there would be an invidious distinction drawn between elected and appointed senators. I thought that such a distinction might be drawn, but was surprised to find that, when a similar system was used in New South Wales, we were told that it just did not work that way. In New South Wales, where there is a second chamber, the senators used to be elected on a restricted ballot. I cannot provide honourable senators with the details of this, but the ballot was restricted on a sort of aristocratic basis. It was decided that that system should be abolished. The new system was in place when we were there. I asked what happened as between the elected senators and the senators who were virtually appointed by the previous restricted franchise system. They seemed surprised by the question. They said that it just did not turn out to be a problem in any way. There was simply no invidious comparison drawn between the senators who were elected under the former system and those who were elected under the new system. In any event, soon there will be none of the former in office. My point is that the system of transition worked perfectly well.

Senator Thompson: The senators there only serve for six years.

Senator Frith: That is correct, it is a six-year period in New South Wales.

Senator Thompson: We have a longer term.

Senator Frith: That is right. I am simply pointing out that, if these reforms are considered to be desirable, this problem will not be encountered. As well, it will be an inexpensive reform.

Honourable senators, that brings me to the end of Part I. It will be recognized that there are many aspects of the so-called model that I have suggested that will certainly bear closer scrutiny. I hope that the proposal will receive that scrutiny.

I propose, if honourable senators are in agreement, to discuss on another occasion the constitutional and political obstacles which I see as standing in the way of such a model. I will discuss what I think should be the long-range target, which, in effect, is what I have just described, and what we should do in the meantime to reach that target. I thank honourable senators for their attention. I thank them for their questions, which have sharpened my perception of the points I have made. I can only close by saying: To be continued.

Hon. Azellus Denis: Honourable senators, I should like to ask one question, to be answered at the next sitting, when this debate is resumed. In the beginning of his speech, Senator Frith said something that I did not like too much. He said that he is in favour of an elected Senate because the Senate needs muscle. I would like to know from him, in his future observations, what he means by "muscle"? Would he qualify that term? Why must senators be elected in order to bring muscle to the Senate?

He seems to suggest that an elected body means that that body will have muscle. Here we have many elected members of Parliament, and I think to be elected in the House of Commons does not necessarily mean there is any muscle there.

I would like to know from the honourable senator, if he will be good enough to define it for me, the meaning of "muscle." I would like to see how we could arrive at a big Senate full of muscle by electing senators.

Senator Cook: Honourable senators, in all fairness, if my friend is asking about Senate muscle, that question should be directed to Senator Perrault.

Senator Frith: Honourable senators, I am grateful to Senator Denis for his question. I thought I had defined, or tried to define, what I meant by "political muscle," "legislative muscle" and "parliamentary muscle". In asking me this question, Senator Denis has given me the opportunity to "play it again" for some of the honourable senators who were not present to hear it the first time.

On motion of Senator Frith, debate adjourned.

• (1710)

The Senate adjourned until Tuesday, December 7, 1982, at 8 p.m.

THE SENATE

Tuesday, December 7, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Buckwold be substituted for that of the Honourable Senator Lewis on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

NATIONAL ENERGY PROGRAM—EFFECT ON CANADIAN-OWNED SECTOR OF PETROLEUM INDUSTRY

Hon. Guy Charbonneau: Honourable senators, I have a question for the Leader of the Government in the Senate. No doubt the leader has read that profits in the petroleum sector have declined by 54 per cent during the first six months of 1982 compared with the same period in 1981. Worse than that, profits for the Canadian-owned sector are down by 87 per cent compared to the average decline of 54 per cent.

Given that the National Energy Program was designed to promote and help the Canadian-owned sector of the petroleum industry in particular, can the leader give the Senate an explanation as to why it has had the opposite of the desired effect?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure that the National Energy Program has had the opposite of the desired effect.

Hon. R. James Balfour: The facts speak for themselves.

Senator Olson: The preamble to the question is difficult to agree with, so it is not possible to answer the substantive part of the question. If the preamble is not part of the question, it should not be put. That is the problem I have, and why I have to answer the question—

Hon. G. I. Smith: Why don't you answer the question instead of giving a lecture?

Senator Olson: I am answering the question.

Senator Charbonneau: Would the leader permit me to rephrase my question?

Senator Olson: Certainly.

Senator Charbonneau: Profits in the petroleum industry decreased by 54 per cent in the first half of 1982, compared with the first half of 1981. The profits of Canadian-owned companies in the same period were down 87 per cent, compared with the average of 54 per cent over all. Can the minister explain why that is so, given the National Energy Program, which was supposed to help promote profits for Canadian-owned companies?

Senator Olson: Honourable senators, the National Energy Program was designed to do more than that. It was designed to enhance the percentage of ownership by Canadian companies, which even my friends opposite would agree requires some investment, and that, of course, has been achieved to a large degree.

However, I will take the honourable senator's question as notice and obtain a response from the Ministry of Energy, Mines and Resources. I am tempted to give the honourable senator an obvious answer from the top of my head, but perhaps it would be more satisfactory to him if I take his question as notice.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, would my honourable friend undertake, at the same time, to look into the curious circumstance that the profits of Canadian oil companies have gone down 83 per cent while the profits of foreign-controlled companies have gone down only 38 per cent? That seems to be a complete contradiction in terms. We understood that among the goals of the National Energy Program was that of improving Canadianization. How can Canadianization proceed if Canadian companies are reduced to such sore straits in terms of profits, compared with foreign-owned companies, bearing in mind also that the decrease in the profits of Canadian oil companies is greater than the average decrease of Canadian industry as a whole, which, God knows, is bad enough?

Senator Olson: Honourable senators, apart from the arguments advanced by Senator Roblin, his question is exactly the same as that asked by Senator Charbonneau, and I have already given an undertaking that I will obtain a reply.

NEWFOUNDLAND

CORNER BROOK—SUGGESTED LOCATION OF FISHERIES COLLEGE—EXPANSION OF JOB CREATION PROGRAMS

Hon. Jack Marshall: Honourable senators, in response to questioning in the other place last week concerning the serious

situation affecting the Bowater Corporation in Corner Brook, Newfoundland, the Minister of Industry, Trade and Commerce indicated that he might review the situation regarding the location of a fisheries college, with a view to moving it from St. John's to Corner Brook, on the west coast of Newfoundland. That was coupled with other prospective ideas. Has the Leader of the Government anything further to report on that situation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, first I would have to inform myself concerning any speculation attributed to the Minister of Industry, Trade and Commerce with respect to that college or institute. Perhaps that is what the honourable senator is asking me. In any event, I would need to know the basis upon which he is asserting that speculation before I can reply.

Senator Marshall: On November 30 there was a press release from the office of economic development initiatives concerning an announcement by the Minister of Industry, Trade and Commerce and Regional Economic Expansion of various job creation programs under the enterprise development program, support for technology and enhanced productivity, defence industry production, Research Council programs and other programs that would provide up to 13,300 jobs. In view of the wide area of responsibility and impact that the minister could have, is any consideration being given to having that department look into the situation which has occurred on the west coast of Newfoundland, and, hopefully, come up with some type of replacement for the loss of almost 800 jobs in the forest industry?

Senator Olson: Honourable senators, in response to the first part of the question as to whether the two ministries suggested by the honourable senator will be looking into the matter, I will say there is no doubt in my mind that both of those ministries are keenly aware of the economic distress being felt by those affected, and, therefore, they are looking into it.

• (2010)

With respect to the second part of the question—that is, whether they have reached any conclusion such that they would be ready to announce some affirmative action which would deal with it—I cannot give any undertaking until I ask them.

NATIONAL UNITY

PUBLIC OPINION POLLS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. In the spirit of freedom of information, can he confirm whether public opinion polls are being conducted by one or more departments of government on the question, broadly speaking, of western alienation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, perhaps Senator Nurgitz should be a little more specific in framing his question. I say that because I believe there have been a number of polls taken, either directly or—

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): For the sake of *Hansard*, it should be noted that Senator Perrault has just entered the chamber carrying a heavy load of files.

Senator Olson: Yes, honourable senators, I have had the same experience. I know that Senator Perrault now realizes how acutely he is missed in this place. That was a great welcome.

Senator Flynn: You certainly have contributed to that feeling.

Senator Olson: Perhaps I could get back to answering the question of Senator Nurgitz.

Honourable senators, I would have to make inquiries to discover whether any recent polls have been conducted. There are a number of organizations in Canada, in addition to the Liberal Party, if you like, or the Government of Canada, which are interested in the very matter raised by Senator Nurgitz. I will have to make some inquiries in this regard. I believe the senator addressed his question more specifically to whether the government was undertaking such polls now.

Senator Nurgitz: In asking a supplementary, honourable senators, perhaps I could be more specific. When the minister is making his inquiries, could he confirm whether it is the Secretary of State, the Office of Federal-Provincial Relations or the Office of the Prime Minister that is conducting these polls? Will the results be made public?

Senator Olson: Honourable senators, I shall take those questions as notice.

THE ECONOMY

COST OF DAVEY-JOYAL REPORT

Hon. R. James Balfour: Honourable senators, I address this question to the Leader of the Government in the Senate, realizing that he will have to take it as notice. Would the minister undertake to provide the Senate with particulars of the total cost involved in producing the so-called Davey-Joyal, or Joyal-Davey, committee report on the six-and-five program, including the physical cost of producing the material and the cost in terms of man-days that went into the preparation of that blatant piece of Liberal Party propaganda?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I suppose that the simple answer to the question is yes. I could comment on the other remarks that have been made, but the Leader of the Opposition would not like that, so I will just say, "Yes."

Hon. Jacques Flynn (Leader of the Opposition): Bravo!

HOUSE OF COMMONS

FRANKS REPORT—RECOMMENDATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to refer the Leader of the

Government in the Senate to the fact that reference was made, in one of the committees of the other place, to a document called the Franks Report. I believe that document was a study conducted by Professor C.E.S. Franks and that it was commissioned by the Speaker of the other place.

My question is: Does my honourable friend know whether there are any recommendations contained in that report that affect the Senate or any of the committee of the Senate?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to take that question as notice.

Senator Roblin: I wonder whether it would be possible for my honourable friend to produce a copy of that report so that it may be examined by the members of this house?

Senator Olson: Honourable senators, I will take that into account and make the necessary inquiries. I hesitate only because it is my understanding that this is something undertaken by the other chamber. I do not think that, at this point in time, I can give an undertaking to bring the document here.

Senator Roblin: I am a little puzzled by that reply. I believe the report was examined by one of the committees of the other place. If so, it is obviously in the public domain. Therefore, I think my honourable friend could well undertake to produce it.

• (2015)

Senator Olson: If that is the fact—and I am not questioning that it is the fact—I think it is as simple as my honourable friend says it is.

Senator Roblin: My honourable friend still has not said he will produce the report. That is the question I would like him to answer.

Senator Olson: I did answer the question very specifically, with some qualifications. Then you came along and offered a reply to those qualifications, that it was already in the public domain. I now reply that if it is that simple, obviously we can get it. However, if the qualifications have more validity than your explanation of them, then those qualifications still apply.

Senator Roblin: That is the trouble with my honourable friend; he won't come clean, and he won't say that this document should be provided. If it affects the Senate, which was my original question, then I think we have a right to ask that it be produced without qualifications.

Senator Olson: I have an equal, and perhaps even superior, interest in whether reports are being prepared that affect the Senate, but my friend is asking me to give a firm, irrevocable undertaking that I will produce something, when I am not sure at this moment whether—

Hon. Jacques Flynn (Leader of the Opposition): You could never do that.

Senator Olson: —I, as a minister of the government, have the right to give it. I said I would make inquiries. Obviously, I am as interested in this and in seeing that the Senate gets it, particularly if it deals with the Senate, as he is.

[Senator Roblin.]

Senator Roblin: Would my honourable friend agree that if the document does affect the Senate he will produce it?

Senator Olson: Your honourable friend will agree to what he has already said he will agree to.

Senator Flynn: That is the best he can do.

Senator Roblin: Would my honourable friend object to being described as a cream puff?

Senator Olson: I do not think you can make that assumption.

PARLIAMENT BUILDINGS

EMERGENCY ASSISTANCE FOR HEART ATTACK VICTIMS

Hon. Andrew Thompson: Honourable senators, I should like to address a question to the minister of physical fitness. I give him that title having seen the heavy load he carried in. My question is directed to the prevention of heart attacks in this building. I would ask him, with the emphasis on prevention, why we have not followed through with the recommendations made across the provinces by cardiac divisions with respect to buildings where there are large numbers of people employed, pertaining to signs, directions, and so on.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, the idea advanced by Senator Thompson has, I think, a great deal of merit. The situation in the Parliament Buildings is such that, should an emergency arise, there are certain offices which really would not know what to do.

Hon. G. I. Smith: Which ones? I can think of some where they do not know what to do already.

Senator Perrault: I am talking of matters relating to health, Senator Smith.

The idea advanced by Senator Thompson is an excellent one, and I am going to take the matter up immediately with parliamentary officials and with the Department of National Health and Welfare. There should be an emergency telephone number posted prominently in all offices or at least some directive available for secretaries and other staff with respect to emergency procedures to be followed should someone in those offices suffer some physical malady.

Hon. Jack Marshall: There should be some doctors in the Senate.

Hon. Robert Muir: May I just add that I agree with the minister. In my years here I have seen many people, in both the Commons and the Senate, die from heart attacks. There should be emergency assistance available.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: I should like to direct a question to the Leader of the Government in the Senate. I ask him, because of the urgency of the situation, if he could possibly give a report

tomorrow on the situation respecting assistance to the Sydney Steel Corporation, the financial assistance promised by the federal government. I understand that the Honourable Ed Lumley is rather hesitant about coming forward with the promised assistance. I would appreciate it if we could get something on that.

● (2020)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I can give an undertaking that I will try, and most of the time when I give that undertaking I have been able to deliver the answers on time. I did give an updated reply on that subject some time ago. I do not believe it went quite as far as Senator Muir was asking at that time, but I will make an inquiry to see if I can be more specific and more up-to-date.

NATIONAL DEFENCE

CANADIAN FORCES—ACCOMMODATION FOR PERSONNEL

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Marshall on August 4, 1982, concerning housing for the Canadian Armed Forces.

Canada Mortgage and Housing Corporation has not taken any recent initiatives regarding the provision of housing for the Canadian Forces. However, CMHC has set up, in co-operation with DND, a joint CMHC/DND task force to undertake a comprehensive review of all DND married accommodations. This task force started work in September 1982, and will be reporting in early 1983.

AIR CANADA

CHARGE FOR CREDIT CARD

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a response to a question asked on December 1, 1982, by Senator Marshall concerning the $15 charge for En Route credit cards. He wanted to know the justification for Air Canada's introduction of this charge.

There are two reasons for this decision. First, the rising cost of operations in recent years. In the last year, the cost increased by 20 per cent. Air Canada is attempting to cover these costs.

Secondly, the decline in the proportion of cardholders—

Hon. Duff Roblin (Deputy Leader of the Opposition): Does that have the six-and-five rule in it?

Senator Olson: That is not in the reply that I am coming to now.

Senator Roblin: It certainly isn't!

Senator Olson: The second reason is the decline in the proportion of cardholders who make use of extended credit terms. Those who make use of extended credit terms provide interest income which helps offset operating costs.

Hon. Jack Marshall: At 24 per cent it should.

Senator Olson: The proportion has declined from 66 per cent previously to below 50 per cent in 1982. The alternative to an annual fee presumably would be to charge a higher interest rate to the declining group of cardholders who make use of extended credit.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA—CRITERIA FOR ISSUANCE OF EXPORT PERMITS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer. This is a little Christmas present for Senator Nurgitz, but I do not want to get his hopes up because it is—

Hon. R. James Balfour: Senator Nurgitz does not celebrate Christmas.

Senator Frith: —more like something for a Christmas stocking.

Senator Balfour says that Senator Nurgitz does not celebrate Christmas. Hanukkah will do then.

It deals with that part of the question that Senator Nurgitz put to me some time ago, and the part that bears in common on the question asked by Senator Lang on December 1, 1982. The answer deals generally with the export of military products.

Existing Canadian regulations and policy regarding exports of military products and components is a restrictive one. In general, it is based on the principles that such equipment should not be supplied to countries considered as representing a military threat to Canada; to countries involved in hostilities or which may be involved in imminent hostilities; to those countries to which U.N. resolutions forbid the export of arms; or to regimes considered wholly repugnant to Canadian values and especially where such equipment could be used against civilians.

Controls on the export of military and strategic goods and technologies are maintained under the legislative authority of the Export and Import Permits Act. Under the Export and Import Permits Act, permits are required for a wide range of strategic industrial goods and technologies as well as military and nuclear goods and technologies as defined in the Export Control List. Goods identified on the Export Control List require permits for export from Canada to all destinations except the U.S.A., where permits are generally not necessary if that is the ultimate destination of the goods.

● (2025)

This act and its regulations had previously been administered by the Department of Industry, Trade and Commerce in consultation with other concerned departments and agencies, and export permits were issued under the authority of the Minister of Industry, Trade and Commerce. Following the government reorganization announced in January, responsibility for the issuance of export permits is now legally vested in the Secretary of State for External Affairs. The Canadian export licensing authority, the Office of Special Trade Rela-

tions, Export Control Section, is also now located within the Department of External Affairs.

The process of export permit approval provides, and will continue to provide, for close scrutiny of individual applications. Where political or security implications exist, permit applications are reviewed by both the Department of External Affairs and the Department of National Defence. Difficult or sensitive cases are submitted to concerned ministers and may also be referred to cabinet wherever the same is deemed to be appropriate.

It should be noted that COMECON is an independent institution and is not part of NATO. Canada is a member of COMECOM and participates in the establishment of COMECON policies. Canadian export controls on strategic products, which are reviewed by COMECON, are in accordance with our obligations as a member of the organization. It should be noted that COMECON is concerned about exports to only a limited number of countries; that is, Warsaw Pact countries, the People's Republic of China, Albania and Mongolia.

Military goods and technologies subject to the U.N. arms embargo on South Africa are identified on the Export Control List. The majority of goods listed on the Export Control List are not military but, rather, strategic industrial items; that is, equipment and technologies of a commercial civilian nature and design that could have a military application. Included here are items such as computers, telecommunications systems, certain civilian aircraft, avionics equipment, sophisticated industrial fabricating machinery, and so on. Exports of this type of equipment to South Africa are allowed only when destined to *bona fide* commercial concerns for civilian application.

Where doubts are raised about the end user of such equipment, permit applications are considered interdepartmentally. Should there be any evidence that the equipment in question is to be used for military purposes or against the civilian population, the permit application is denied in keeping with U.N. Security Council Resolution No. 421. No export of military goods to South Africa is approved.

Honourable senators, and in particular Senator Nurgitz, will have noticed that this answer begins with a very general application and narrows down to South Africa. However, I have still only given the general principles as far as South Africa is concerned.

As I understand it, I still owe Senator Nurgitz the actual statistics he asked for. I hope they will complete the picture.

NATIONAL HOUSING ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. Richard J. Stanbury moved the third reading of Bill C-135, to amend the National Housing Act (No. 2).

Motion agreed to and bill read third time and passed.

[Senator Frith.]

FARM LOANS INTEREST REBATE BILL (NO. 2)

SECOND READING

The Senate resumed from Wednesday, December 1, the debate on the motion of Senator Molgat for second reading of Bill C-134, respecting rebates of interest on farm loans made under the Farm Credit Act.

Hon. Orville H. Phillips: Honourable senators, Bill C-134 attempts, in a way, to deal with a major problem facing the agricultural industry in Canada. Before dealing with that problem, it might be worthwhile to review, for a moment, the importance of the agriculture industry to Canada. There are in Canada over 300,000 farmers who provide direct employment for 500,000 people. In addition, there are approximately 400,000 restaurants and food outlets providing an additional 200,000 jobs. The fact is that agriculture is the largest single employer in Canada. The agri-food industry constitutes 40 per cent of our economy and employs 25 per cent of those fortunate to have jobs today.

• (2030)

Agricultural products also play a major part in our exports. In 1980 we exported $8 billion. In turn, we imported $5 billion, leaving us with a surplus of $3 billion. Despite all these important statistics, agriculture remains neglected by the government. The government is very quick to act on behalf of industries such as Canadair and de Havilland, but the agriculture industry can get in line and wait its turn.

Farm production costs are increasing each year and the profits are declining. It is estimated that farm profits will decline by 20 per cent this year. This results in a reduction of farm purchases. The loss of farm income affects small rural towns and villages where people such as the machinery dealer, the automobile dealer and the local service station owners are hard hit. Market prices for farm produce are, in many cases, below the cost of production. In my province it costs approximately 5 cents per pound to produce potatoes, and at present they are selling for about 2 cents per pound. Needless to say, the farmers are really feeling the squeeze. Net farm income has changed very little since 1974. Apparently the farmers have had their six-and-five program for some time.

The total farm debt is also a most interesting statistic. It is almost frightening in its magnitude. The Farm Credit Corporation is generally thought of as being the principal supplier of credit to Canadian farmers. At the present time Canadian farmers owe the corporation $4 billion, and 11 per cent of the borrowers are in arrears or default. But the Farm Credit Corporation is not the sole supplier of credit; indeed, it supplies only about 20 per cent of the credit given to Canadian farmers. The total debt owed by Canadian farmers is $20 billion, and the annual interest is $3 billion. That is a major factor in the cost of food in the retail stores. At the present time 150,000 farmers have outstanding loans. The average farmer is paying $20,000 per year in interest payments. The CBC program *The Journal* recently reported that some farmers were paying approximately $20,000 per month in interest. I have never pretended to be a mathematician, but an interest

payment of $20,000 per month could only result from a loan in excess of $1 million. I would think that any farmer with a debt that great has very little hope of repaying it under present conditions.

The two main factors in increased cost of farm production are interest rates and energy costs. I shall deal with interest rates later, but I would like to say a word now about energy costs. Energy costs range from 8 per cent in beef production to approximately 30 per cent in cash crops. One of the major factors in energy costs is the federal taxes on farm fuels. That tax is 62 cents per gallon on diesel fuel and 69 cents per gallon on gasoline. Honourable senators, I would like to give you a breakdown of those costs: federal excise tax, 7 cents per gallon; sales tax 15 cents per gallon; petroleum compensation charge, 18 cents per gallon; Canadian ownership charge, 4 cents per gallon; petroleum and gas revenue tax 7 cents per gallon, and corporate tax 18 cents per gallon. Thus the tax on gasoline alone totals 69 cents per gallon. The excise tax of 7 cents per gallon does not apply to diesel fuel, reducing the federal tax fuel to 62 cents per gallon.

When I came across that information I phoned a Prince Edward Island farmer who runs an average operation. I knew he kept very accurate records. He told me that he burned 1,700 gallons of diesel fuel in a year, on which he paid federal taxes of $1,054, and 700 gallons of gasoline, on which he paid federal taxes of $483, for a total of $1,537. The total taxes paid on fuel by Canadian farmers last year was $145 million. I cannot think of a better place for the federal government to begin assisting farmers than to reduce or eliminate that fuel tax. I believe all of the provinces have now eliminated their provincial taxes on farm fuels, and I see no reason for the federal government to keep on taxing the farmers at the present rate.

Energy costs include the cost of electricity. The cost of electricity in my province is particularly high because we depend on oil-generated electricity. We have no control over the cost of oil. Prince Edward Island farmers pay 2.5 times the average Canadian rate for their electricity. In preparing my notes for this debate I phoned the premier of the province and asked for information in this regard. He told me that he had just come from a meeting with Cavendish Farms, a frozen food company on Prince Edward Island, and they were complaining to him that their electrical costs for the year amounted to $1.2 million. This will give honourable senators an idea of the problem faced by industry on Prince Edward Island.

The province signed an agreement with the federal government under the DREE Program. There are what is called free unilateral dollars unspent in this program. The province asked the federal government to provide a temporary subsidy while some other form of assistance was worked out. The premier wrote to the Prime Minister on this matter over a year ago. Approximately six months later he received a reply that the matter had been referred to the Minister of Energy, Mines and Resources. Six months later the Minister of Energy, Mines and Resources replied that they were beginning to study the program. In the meantime, however, the Minister of Energy, Mines and Resources has changed, so no one knows what is going on.

● (2040)

I hope that some honourable senators on the other side will exercise their influence and urge the current Minister of Energy, Mines and Resources to give that suggestion some consideration.

While farmers are having difficulties, honourable senators, I feel that the Minister of Agriculture is also having difficulties. He recently boasted of his influence within the Liberal Party, and said that no other cabinet minister supported the current President of the Liberal Party. He took responsibility for the election of the lady.

It is too bad, honourable senators, that he did not spend a little more time campaigning within the Liberal Party—and more particularly within the cabinet—on behalf of the farmers, because he has hit a dead end on a number of problems.

The minister has said that he agrees with the Conservative program that was developed by the Honourable Alvin Hamilton—the agri-bonds. He agrees with the program, but he cannot persuade his cabinet colleagues to accept it.

The Lortie Commission, which, incidentally, did not have a representative from agriculture on it, recommended against the principle of agri-bonds. I am sure the minister has run into all kinds of problems within the cabinet with respect to that.

Several months ago the minister issued a pamphlet called "Agri-Strategy". Although the cabinet has agreed in principle, it has refused funding for the programs suggested in that pamphlet. I would suggest that he spend some time with the Minister of Finance to see whether he can change his mind on that.

The minister has been dealing with the banks with respect to small business development bonds, but has received little co-operation. I suppose he cannot expect their co-operation since he has spent the greater part of the past year and a half criticizing banks for charging too much. He is now in the position, as the minister responsible for the Farm Credit Corporation, of charging a higher rate of interest than the banks charge, and I am sure the banks remind him of that when he approaches them.

A few months ago the Farm Credit Corporation Act was amended to allow long-term borrowing by that corporation. The minister said there was all kinds of money floating around for long-term borrowing. He said there were Euro-dollars and American dollars, and that in Switzerland he could get money at 8 or 9 per cent. Honourable senators, he has not been able to borrow one cent. Again, has he received cabinet permission?

An Hon. Senator: He probably needs a new Visa card.

Senator Phillips: One of my colleagues suggests that he probably needs a new Visa card, and I agree with him. That would be the solution.

I point out that the former Minister of Public Works ran into a great deal of difficulty and was demoted to Minister of State (Finance). Surely we can find some place to put the

current Minister of Agriculture so that we can make a fresh start.

Honourable senators, the Special Farm Assistance Program was designed to deal with two things: interest rates and refinancing. The program was originally announced over one year ago, and a year later we find the legislation has just been introduced in Parliament. Obviously, there was no great rush with that. After all, the government had to deal with important problems such as Dome, de Havilland and Canadair. The farm economy was left waiting.

In the November budget, $50 million was provided for assistance to farmers, and in the June budget an additional $50 million was added. After that, the minister went to the Farm Credit Corporation and said, "You have a lot of money to lend, so I will take $100 million and put it into a special program."

Honourable senators, normally that would have been a far greater disaster than it is at the present time, because normally the Farm Credit Corporation runs out of funds around October, and can then only accept applications for loans based on the next year's funding. This year things are in such a "Liberal" mess that no one is making application for farm loans, so the money is available.

We now have $200 million for that program. That might seem to be generous funding, but it is only $200 million for the refinancing of $20 billion of debt. Dome Petroleum received $500 million for refinancing $3 billion. There is a vast difference between the funding available for certain corporations and the funding available for farmers, and I fail to see why we have a double standard.

The Canadian Federation of Agriculture has stated that the funds are insufficient and that $1 billion is required. There are 20,000 farmers in need of refinancing, but there is only $200 million available, with $130 million designated for this year and $70 million for next year.

Honourable senators, the program will not succeed because there is not sufficient funding available to meet the problem.

The sponsor of the bill has stated that 554 loans were applied for and approved, totalling $80.1 million. A rebate of 4 percentage points amounts to $3¼ million. That is not exactly a large amount when one considers that de Havilland and Canadair each received $200 million in the one day, and yet we have provided only $3¼ million for farmers in the one year.

In Atlantic Canada the amount loaned totalled $2.7 million. A rebate of 4 percentage points in that region amounts to only $108,000. Honourable senators, that was far less than the minister's travelling expenses for last year, because they amounted to $156,000.

The Canadian Federation of Agriculture estimated, as I said earlier, that the amount of money required for refinancing is $1 billion. A rebate of 4 percentage points over a two-year period amounts to $80 million. The $16 million provided for the interest rebate is 20 per cent of the amount required.

Honourable senators, I should like to ask the sponsor of the bill to tell us how many farmers have received the maximum amount. The average loan so far, I believe, has been in the vicinity of $145,000. I should also like to ask why there is no provision for prepayment. Money is being loaned over a period of 10 to 29 years. I am always optimistic that a Conservative government will be elected. Surely in the next 10 years we will win an election and then interest rates will come to refinance and take advantage of lower Conservative interest rates. That is not impossible. Today the ordinary mortgage on a home provides for repayment, and I see no reason why a farmer should be held to an interest rate of almost 16 per cent for 20 years. Interest rates will come down some day, honourable senators, and I look forward to seeing farmers free to take advantage of that situation.

• (2050)

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Molgat has authorized me to say that he has nothing to add on second reading. I have discussed the matter with Senators Molgat and Phillips, and Senator Phillips is of the opinion that this bill could stand some study in committee. Therefore, if the bill receives second reading, I shall move that it be referred to the Standing Senate Committee on Agriculture.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith, for Senator Molgat, moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

[*Translation*]

CANADA EVIDENCE BILL, 1982

SECOND READING

The Senate resumed from Tuesday, November 30, the debate on the motion of Senator Lewis, seconded by Senator Barrow, for second reading of Bill S-33, to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada.

Hon. Martial Asselin: Honourable senators, as sponsor of this bill, Senator Lewis has spoken with a great deal of competence. His presentation was very objective, and he has demonstrated an uncommon knowledge of how our courts function in the matter of presenting evidence leading either to the conviction or acquittal of the accused.

The proceedings must maintain a careful balance in the presentation of evidence, to protect society and to guarantee the accused a fair trial to protect him from what in many cases can be irreparable prejudice. I think that Senator Lewis has demonstrated that the aim of this bill is to achieve these two goals, and that the bill deserves our undivided attention.

The Uniform Evidence Act adopted by the Uniform Law Conference of Canada is legislation that is vitally needed, considering the fact that the Canada Evidence Act dates back to 1893 and was amended piecemeal over the years, leading to

confusion, contradictory judgments, legislative overlapping, and too many anachronisms, anomalies and unnecessary technicalities.

Honourable senators will recall that the recent passage by Parliament of three important Bills made it necessary to amend the 1981 bill.

Thus, the Canadian Charter of Rights and Freedoms orders the courts to exclude evidence obtained in a manner that infringes or denies any rights or freedoms guaranteed by the Charter. In addition, according to the Charter, a witness is automatically protected against the use of incriminating evidence in subsequent proceedings, except in the case of perjury and contradictory testimony.

This legislation also became necessary because the Access to Information Act requires the addition of clauses to the Evidence Act regarding the disclosure of government information.

Finally, certain clauses of the 1981 bill relating to evidence required in the case of sexual offences have been omitted, since this is now covered by recent amendments to the Criminal Code relating to sexual offences. I am referring to evidence of the sexual behaviour of the victim of a sexual offence and the repeal of evidence of recent complaint by the victim of a sexual offence.

Obviously, the proposed legislation does not cover all the aspects of the Canada Evidence Act. There are still certain areas where it is preferable to let the law develop within the framework of court decisions. What is important in the legislation being considered today is that it applies to all federal and provincial jurisdiction, in both criminal and civil proceedings.

In its brief and comments on this bill, the Department of Justice stated the following:

> The new Act improves the present law by clarifying the rules of evidence and bringing most of them together within a single body of legislation. It also establishes rules that apply to both provincial and federal jurisdictions and are applicable in both criminal and civil proceedings. If it is adopted in each jurisdiction, it will prove to be a clear affirmation of the law. It will smooth over jurisdictional differences in matters of interpretation of the law of evidence, and will certainly reduce court costs for the parties concerned.

Honourable senators, the other day, Senator Lewis gave us a broad outline of this legislation. He also gave a detailed explanation of the main changes that will be brought about by the Uniform Evidence Act. I do not intend to follow in his tracks, however, and to comment on the various clauses he dealt with in his presentation.

I think it is very important that for once, agreement has been reached among all governments on a new law. Consultations were held with members of the Bench, the Bar and the various legal associations in Canada. Finally, it was agreed to table this bill in Parliament.

There are some points I would like to emphasize, and I feel these are essential points regarding the rules of evidence. The bill refers to the legal burden. Basically, no striking changes have been made. It is generally up to the prosecution or the Crown to prove the guilt of the accused—what is referred to as presumption of innocence—or to provide proof on a balance of probabilities, in some cases. Some exceptions are provided under clause 12, in subclauses 1 and 2 and in clause 13, which refers to the mental fitness of the accused. In the past, it was not clear on whom the burden of proof lay, and who was supposed to prove beyond a reasonable doubt that the accused party before the jury or the court was not mentally fit, in order to decide whether the accused was capable of mental discernment when he committed the act in question. Often it was up to the defence or to the accused himself to call a psychiatrist before the court to testify to the mental state of the accused and his fitness to stand trial. Now it is up to the Crown to prove to the court that the accused who is before the court or the jury is mentally fit to stand trial. This is a new rule under the proposed legislation.

There is also the matter of formal admissions which is dealt with in clauses 16 and 17. From now on, the parties to a proceeding maybe asked to make formal admissions on questions of law and fact. This will shorten trials considerably, since counsel and their clients will be able to make admissions in a case on questions of law or fact. Often, counsel will agree on questions of fact. We say that we agree on such and such a fact in order to shorten the proceedings. On the other hand, it is often difficult to agree on questions of law, and the court was not allowed to hear admissions on such questions. In future, counsel will be able to make admissions in a case on questions of law or fact.

The legislation also deals with character evidence, in clauses 23 to 32. The bill retains the basic common law rule that the prosecution cannot adduce evidence of the accused's bad character unless the accused has put his character in issue. What is new in this part of the legislation is that the accused will have to give notice to the court, at least seven days before the trial, of his intention to adduce character evidence. This is also a new law.

Will the Criminal Code retain the admissibility of character evidence in the case of an offence? When we were considering the bill on sexual offences, we defined in one section of the Criminal Code the admissibility of character evidence in cases relating to sexual offences.

Returning now to opinion evidence and experts, no new rules have been written. We who are often in court tend to call various experts when we want to establish certain scientific aspects of the evidence. Under the proposed legislation, written reports of an expert may be introduced without the expert himself actually testifying. This means that written reports will have the status of evidence as soon as they are laid before the court. Under the present Evidence Act, we have to bring the expert into court, so that he can describe his report during the trial, and it may take days before he is asked to testify. This is very expensive for the parties who are calling in the expert. They have to pay the expenses of such witnesses who may be spending days on end in court. The legislation provides that not more than seven experts may be called in to testify at

the same trial. The defence or the prosecution will no longer be able to bring in a long list of experts to prove a point in the evidence. This was a waste of the court's time, and it was very costly for the parties in the proceedings. In future, not more than seven experts may be called in, without the permission of the court.

Interestingly enough, in a criminal case an expert could be appointed and required to submit a report on any contentious issue in the dispute. Once this bill has been enacted, the same procedure will apply in civil cases.

One aspect of the bill which also drew my attention has to do with hearsay evidence as referred to in sections 45 to 73. In my opinion, that is the most difficult part of the bill. The bill deals at length with the voluntary statement theory. In the future, it will no longer be necessary to prove beyond a reasonable doubt, presumptive evidence will be sufficient; and that is the test applicable to other questions of admissibility.

● (2100)

As everyone knows, hearsay evidence is always risky because it is impossible to cross-examine a person who has made such a statement outside the court. I would suggest that the committee will have to take a very close look at that section or that part of the bill which deals with hearsay evidence. Even for a lawyer, it is difficult to explain the whole bill in a speech such as I am making now. I think the committee will have to call in expert witnesses to establish just what is the philosophy underlying this section on hearsay evidence, which could also have included the competence and compellability of the witness. There is improvement over the current situation, a change in the principle of evidence.

The list of cases where the spouse may be a witness or be forced to be a witness for the prosecution is rather extensive in this new legislation. It now includes such offences as treason, murder, attempted murder, child murder, homicide and other major offences listed in the Criminal Code. In addition, in all cases, the Crown's interest is naturally deemed to be more important than the harmony between spouses. Indeed, in light of the competence and compellability of the witness as provided for in the new legislation, it would be possible for the Crown to call in as a witness a spouse who would testify against the other spouse, the accused. It can now be done in certain criminal cases whenever the evidence warrants it, but the fact is that, in a criminal case, a wife cannot be forced to stand as a witness against her husband. She can be a witness for the defence, but the Crown cannot force her to testify against her husband. However, under this new bill, in some cases the Crown will be able to compel a spouse to be witness for the prosecution and to testify against his or her spouse.

Of course, there are a great many other clauses with which I will not deal in depth tonight. There is the matter of alibi evidence. This type of evidence is very important but has often been misused before the courts. The Crown would strive to prove the accused guilty, and in the end counsel for defence would produce this evidence of which the Crown was completely unaware. I suggest this was detrimental to the best interests of society, because this evidence took the Crown by surprise. From now on, thanks to this bill, counsel for the accused will be required, as soon as the indictment is submitted to the court, to give notice of alibi evidence to the Crown, indicating the whereabouts of the accused at the time the offence is alleged to have been committed and the names and addresses of the witnesses in support of the alibi, so that the Crown is not taken by surprise and has the opportunity to check the alibi. I suggest also that this amendment may put an end to some legal proceedings, for if the alibi evidence is well founded, the Crown will not try to prove that the accused is indeed guilty. It will be able to prove that the accused was somewhere else at the time the alleged offence was committed. This will save the parties a lot of time and money.

I could deal also with other matters, such as recorded evidence, statutory privileges, court privileges and privilege for psychiatric assessment. In short, the Uniform Evidence Act has not been well received by all members of the judiciary because of its deficiencies.

A detailed study will be needed to discover and correct these deficiencies. For instance, the Canadian Bar Association has still not defined its position on this bill. The Alberta Law and Reform Research Institute has made constructive suggestions concerning the Uniform Evidence Bill. Its report was published in June 1982. The Criminal Trial Lawyers' Association of Edmonton has also made some interesting comments about this bill.

We should also hear the opinions of defence lawyers associations about the various clauses of this bill which, in certain cases, do not in my opinion really assure the accused of a full and complete defence. In summary, this bill is a commendable effort to correct some of the anomalies of the Evidence Act, but there is still room for improvement. After a detailed and careful study in committee, we should be able to amend and improve the bill so that it can fully serve the interests of society and protect the rights of the accused in a democratic society such as ours.

● (2110)

In closing, may I point out that, in view of the great number of measures passed this year by our Parliament, it might become imperative for a Standing Joint Committee of Parliament, that is of the House of Commons and the Senate, to carry out a continuous examination of the studies made by the Law Reform Commission of Canada and other organizations so as to amend the legislative process and, by the use of more modern tools, make it more responsive to the needs of a democratic society going through constant changes and to provide an on-going interpretation of the rights, freedoms, privileges, constraints and limitations of that society. Finally, I want to say, and I believe that I speak for our entire parliamentary group, that we support the principle of this bill. However, we are prepared to examine it in depth in the appropriate Senate committee. Of course, this examination will be lengthy, difficult and arduous, but the committee will be able to call on the expertise of those among us who practise law to work with the party in power with a view to making a serious examination of the bill, and amending some of its

clauses if need be, so that this bill can be used as soon as possible to help all those concerned.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if I may, I shall rise to commend and thank Senator Asselin and Senator Lewis on behalf of the Senate for providing explanations on this major bill, clarifying its principles, and the issues that, of course, deserve consideration in committee.

Incidentally, the two honourable senators who helped us clarify the principles and details of the bill are involved this week before the courts, which shows they are well qualified to help us as well as their own clients.

Senator Lewis will be away at the Supreme Court of Newfoundland and Senator Asselin cannot be here with us tomorrow because he will be at the Quebec Court of Appeal.

In any case, these are also the reasons why Senator Lewis has allowed me to state he has no further comments to make at this stage. Although he has a right to answer, he will not. So, if a second reading can be moved, Mr. Speaker, as in the other case, I would suggest on behalf of Senator Lewis that the bill certainly deserves study by the Committee on Legal and Constitutional Affairs.

[*English*]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith, for Senator Lewis, moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

● (2120)

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.—(*Honourable Senator Frith*).

Hon. Jean-Paul Deschatelets: Honourable senators, I should like to ask Senator Frith for clarification of a point he made in his speech on Senate reform. He said that the regional role of the Senate is of much importance to his whole thesis. Specifically, at page 5112 of the *Debates of the Senate* he said:

> . . . I do not think I need to prove to any one of the honourable senators present that since the beginning regionalism has been a serious problem for the Canadian confederation.

A few sentences later he said:

> . . . my case depends very much on the Senate's solving what I consider to be one of the main problems, if not the main problem, still remaining unsolved by Canadian institutions, which is regional alienation or regionalism.

I would like Senator Frith to tell us, when he resumes his speech, what he means by "regionalism", because he quoted two authors who dealt with this word. At page 5112 he quoted one author as saying:

> There are probably as many definitions of regionalism as there are people defining—

Further on he quotes another author as saying:

> The term "regionalism" is very vague and subject to many different interpretations.

Since "regionalism" seems to be the basis of his theory on Senate reform, could he tell us, when he resumes his speech, what he means by that term?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it might be appropriate for me to do so right now in order to ensure that we understand two aspects of what Senator Deschatelets has raised. It is not quite correct to say that I think regionalism should be solved in the sense of being eliminated. In fact, my contention was the exact opposite, namely, that regionalism is a healthy, normal and natural thing in Canada. The mistake that some Canadians have made over many generations is to say to Canadians, in effect, "You are regional; stop being regional." In other words, to say that the solution to regionalism is to tell people to make it go away. My thesis is not that it should go away but, as I mentioned in the quote that was cited by Senator Deschatelets, that it is a problem that has not been solved by our institutions. In other words, the institution of the federal Parliament and the institution of the provincial legislatures have left a hole that should be filled by the federal Senate. I am not suggesting that regionalism should disappear. On the contrary, I am suggesting that we should accept it as a natural and healthy thing in a country as large as Canada and organized in the way it is. However, I will be happy to try to further define the word "regionalism", although I tried to underline those definitions of regionalism by quoting the authors who I felt were closer to a definition of the problem of a forum for regional interests that I believe a renewed Senate could help solve.

I will come back to other aspects of that question when I continue with parts two and three of my speech, which I hope to give in one sitting. I am sure honourable senators will be glad to hear that. Just what I mean by regionalism is that I

think it is natural and healthy in Canada but it has not been properly solved nor given an opportunity for expression in our federal institution.

Senator Deschatelets: Will you permit another question? When you propose that senators be elected, do you mean by regions and not by province?

Senator Frith: There is nothing I am happier to make clear because that is a cornerstone of my thesis, that representation should be organized by senatoral regions and not by provinces.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 8, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

STANDING RULES AND ORDERS

THIRD REPORT OF COMMITTEE PRESENTED

Hon. Charles McElman, for Hon. Hartland de M. Molson, Chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

Wednesday, December 8, 1982

The Committee on Standing Rules and Orders has the honour to present its Third Report as follows:

Your Committee, pursuant to Rule 67(1)(e), having examined the Rules of the Senate, recommends the following amendments to Rule 67(1):

1. add a new paragraph (n) as follows:

"(n) The Senate Committee on Energy, composed of fifteen members, five of whom shall constitute a quorum, to which shall be referred, if there is an order of the Senate to that effect, bills, messages, petitions, inquiries, papers and other matters, relating to energy generally, including:

(i) the exploration, production, conservation, transportation and marketing of hydrocarbons;

(ii) the production of electricity by any means, its transmission and marketing;

(iii) the import and export of energy resources;

(iv) renewable energy resources;

(v) mineral resources."

2. delete subparagraph (i) (iv);

3. delete subparagraph (l) and substitute therefor the following:

"(l) The Senate Committee on Social Affairs, Science and Technology, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred, if there is an order of the Senate to that effect, bills, messages, petitions, inquiries, papers and other matters relating to social affairs, science, and technology generally, including:

(i) veterans affairs;

(ii) Indian and Inuit affairs;

(iii) cultural affairs and the arts;

(iv) social and labour matters;

(v) health and welfare;

(vi) pensions;

(vii) housing."

Respectfully submitted,

H. DE M. MOLSON,
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator McElman: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

PUBLIC SERVICE

AUDITOR GENERAL'S REPORT—RECOMMENDATIONS

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Leader of the Government. We have read or, at least, have had glimpses of the Auditor General's report which states that 30 per cent of the civil servants "don't know what they're doing."

Hon. Jack Marshall: The same as the government. Well, 90 per cent of the government do not know what they are doing.

Senator Charbonneau: My question is: Is the government going to adopt measures in order to reduce the number of federal public servants either through attrition or by other means?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to answer that question in two parts. First, the government has for some time had a program of restraint with regard to the expansion of authorized person-years within the public service.

Hon. Jacques Flynn (Leader of the Opposition): Oh, oh!

Senator Olson: That has been adhered to, I think, very satisfactorily. Obviously, there are some areas—for instance, the RCMP and other essential inspection services—where it has not been strictly applied, but the overall expansion of authorization of person-years has been held substantially below the growth in the economy since 1976.

To answer the other part of the question, it is only a matter of days or even hours since the Auditor General's report came

out. As is normal, there are some comments and recommendations in the Auditor General's report, which the government needs a few days to look at in order to find, for example, the reasoning behind the comments made. I hope that Senator Charbonneau understands that we need a day or two to consider them. We take such reports very seriously, but we shall be in a position, within a few days, to make some comments on this report.

I cannot say now that we agree or disagree with, or even attempt to qualify, the assertion that 30 per cent do not know what they are doing. I cannot accept that statement at face value without an explanation of the reasoning which led up to that assertion.

EMPLOYMENT AND IMMIGRATION

INDOCHINESE FAMILY REUNIFICATION PROGRAM—NUMBER OF IMMIGRANT VISAS

The Hon. the Speaker: Delayed answers to questions.

Hon. Jacques Flynn (Leader of the Opposition): You wanted a short Question Period, and you have had it.

Hon. H. A. Olson (Leader of the Government): I want to acknowledge what the Leader of the Opposition has just said. Since there are two committees meeting this afternoon, it has been useful to have the short, concentrated and illuminating Question Period we have had.

Senator Flynn: As far as the questions are concerned, there is no doubt.

Hon. Jack Marshall: The light should come from both directions.

Senator Olson: I thank the Leader of the Opposition and his colleagues. I might suggest that they almost overdid it!

Honourable senators, I have two delayed answers, the first of which is to Senator Godfrey's question of November 25 respecting the Indochinese Family Reunification Program.

As of October 31, 1982, 6,696 persons have been interviewed. This resulted in the issuance of 5,708 visas, and, up to that date, 5,430 people had arrived in Canada.

HOUSE OF COMMONS

FRANKS REPORT—RECOMMENDATIONS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I also have a reply to Senator Roblin's inquiry of yesterday respecting a document entitled *The Role and Function of the Law Branch of the Canadian House of Commons*.

Honourable senators, I have had some research done into this matter and have been informed that the study is available to any interested honourable senator through the Library of Parliament.

Indeed, I have gone one step further and have brought with me a copy of this document in both English and French, which I will send to Senator Roblin.

Hon. Duff Roblin (Deputy Leader of the Opposition): Thank you.

[Senator Olson.]

Hon. Jacques Flynn (Leader of the Opposition): Send the French copy to me.

NATIONAL DEFENCE

CONSIDERATION OF THE FIRST REPORT OF THE SUBCOMMITTEE OF THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I yield to Senator Lafond.

Hon. Paul C. Lafond: Honourable senators—

The Hon. the Speaker: Honourable senators, I have to inform the Senate that if the Honourable Senator Lafond speaks now, his speech will have the effect of closing the debate on this report.

Senator Lafond: Honourable senators, the co-ordinating committee chairman is grateful for the short Question Period, which he suggested some time ago. He will not take advantage of it.

• (1410)

Honourable senators, I have no theme to develop, but I do have a few observations to make in closing this debate, if I may.

First, I wish to express my own and the Senate's gratitude to all honourable senators who have participated in this debate. This has established the contention I put forward a few years ago, when I moved the institution of the subcommittee, to the effect that this chamber was the indicated forum in Parliament, at this time, to attend to matters of defence policy. In this context, honourable senators will have noted in the official report of last night's deliberations an alphabetical list of standing, special and joint committees. The Subcommittee on National Defence, by our rules, is not listed and is not shown on the records of this chamber of Parliament.

Our report, I believe, has been widely quoted in the press in Canada as well as abroad. In fact, on December 1, 1982, there appeared in the *Wall Street Journal* a substantive summary of our report, which it ascribes—and I am not jealous; I apologize to my senior—to the Canadian Senate Committee on Foreign Affairs.

I think it would be a good idea, for consumption both at home and abroad, if it were shown that the Parliament of Canada has somewhere, a permanent body concerned exclusively with matters of defence. I think it would help our country in its dealings with our allies abroad. I am not giving notice of anything, but I am alerting honourable senators to the possibility that at an appropriate time they will be invited

to constitute what is now the Subcommittee on National Defence into a Special Committee of the Senate on National Defence. This would not offend the rules, but would enable the committee to be listed and shown as one of the parliamentary structures of Canada.

Honourable senators, I would also like to express thanks to the Minister of National Defence for the government's formal response to our report, which was placed on the record of the Senate by Senator Perrault on June 22 and 28 last. I have been told that this is the first instance in which such a response has been given in this manner to a report of this nature. I have not verified the fact, but, if this is the case, surely governments should make it a practice in the future.

If I may here make another minor digression, I would draw the attention of the Senate to the absence of government members in the Senate from the Cabinet Committee on Foreign and Defence Policy. In view of the quality of the reports made to the Senate on these subjects, this seems to me to be an anomaly which should be considered and corrected.

Senator Molgat, in his intervention of Wednesday, November 17, quoted the minister as saying recently:

> As far as I am concerned, white papers generally, and white papers on defence in particular, have been used mainly as vehicles by which the government has laid before Parliament and the public its defence policy. They have provided a means for explaining decisions which the government has taken either on major new policies or on major changes in policy. White papers have, in other words, been vehicles for announcing policy decisions resulting from a process of policy review by the government—

I shall repeat that:

> —resulting from a process of policy review by the government rather than vehicles for stimulating public debate on policy issues and policy options.

Senator Molgat interprets this statement as follows:

• (1415)

> —the minister seems favourably disposed, but at this point, if I understand him correctly, he feels we are not ready for a white paper as such. I accept that.

Senator Smith last week appeared to be inclined to agree as well.

I regret to say that I am not disposed to accept this argument so readily. In fact, I find it a rather disingenuous argument. First, in terms of parliamentary practice the British government, we have been told, issues an annual white paper on defence. Surely there is no major shift in British defence policy each year. Secondly, if we look at this from the opposite angle, does that statement by the minister constitute an admission by the government that our defence policy has not altered, indeed has not been reviewed, in the last 12 years? Surely there has been enough change in the world scenario during that period, even changes in our own commitments in terms of defence and in terms of our contribution to our alliances, to make such an admission absurd.

I am not faulting the minister by any means. On the contrary, I believe we all applaud his efforts and support him to the limit, but we also share his frustrations. Here I join Senator Molgat and Senator Smith in saying that any paper—white, green, grey or pink—would be welcome if it gives Canadians some enlightenment of what our government's defence policy is for the 1980s and 1990s.

In the classical view, honourable senators, a country's defence policy is the arm of its foreign policy, and therefore the same juxtaposition exists in the respective ministries. I submit that this does not apply to our case. First, if our foreign policy has a tool at all—and I believe it has—it is much more economic than military.

In military terms, I stated when I opened this debate, it is unthinkable that we can effectively defend ourselves and our own territory. Canada's policy is one of multilateral disarmament, and I agree with it. We all agree with it. Canada has renounced nuclear weapons, and for that matter strategic weapons. We have no such forces, and have no wish to acquire any. But where this policy is misconstrued is when, with all due respect, peaceniks, and the media which features their demonstrations and their outbursts, translate disarmament into depriving ourselves of a reasonably effective shield against the initial shock of an encroachment by a foe who is already identified.

What I seek, and what I believe we all seek, is defence, not war; armour, not armament. The stimulation of such public debate and awareness was, and remains, to my mind, the essential purpose of our subcommittee. We may have made, I would like to believe, a modest beginning at it, but we cannot do it all, and we cannot do it alone. Leadership is required, national leadership, which has to come from the national government, and which, I am afraid, has been sadly lacking.

• (1420)

I say that is particularly so—and this was noted by Senator Smith—when two-thirds of the present generation have no knowledge of the curses of war, and so are eager to accept the sops which are propagated by the equally misinformed and misguided freaks of total, and, if need be, unilateral, disarmament.

We must at any cost maintain the necessary firemen and policemen who, effectively equipped, will provide us with the shield I referred to earlier. I say "at any cost", but Canada, in common with our allies, is in a state of very serious economic convulsions. However, these would increase a hundredfold should worldwide conflict erupt.

The current wisdom seems to rest in holding back on defence needs and to hedge on our commitments because we cannot afford the cost involved. Yet in the last decade our government has readily entered into astronomical commitments of financial resources for mega-projects, many of which have not seen, or will not see, the light of day, or have collapsed.

A recent headline quoted the Economic Council of Canada as stating that "Government has too large a share of money-

lending." During these current months, governments are devising a variety of schemes involving hundreds of millions of dollars to create some tens of thousands of temporary jobs which may temporarily stem the tide of unemployment.

Honourable senators, I sincerely believe that some new perspectives have to be used in viewing the nation's business. Your subcommittee's modest proposal to increase our armed forces personnel by 8,400 in this decade—this decade, mind you—at an annual cost of $350 million would account for that many permanent jobs which would not have to be created. They already exist and have to be filled to satisfy our needs and commitments.

If we can get the Canadian patrol frigate program going and grant it the longevity our maritime forces require to survive, thousands of new permanent jobs will be produced in the private sector; and other such cases can be discovered if, as I suggest, new perspectives are sought.

During September, I believe, a trial balloon was launched of a possible—again temporary—employment program for youth, which would extend to six months and include three months of technical and three months of physical training. Of course, this was only an idea on paper, but why should it not have included an option of obtaining this training under an armed forces reserve training initiative?

Honourable senators, new perspectives are indeed needed.

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate in the debate, this order is considered debated.

• (1425)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as the Leader of the Government indicated, we are adjourning somewhat early today because there are two important committee meetings scheduled for mid-afternoon. I remind the house that the Governor of the Bank of Canada is appearing before the Standing Senate Committee on National Finance, which is studying the main estimates, and that the Minister of Agriculture is appearing before the Standing Senate Committee on Agriculture with regard to Bill C-134.

Hon. Jacques Flynn (Leader of the Opposition): Is that all?

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 9, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BUDGET TAX MEASURES

FIRST REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Hon. George J. McIlraith: Honourable senators, I have the honour to table the first report of the Standing Senate Committee on Banking, Trade and Commerce on the advance study of budget resolutions respecting income tax and other matters relating thereto. I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 5160*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. Charles McElman, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets and/or supplementary budgets of the following committees:

Banking, Trade and Commerce;

Foreign Affairs; and

National Finance.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

FARM LOANS INTEREST REBATE BILL (NO. 2)

REPORT OF COMMITTEE

Hon. Herbert O. Sparrow, Chairman of the Standing Senate Committee on Agriculture, presented the following report:

Thursday, December 9, 1982

The Standing Senate Committee on Agriculture to which was referred Bill C-134, intituled: "An Act respecting rebates of interest on farm loans made under the Farm Credit Act", has, in obedience to its order of reference of Tuesday, December 7, 1982 examined the said bill and now reports the same without amendment.

Respectfully submitted,
HERBERT O. SPARROW,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Gildas L. Molgat moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

NATIONAL FINANCE

STANDING SENATE COMMITTEE—ESTABLISHMENT OF SUBCOMMITTEE ON ESTIMATES

Hon. Douglas D. Everett: Honourable senators, I should like to inform the Senate that at a meeting of the Standing Senate Committee on National Finance this morning the committee created a Subcommittee on Estimates. Obviously, all matters within the mandate of the Standing Senate Committee on National Finance will be referred by the Senate to the main committee. It is the intention of the main committee to refer certain items relating to the main and supplementary estimates to the Subcommittee on Estimates, which will allow that subcommittee to make a micro-examination of those items, thus relieving the main committee to make what can be called a macro-examination of the estimates and the economic factors surrounding government spending.

I would also inform honourable senators that Senator Doody was elected Chairman of the Subcommittee on Estimates.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, December 14, 1982, at eight o'clock in the evening.

• (1405)

[*English*]

Hon. Frederick W. Rowe: Honourable senators, I should like to ask Honourable Senator Frith a question with respect to our plans for next week. Are we to assume that the Senate will be adjourning on Thursday afternoon next week as it normally does?

Hon. Royce Frith (Deputy Leader of the Government): No, honourable senators, one cannot make that assumption because, as I believe honourable senators know, the House of Commons is now operating under a rule requiring it to adjourn at 6 o'clock in the afternoon of December 22. The attendance of the House of Commons is necessary for royal assent, so we will have to judge whether we are required to sit on Friday on the basis of the amount of legislation we will have received from the other place next week. We will do that in consultation with the Leader of the Opposition and his deputy.

Perhaps I should take this opportunity also to mention that it has been pretty well decided that we will sit on the Monday, Tuesday and Wednesday of the following week.

Senator Rowe: Thank you.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADIAN WHEAT BOARD

VISIT OF MINISTER AND TRADE MISSION TO JAPAN

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State responsible for the Wheat Board.

Hon. Jacques Flynn (Leader of the Opposition): Senator Argue!

Senator Phillips: I am sorry to interrupt your conversation, Senator Argue, but I want to welcome you back. I presume you came back by CP Air.

I wish to ask the honourable senator if he will confirm that he went to Japan on a complimentary ticket provided by Canadian Pacific Air Lines.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I have been confirming that for a long time, and quite frequently. I don't know how long news is news, but I will give you my answer. As I understand the situation, when ministers are travelling internationally they are not likely to be billed for their tickets or to be asked to pay for them out of their own pockets—any more than I presume the senators who went to Australia were asked to pay their air fare out of their own pockets. I imagine somebody picks up the tab.

As I understand the practice, Air Canada and CP Air provide ministers with complimentary passes. That practice has been in effect for quite some time. The former Conservative government followed the same practice, and I understand that even now the Leader of Her Majesty's Loyal Opposition in the other place has the same privilege. Perhaps even the Leader of the Opposition in the Senate has that privilege, although I am not sure of that.

Senator Flynn: Not from CP, no.

[Senator Rowe.]

Senator Argue: On that I stand corrected, but I understand that the same practice is followed with respect to the Leader of the Opposition in the other place and the Leader of the New Democratic Party. Obviously, even if the practice were for these tickets to be paid for out of the national treasury, the minister would not, in any event, be paying for the ticket out of his own pocket.

Senator Phillips: Honourable senators, if I may direct a supplementary to the minister, as befitting his station in life I understand he was accompanied to Japan by an appropriate retinue of friends and followers, including officials of the Wheat Board and of the Department of Industry, Trade and Commerce and, I presume, an RCMP bodyguard. Were any of those individuals provided with complimentary tickets by CP Air?

● (1410)

Senator Argue: I would think the answer to that is no. I did not have a bodyguard—at least, not one of which I was aware.

Senator Flynn: You don't need one.

Senator Argue: Nobody is interested in a minister who is a farmer from the hills south of Regina dealing in food products. I have not felt the need for a bodyguard. I can assure you that I did not have one on that trip, but I had some farmers representing farm organizations with me. They were all in pretty good shape, and I think they could have taken care of any problem that arose.

Senator Phillips: Honourable senators, I have a further supplementary. I presume the minister had certain expenses in Japan such as hotel bills and at least one meal a day. Was he dependent upon the charity of Canadian Pacific for those expenses or were they paid for by a government department?

Senator Argue: CP Air provided the normal fare on their flight. I got no better fare from CP Air than my neighbour. I said goodbye to CP Air when we landed in Tokyo, and I had no further connection with them in any way until I boarded the plane for the return flight.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): It is a good airline, and so is Air Canada.

Senator Phillips: Honourable senators, my question was based on the situation in Japan, not the getting there. I want to know, if the government paid the expenses within that country, why it was necessary for the Minister of State for the Canadian Wheat Board to depend on charity to reach Japan when he was going on official business?

Senator Argue: It is the normal practice followed by ministers, including the Right Honourable Joe Clark and others. I do not want to carry this too far, but perhaps in this instance I might even be travelling in good company.

Senator Phillips: I would remind the minister that the Right Honourable Joe Clark was not responsible for introducing Bill S-31.

Senator Argue: Honourable senators, I want to make it perfectly clear that I make no apologies for having taken that trip, nor do I make any apologies for the circumstances surrounding that trip. It was beneficial to Canada.

Some Hon. Senators: Hear, hear.

Senator Argue: It was supported by farm organizations, and because we went there and kept up our good relations with Japan we have been able to conclude another very important sale to that country.

I wonder if I might be allowed to quote from *The Palliser Wheatgrower*, the newsletter of a farm organization in western Canada, dated November 1982, as follows:

> In early October, 1st Vice-President Ron Simpson was invited by Wheat Board Minister Argue to be part of a trade mission to Japan. On his return, Simpson said the trip could not have been more timely or valuable to prairie agriculture.
>
> "We spent a week visiting flour millers, grain importers, oilseed crushers and others in the trade. And these people were extremely pleased to see us. They left no doubt they are hungry for information on the Canadian crop situation. They have an enormous stake in our industry. They want to continue to buy our products if we can deliver them in reliable quantities and qualities."

Senator Perrault: Hear, hear.

Senator Argue:

> "I was surprised at how well-informed they are about Canada," said Simpson. "They are knowledgeable about our western rail transportation problems. They are concerned about the Crow issue. They continually asked how it is being resolved."
>
> "They are alarmed about our small canola acreage this year, and about the frost damage. They want to buy our canola for their crushing mills. They want to know if we can continue to offer them good supplies."
>
> "This was the first such agricultural trade mission from Canada to Japan in ten years. We producers will get benefits from it many times over, because Japan is an incredibly important market for Canada. We sell Japan over $4 billion of goods a year, and 35 per cent of it is farm goods."

I am pleased that Ron Simpson was able to be a part of this trade mission to Japan, and the opinion he expressed was shared by other farm leaders on the delegation. It was a very beneficial mission for Canada.

● (1415)

Hon. Richard A. Donahoe: Honourable senators, I have a supplementary question. Can the minister tell us whether he was the author of that press release.

Senator Argue: No, it is in much better English than I could possibly write. I did not know the press release, which was put out in Regina, was out until I saw it. It is an excellent press release. However, this is not that release. This is a further statement by the First Vice-President, Ron Simpson, of the Palliser Wheat Grower's Association. Without casting any aspersions on anyone in this assembly, I think that his words are authoritative.

Hon. Royce Frith (Deputy Leader of the Government): And thank you for asking.

Senator Phillips: I thank the Minister of State for the Canadian Wheat Board for his dissertation. Can he tell us what the exports were to Japan over the past 10 years, when neither the minister or any of his retinue had visited Japan?

Hon. H. A. Olson (Leader of the Government): It has gone up ever since he was there.

Senator Argue: Exports have been going up steadily. I do not have the figures at hand but last year we sold approximately 1.3 million tonnes of wheat. Our sales for this year will equal last year's. We sell Japan high quality wheat which is absolutely essential for their mills. They have assured us that their trade with Canada in this regard will continue.

The Japanese have bought from us for some years close to 1 million tonnes of rapeseed. The acreage planted in rapeseed this year was not as high as normal because we suffered a frost. They were interested, because of the frost and because of our low acreage, in whether we would be able to meet their market demand with our own canola production. I was unable to assure the Japanese representatives in any absolute way that we would be able to meet their demand for this year, but I was able to say that about 60 per cent of the canola production is of the first two grades and that we have some carry-over of canola from last year that is of very high quality.

Senator Perrault: Hear, hear.

Senator Argue: The Japanese wanted the assurance from us that we would continue to produce and supply them with one million tonnes of canola per year in the years ahead because they have a crushing industry that is built on our canola production. It is a challenge to Canadian canola producers to keep on producing these quantities.

The Japanese went on to say—and I was very interested in this statement—that if we were able to improve the quality of our canola so that the protein content of the meal would be fit for human consumption, they would be prepared to take another million tonnes of canola from us in the years ahead. The Canadian official who was with me, who understands the oil seed business very well, was able to assure them that we have the plant breeding going on that should result in this kind of quality of canola being produced in the next three years to five years. So it is a challenge to Canada to continue to produce the quantities that Japan now requires and it is a further challenge to improve the quality of our canola to take advantage of that market.

I am very proud and happy over the exports of grain from Canada. We are breaking all previous records in many markets. Indeed, a United States Department of Agriculture official who spoke at the Outlook Conference in Ottawa on Monday—

Hon. Jack Marshall: Who asked this question?

Senator Argue: —said that the markets for U.S. production are becoming more and more difficult and to some extent are going down. He said he had to take his hat off to the aggressive Canadian Wheat Board which keeps on expanding its markets.

Senator Olson: Especially under this minister.

Senator Argue: That is a great thing in these difficult economic times.

Senator Perrault: The minister should travel more.

● (1420)

Hon. W. M. Benidickson: Would the minister who has just spoken, Senator Argue, enlighten me, although I am prairie born, as to why we use the name canola now instead of rapeseed?

I recall that some time ago a colleague of mine in the House of Commons, Mr. Rapp then an opposition MP representing a constituency on the prairies, was very famous for and involved in the development of recognition of the possibilities of rapeseed. The name Rapp and the product rapeseed were similar, and we enjoyed toying with them when I was, in opposition days, the agriculture critic.

I do not remember the reason for the use of the name canola. Could you tell us why it is being used now?

Senator Argue: Honourable senators, Reynold Rapp was a great promoter of rapeseed, and his predecessor in the House of Commons was Alex Bryson, who was also called "Mr. Rape" because of the great promotional work he did for rapeseed in Saskatchewan.

Rapeseed was the name originally given to that particular grain. We have been able to develop a substantial market for rapeseed, but the original seed had some liability in that it carried something called erucic acid, which is a semi-toxic element and not a desirable ingredient.

The oils from rapeseed were considered edible and have been used for human consumption, but the rapeseed meal, because of the erucic acid, was not considered suitable as an animal feed. Rapeseed meal containing that acid was basically used as fertilizer. So, the meal had little economic value.

By improving the quality of the rapeseed, the breeders feel that they have obtained a vastly different product, and to identify that it is an entirely different product the name has been changed from rapeseed to canola. Canola does not carry the liability that rapeseed had, namely, a meal that was not suitable for animal consumption.

The canola that is produced today produces a good edible oil. Over half of the margarines and edible oils consumed in Canada are produced from canola. Today the canola meal is fit for, and is used for, animal consumption. So that is an important economic gain.

If our plant breeders are successful—and I believe they will be—within three to five years in obtaining an improved type of canola—

[Senator Argue.]

An Hon. Senator: Speech, speech!

Senator Argue: I was asked for information, and I am providing that information. If you do not want it, I am prepared to sit down. In any event, I was asked why there was a change in the name.

If the improved canola is a meal fit for human consumption, it will increase the value of the current canola, and perhaps give us an additional million-tonne market in Japan. Even at today's rather low prices for canola, that quantity is worth between $300 million and $400 million, and that is a large amount of foreign exchange.

Some Hon. Senators: Hear, hear.

Hon. George van Roggen: Honourable senators, I have a question for the Leader of the Government in the Senate.

Would the leader make inquiries and advise the Senate whether or not ministers in the former Clark government, including senators who were ministers, used their passes when travelling by Air Canada or CP Air, or whether they purchased tickets, and, if they did purchase tickets, whether or not they were reimbursed?

Senator Olson: Honourable senators, I can make those inquiries. I am reasonably certain that those ministers used their passes in exactly the same manner as do ministers in the present cabinet.

I need not repeat what the Minister of State for the Canadian Wheat Board has just said, but, as far as I am concerned, that has been the standard practice for at least the past 20 years.

● (1425)

VISITORS IN GALLERY

Hon. Stanley Haidasz: Honourable senators, earlier today, on the eve of the United Nations Human Rights Day which is commemorated on December 10, the Canadian Parliamentarians for World Order held a luncheon meeting. Invited to attend were representatives of the Solidarity Movement who are working in Canada. Some of the invited guests present in the gallery this afternoon are Mr. Zygmunt Przetakiewicz, the Head of the Solidarity Information Office in Canada and a member of Solidarity's Council of the Co-ordinating Office Abroad, headquartered in Brussels; Mrs. Hanna Federowicz, and Mr. Andrew Kostecki.

Hon. Senators: Hear, hear.

CANADIAN WHEAT BOARD

CANADA-POLAND GRAIN SALE CONTRACT

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Minister of State for the Canadian Wheat Board whether it is the intention of the Government of Canada, in the forthcoming negotiations for a Canada-Poland grain pact, to entertain commitments from Poland such as, for example, that, before Canada concludes its grain sale to Poland, Poland

must lift martial law and release all the Solidarity detainees and other political prisoners.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have, on more than one occasion in the Senate, answered questions about the situation as between Canada and Poland. Whether Canada will provide grain for Poland, and the credit conditions attached to such an arrangement, will not be decided solely on the basis of Canada's looking for a particular sale of grain to a particular country. Discussion within government circles on the amount of credit that may be provided to Poland in its time of difficulty will depend on Canadian international policies and on international considerations. I have not heard discussed the kind of conditions that have been suggested by the Honourable Senator Haidasz that would be attached to these negotiations.

I have said quite often that I think in international affairs neither food nor medicine should be used as a kind of weapon of war, or any sort of weapon, in diplomatic relations. I think we need to look at the question from the broad point of view of whether, in these difficult times in Poland, we would be assisting the Polish people by providing further sales of grain under particular credit terms.

I believe that we have already shown major generosity in dealing with Poland. Some have criticized the action with respect to Poland taken last year by the current government, but I maintain that we were generous, because we provided credit of $500 million while others did very little. It seems to me that, in providing credit last year and in considering a policy for this year, the government bases its decisions not on the natural desire that our farmers sell grain, but, rather, on what we feel is wise within what might be considered our international obligations.

We have not yet arrived at a particular credit provision for further sales of grain to Poland. That is being considered. If Senator Haidasz is suggesting that, unless particular conditions are met, there should be no credit granted, that will be his position and that position will be known. The government is considering it, however, on the basis of a new deal. I am not at all certain of its magnitude, or of what its provisions may be.

● (1430)

CANADA DEVELOPMENT INVESTMENT CORPORATION

AUDITOR GENERAL'S REPORT—RECOMMENDATIONS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Social Development concerning the Auditor General's report.

The Auditor General mentioned the problem he sees regarding crown corporations and their creation. One example he cites as a crown corporation without adequate parliamentary review is the Canada Development Investment Corporation. I am wondering whether the minister shares that view and feels that some steps should be taken to see that Parliament has more input into the activities of CDIC.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, some time in September. Mr. Dye came to see me to discuss CDIC. At that time his concern was whether the corporation would be, in some form, reviewed by Parliament. I assured him that legislation would be submitted to Parliament, and indeed I sent him all the corporate material, including the special resolutions which were submitted to the shareholders of Canada Development Corporation on June 29.

I want to assure honourable senators that it is the intention of the government to submit legislation to Parliament dealing with both the Canada Development Corporation and the Canada Development Investment Corporation in the context of the special resolutions of Canada Development Corporation made pursuant to an agreement between the government and Canada Development Corporation on May 27, 1982. Other items will be included in that legislation relating to the duties assigned to Canada Development Investment Corporation by order in council on November 23 last.

Senator Doody: I thank the minister for his comprehensive reply. In light of the fact that the resolutions of the corporation to which he refers are not yet available to Parliament, would the minister undertake to assure the Senate and the people of Canada that major acquisitions and disposals of major assets will not take place until such time as parliamentary approval is in place?

Senator Austin: I cannot give such an undertaking at this time. I am not certain what the honourable senator apprehends, but I will bear his representation in mind. At this moment we have no instructions from the Government of Canada to acquire any further assets; nor do we see any possibility, in the immediate future, of divesting ourselves of any assets.

Senator Doody: Honourable senators, I would like to assure the minister that I have nothing specific in mind. I am thinking in terms of the principle of parliamentary control of the nation's purse. I was delighted to hear Senator Austin agree that the principle was paramount when he told us that legislation would be sought in Parliament to cover these matters. Since the minister agrees, and since Parliament will be asked to provide legislation to cover the sort of activity I have mentioned, I simply ask the minister to assure us that until such legislation is in place major activities will not take place without parliamentary approval.

Senator Austin: Honourable senators, the difficulty I have in giving that assurance is that the good commercial management of the assets, which are now the responsibility of CDIC, may require some steps to be taken. I cannot predict what advice will be given to me by the directors of CDIC, but no doubt I will have to address myself to commercial changes as they take place and make some recommendation to the Governor in Council pursuant to the wise management of taxpayers' funds; and also take responsibility before Parliament for my stewardship in that respect.

I repeat that I can think of nothing specific that must be done, or that will be done, prior to the legislation being placed before Parliament. I would like to be in a position to have that legislation on CDC and CDIC before Parliament early in the New Year. It is now being drafted.

Senator Doody: Honourable senators, I thank the minister. Obviously, there is a divergence when it comes to the ultimate responsibility. The minister feels that the board of directors and he himself are responsible for the stewardship of the corporation; but I consider that the stewardship is not even possible without prior parliamentary approval. So, obviously, there is a difference in our conception of the mandate.

Senator Austin: Honourable senators, the Canada Development Investment Corporation exists as a legal entity, and has the capacity to act in pursuance of the responsibilities which the Governor in Council has assigned to it.

Parliament will have its opportunity to speak to the issue. If I consider that something major has to take place relating to those assets, then I will do my best, within the caveat of commercial stewardship and the most prudent management of public funds, to bring that before to Parliament by way of notice.

Senator Doody: Honourable senators, I have one final comment. I just want to repeat what I said before, that, in my opinion, the stewardship under which the minister takes his responsibility is not, to me, as important as the responsibility of Parliament. I think that should be the first step.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

PROPOSED STANDING SENATE COMMITTEE—TERMS OF REFERENCE

Hon. Jack Marshall: Honourable senators, I rise on a point of order to ask Senator McElman a question concerning the third report of the Standing Committee on Standing Rules and Orders, which was presented yesterday. My question relates to the proposed amendments to rule 67(1). It has been submitted that the Senate Committee on Social Affairs, Science and Technology shall have referred to it bills which deal with health and welfare, pensions and housing.

It was my understanding that consumer protection was to be included in the terms of reference of that committee. I should like to know the reason why this responsibility was deleted from the new umbrella of responsibilities of the Senate Committee on Social Affairs, Science and Technology.

Hon. Charles McElman: I apologize to the honourable senator. I was engaged in a conversation, and missed his question.

Senator Marshall: My question relates to the third report of the Senate Committee on Standing Rules and Orders which was presented yesterday as it relates to the Senate Committee on Social Affairs, Science and Technology.

[Senator Austin.]

I believe that one of the recommendations had to do with including consumer protection in the overall responsibility of that committee, but I notice there is no mention of it in the report.

Could the honourable senator find out and let us know at a later date why consumer protection was deleted from the responsibilities of that committee?

Senator McElman: Honourable senators, the report of the Rules Committee will be considered shortly, and perhaps I can deal with the question at that time.

UNEMPLOYMENT INSURANCE

EXPENDITURES FROM FUND—DEFICIT—POSSIBLE INCREASE IN CONTRIBUTIONS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have two delayed answers today. One is in response to a question by Senator Roblin on July 21 having to do with three questions respecting the Unemployment Insurance Fund deficit. It is a fairly long reply, but I am, nevertheless, prepared to read it. Alternatively, I could give it to the *Hansard* reporter, and have it taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): Having it appear in *Hansard* is fine with me.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

The Auditor General, in his appearance before the Public Accounts Committee, stated that "U.I. benefit payments . . . will probably exceed $7 billion for the year ending December 31, 1982": that was not a government forecast. It is currently expected that, at an average unemployment rate of 10.9 per cent for 1982, "UI benefit payments" will exceed $8 billion this year.

The higher rate of payout this year will lead to a substantial cumulative deficit of the order of $2.4 billion in the U.I. Account by the end of 1982, i.e., the amount of employer/employee premiums collected plus the surplus in the U.I. Account at the end of 1981 will be far less than the private sector share of U.I. program costs (which also include administration costs).

In accordance with the provisions of the U.I. Act, any operational deficits in the U.I. Account are covered by way of repayable interest-bearing advances from the Minister of Finance. Under the U.I. Act, repayment of these advances must eventually be provided for within subsequent U.I. premium rates.

The government policy on U.I. premium rates was announced by the Minister of Finance in the House, on October 27, 1982, and explained further by the Minister of Employment and Immigration on the same day.

CANADA POST CORPORATION

CANADIAN BROCHURES POSTED IN UNITED STATES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall concerning U.S. mailings by the Stratford Festival.

This was a U.S. mailing using the American postal service to reach an audience in the U.S.A. As such, it is not illegal.

It would be a different matter if a Canadian mailer went abroad to mail back into Canada. This would clearly be against international postal agreements that are designed to protect domestic services throughout the world.

While it would be preferable if a famous Canadian cultural organization used Canadian stamps to promote its activities, it should be pointed out that there are no special rates between Canada and the U.S.A. for this type of bulk mailing.

For this reason, U.S. companies often find it advantageous to use the Canadian postal system to reach Canadian audiences rather than pay the full first class rate they would otherwise have to pay.

As a little bit of background information, the Stratford Festival trucks 85,000 brochures to the U.S. for mailing to U.S. addresses or addressees.

● (1440)

As a registered non-profit organization in the U.S., it qualifies for a special rate of 6 cents Canadian, applicable only in the United States. The rate is subsidized, of course, by the United States Congress or administration. The lowest rate for domestic Canadian mailings would be bulk third class rate of 13 cents; to mail to the U.S. it would have cost 35 cents. Had the Festival been mailing to Canada from the U.S. it would have paid the first class rate of 20 cents U.S., thus making it advantageous to mail in Canada in order to benefit from the 13-cent bulk rate.

That is the end of the prepared answer. However, I think I ought to add that it points out the risk of accepting newspaper speculation as to what in fact happened, because the facts completely destroy the speculation.

Hon. Jack Marshall: When I have had a chance to read the lengthy and technical answer just given I will respond by putting a supplementary question at a later date.

STANDING RULES AND ORDERS

THIRD REPORT OF STANDING COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Committee on Standing Rules and Orders.

Hon. Charles McElman: Honourable senators, I move that the report be adopted and that the amendments come into force at the commencement of the next session of Parliament.

Hon. Duff Roblin (Deputy Leader of the Opposition): Explain.

Senator McElman: Honourable senators, I would recall to your minds that there was a discussion in the chamber last week, initiated by our colleague Senator Hastings, about the formation of a new committee of the Senate on energy. In consequence, the proposal was approved by the Senate, and referred to the Standing Committee on Standing Rules and Orders, because the establishment of this new committee and the delegation of responsibilities to it required amendment of the rules. The rules have to be amended not only to establish that committee, but to take from two other standing committees of the Senate certain responsibilities that they currently have. The other committees concerned were the committee now known as the Standing Senate Committee on Health, Welfare and Science, which would be re-established as the Standing Senate Committee on Social Affairs, Science and Technology, and the Standing Senate Committee on Transport and Communications.

The proposed amendments in the report now before honourable senators take into account the establishment of a new committee, and the re-allocation of responsibilities among committees in general.

Concerning a question asked by Senator Marshall about "consumer protection", there was considerable discussion in the committee on whether this should be specifically placed within the responsibilities of the new Standing Senate Committee on Social Affairs, Science and Technology. It was not felt wise to remove consumer affairs from the Standing Senate Committee on Banking, Trade and Commerce. So much of the legislation that comes forward with respect to consumer matters is of a highly technical nature that quite properly falls within the scope of consideration by the Standing Senate Committee on Banking, Trade and Commerce. After due deliberation, the committee decided not to recommend that this subject be transferred to the new committee.

There are other responsibilities now allocated to the new Standing Senate Committee on Social Affairs, Science and Technology that would permit the Senate, in its wisdom, to refer to it certain matters relating to consumer affairs that do not involve technical and legislative aspects. The Senate could refer such matters to the new committee when it felt it advisable to do so, but to transfer overall responsibility for consumer affairs would be a mistake at this point in time.

If there are any questions with respect to the report I shall be pleased to try to answer them.

Senator Roblin: There is a small matter that perhaps Senator McElman would clarify for me. In the proposal for the Standing Senate Committee on Energy I see that as item (*n*)(v) "mineral resources" is included in its mandate. Yet I notice that rule 67(*k*)(vii) still leaves the Standing Senate Committee on Banking, Trade and Commerce with "natural resources and mines." Thus we have "natural resources and mines" in the Standing Senate Committee on Banking, Trade and Commerce and "mineral resources" in the Energy Committee. Is there any way of reconciling those two so that we do not get conflicts of jurisdiction?

Senator McElman: There was discussion on this point. It was considered desirable to have in the terms of responsibility of the new committee on energy a reference to minerals that would apply to hydrocarbons, specifically to coal. The committee decided that it was not necessary to break it into the specific of coal, and that the reference given by Senator Roblin should remain in the other committee. Again, it was thought that the Senate, in its wisdom, would, when questions arose, decide to which of the two committees a particular matter should be referred. Perhaps that is not wise, but the committee decided that it was the most appropriate way to deal with it. There are many aspects of the mining industry at large that should remain with the Banking, Trade and Commerce Committee, but when it comes to coal in the energy field it was felt that that should be dealt with by the Energy Committee. That is the best I can do in the way of an explanation.

● (1450)

Senator Roblin: If I may be allowed a comment, I follow my honourable friend's reasoning, but I express the opinion that it would have been preferable to say "hydrocarbons" rather than "mineral resources", because there is a clear conflict between the two. While I am sure common sense will straighten out most of the problems, it would seem desirable to be specific, fi it is possible to be specific, and in this particular case we can. To have said "hydrocarbons" would have eliminated any problem.

Hon. Jack Marshall: In view of the fact that various areas of the economy are changing in importance, has any consideration been given to revamping all of our committees and redefining them under a new structure so that we can deal with the various areas that are coming into focus at this time?

Senator McElman: Honourable senators, there was some limited discussion of that idea. You will note in the report, for example, that the Standing Senate Committee on Energy is to be composed of 15 members. That is a departure from the norm, because under the existing rules our committees are composed of 20 members.

There was discussion on whether we should accept the number 15, or should stick with the norm. The consensus reached, to the best of my recollection, was that it would probably be better if the membership of all committees were reduced to 15; that there should be a consideration of the number, types, and responsibilities of committees; and that this consideration should be undertaken early in the New Year.

There was no motion to that effect; there was no decision to that effect. However, it is my recollection of the general consensus of the members of the committee that our whole committee structure could stand review and change early in the New Year.

Motion agreed to and report adopted.

[Senator Roblin.]

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

The Senate resumed from Thursday, December 2, 1982, the debate on the consideration of the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on November 26, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, you may recall that in commencing my intervention on this subject one week ago today I used as a guide for my remarks a plan I furnished to honourable senators at that time. According to that plan, which appears at page 5111 of *Debates of the Senate* for December 2, I have delivered the first part of my intervention, and it remains to me now to deal with the second and third parts.

Before continuing, however, I think it would be useful to give you a brief reprise of Part I. Let me do that by referring to the plan for the intervention. Part I is a "Model" for an elected Canadian Senate, and under that heading there are several subheadings. In my reprise I propose to refer to those subheadings again and then, following that, to proceed with Parts II and III. Under Part II, the constitutional and political obstacles, I will be dealing with various subheadings: The amending formula; the Senate; the House of Commons; the Provincial Premiers; and the long range target. Under Part III, headed "In the meantime—", my remarks will be directed to the subheadings: Gradual Change through Changing Attitudes; and the "Lamontagne Report" and other interim steps.

Reverting then to the reprise of Part I, honourable senators, the model for an elected Canadian Senate, I started with this question: What do we want from our Senate? Honourable senators may recall that for a listing of what I considered the desirable functions of the Senate I used those listed in the Lamontagne report. As referred to at page 5111 of *Debates of the Senate* for December 2, those functions are: first, the legislative function; second, the investigative function; third, the regional function; fourth; the representation of minorities function; and, last, the human rights function.

I pointed out, honourable senators, that it would be on that basis that I would try to build my model for an elected Canadian Senate, and that I would emphasize particularly the third function, that of representation of regional interests.

In turn, that led me to the second aspect of the first main subject, namely Canadian regionalism. It will be recalled that I spent quite some time on the question of regionalism. I gave what I hoped honourable senators would find a useful bibliography of some of the writings on the subject of regionalism. Indeed, I believe that bibliography consisted entirely of Canadian writers.

Honourable senators, part of the reason for giving you this reprise is that I believe certain questions were left dangling last week, and I think particularly of Senator Deschatelets's question with respect to what I meant by regionalism. In particular, I should like to refer Senator Deschatelets to the

sources I referred to in Part I of my intervention, but in more general terms, by way of synthesis, may I say that my use of the word "regionalism" in the context of my remarks on this subject last week was meant to convey the feeling of community and loyalty that Canadians have, and usually have at the same time, for two basic communities—the Canadian community and their particular regional community. I do not think it is possible to define the term any more directly than that without limiting it, because to define is often to confine.

An Hon. Senator: Hear, hear.

Senator Frith: Sometimes a precise definition of terms is required for the proper conduct of human affairs and communications, but I think this is one of those terms that are generally better understood in their usage than in their precise verbal definition. I will try to build on that in the thesis that I will attempt to develop as well as in my replies to questions that may be asked.

Honourable senators may also remember that during the course of my speech last week, in referring to Canadian regionalism, I made use of the bibliography I have just referred to in dealing with the historic tensions that have characterized the regional phenomenon in Canada, the fragmentation of federal representation for national parties and the existence of regional parties. All of those subheadings and all of the material that I have referred to are important building blocks in the proposition I am putting forward.

• (1500)

The historic tensions are important as illustrating what I conceive to be a lack of institutional resolution of the problem of Canadian regionalism. The fragmentation of federal representation for national parties is a further reflection of that problem. The existence of regional problems is even more important because it illustrates the point I was making at that stage, namely, the problem of regionalism. It also is important because, in my view, the existence of regional parties in Canada is one of the reasons why an elected Senate, on the basis of proportional representation for senatorial regions, will not work out as it has in Australia but will work out in a way more beneficial for Canada.

Honourable senators, I then moved to the Australian experience by giving my impressions of how the Australian system worked. I did that by means of questions and answers, not only by questions that I put and tried to answer but also by questions put by honourable senators with attempts to answer them. You will find that at page 5117.

On that topic there remained one dangling question. That is a question asked by Senator Stollery as to what the average length of Senate tenure is in Australia. I said the actual term is for six years but the average length of term I did not know and still do not know, but I will endeavour to get that information.

I then moved to the model for an elected Senate to meet Canadian needs, and why I thought it would give us more of what we want from our Senate. I have already said that I believe the general functions and roles of the Canadian Senate are and should be as set out in the Lamontagne report. What, however, were the basic elements of the model for what I considered a workable and successful elected Canadian Senate? They were the following: That the Senate should be elected; that it should be elected from regional senatoral districts rather than from provinces; that those senatorial regional districts should be established by an electoral boundaries commission functioning as our present Electoral Boundaries Commission functions with reference to ridings or to constituencies for election to the House of Commons; and that such regions should be based on regional homogeneity of interest, a sense of community and a sense of belonging rather than on representation by population, because the reason for a second chamber in a country with diverse population concentrations is to mitigate or smooth out the dangers of domination by those population concentrations with their resulting heavyweight representation.

In other words, if you are going to have a federation, you are bringing together certain communities—certain political entities. If those entities do not have equality in terms of population, and if you have, as you must, one legislative body that is elected on the basis of representation by the population, the only way you can mitigate or smooth out the difficulty of domination by those concentrations, is to have another federal body that looks after regional interests, not just defined by population.

Continuing with the essence of the model, the selection should then be for senatorial regions set up in the way I recommended. One might like to address the possibility that the original work in setting up such regions might well be done by a special Senate committee. I would be interested in the observations of honourable senators as to whether we might do the groundwork, at least.

The elections should be for a fixed term. I suggest that half of the Senate should be elected for each period, although it would be up to the final constitutional amendments to settle exactly what the terms should be and how often elections should be held.

I mentioned that they have six-year terms in the United States with elections every two years for one-third. I think that tends to produce too frequent elections. I prefer a ten-year term with elections every five years for one half. I am not adamant on that any more than I am on the exact composition of the regions.

The elections should not be simultaneous with the elections for the House of Commons. It could accidentally happen that an election for the House of Commons takes place at the same time, but it would usually be coincidental rather than by design.

I suggested, on the basis of the material I had studied and on the basis of my experience as a Canadian, that it is likely that a Senate so elected would probably consist of coast-to-coast representation from what I call the big three as long as they still are natural outgrowths of political reality in Canada. I am speaking of the Progressive Conservative Party, the New Democratic Party and the Liberal Party. I believe that there

would always probably be in the Senate some representatives from regional parties such as the Social Credit Party in British Columbia, and perhaps a western party.

Hon. Duff Roblin (Deputy Leader of the Opposition): Not likely.

Senator Frith: It could easily result in the election of separatists and might well result in an election of—

Hon. Heath Macquarrie: The Rhinoceros Party.

Senator Frith: —some splinter party such as the Rhinoceros Party. That would depend on whether the proportional representation system produced that result. That is more or less the structure of what I label as a model for an elected Canadian Senate. That was the model that I tried to outline and illustrate in my last intervention.

Honourable senators, that brings me to the two other parts of my intervention—the constitutional and political obstacles, and what we can do in the meantime. First, I will deal with the constitutional and political obstacles. I consider the amending formula as both an opportunity and an obstacle, but in realistic terms, we have to recognize that the model I have suggested represents absolutely fundamental changes to the Canadian Constitution. Honourable senators will recall that Section 38(1) deals with amendments and it provides as follows:

● (1510)

> An amendment to the Constitution of Canada—

And, as I say, there is no question that my proposal would require such an amendment.

> —may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by
>
> (a) resolutions of the Senate and House of Commons; and
>
> (b) resolutions of the legislative assemblies of at least two-thirds of the provinces that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

Hon. Jean-Paul Deschatelets: May I make an observation at this point?

Senator Frith: Is it a question or an observation?

Senator Deschatelets: It is a question. The honourable senator will recall that just a few years ago there was a reference to the Supreme Court of Canada concerning the Senate. The Supreme Court decided that the federal government could not amend the Constitution with respect to the Senate without the consent of the provinces, but did not indicate whether it had to be the consent of a majority of the provinces. Does the honourable senator have any observations to make on that matter because, at first sight, the two judgments of the Supreme Court concerning amendments to the Constitution regarding the Senate are rather contradictory.

Senator Frith: Honourable senators, Senator Deschatelets is referring to the reference to the Supreme Court of Bill C-60 which attempted by a federal statute to amend the Constitution of Canada as in section 91(1) relating to the Senate. It was a reference for an opinion as to whether such an amendment could be made by the federal Parliament alone under that head. The decision was that it could not. Then there was a subsequent reference as to whether the Constitution Act, including an amending formula, could be passed without the consent of all the provinces. I do not believe that those two judgments are contradictory. The first one said that the provinces had to be involved in any amendment of the powers of the Senate.

Senator Deschatelets: But it implied that the unanimity of the provinces was required.

Senator Frith: Not really, but, in any event, the next question that was referred to the Supreme Court was the question of the British North America Act, and while it was not clear as to how many provinces were required to agree—and there were some dissenting judgments—Parliament proceeded with a joint resolution which was supported by all but one. At this point both of those judgments are of academic interest only because we now have an amending formula. The judgments to which the honourable senator has referred dealt with amending the British North America Act, which does not have an amending formula. Now there is an amending formula and, therefore, what governs is what I have just read.

The amending formula requires, as I mentioned, a resolution of the Senate and the House of Commons, and a resolution of the legislative assemblies of at least two-thirds of the provinces. So let us deal with those organizations.

Hon. Arthur Tremblay: Will the honourable senator allow a question at this point?

Senator Frith: Perhaps at this point I should say something about questions. When I made my first intervention we did have a rather good time. I enjoyed last Thursday. There were questions and I took every question at no matter what point in my intervention and I am prepared to do that again today. However, I would ask honourable senators to remember that when they are making a presentation or a speech themselves it is rather useful to be able to keep a certain momentum going. On the other hand, sometimes it is also very useful to have the opportunity to clarify a point at the very stage at which one is presenting it. So with those general guidelines and without wishing to restrict anyone, I am glad to take questions in the course of my intervention. I believe Senator Tremblay has a question.

Senator Tremblay: It is a matter of refreshing my memory. I believe there is a list of items which, according to the amending formula, require the unanimity of the provinces. I do not remember whether the Senate or some aspects of the Senate are on that list.

Senator Frith: I thank Senator Tremblay for bringing that to my attention because it might very well be that I have overlooked something. Let me check. On a quick perusal it seems I am right, but that does not mean that I knew I was

right because I did not until Senator Tremblay asked me. Section 42 (1) reads:

> An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

That is the one I referred to. Paragraph (b) is:

> the powers of the Senate and the method of selecting Senators.

So it looks as if I, luckily, found the right section.

Honourable senators, you will remember that we are dealing generally with the subject of constitutional and political obstacles. If the amending formula requires action by the Senate, the House of Commons and the legislatures of the provinces, let us take them in that order. What sort of constitutional and political obstacle would the Senate itself be to the establishment of an elected Senate? In order to put that question into some context, I ought to remind honourable senators that in my proposal present senators—and since I am talking about the Senate I must talk about present senators—would, in the event of an elected Senate, maintain their positions according to the terms of their appointment, whether appointed for life or until age 75. One can immediately hear cynical sneers from those who would say, "Of course, they are just protecting their jobs." Be that as it may, it seems to me that there are two things I should underline. One is that it seems to me that that is simple and,—if I may say so parenthetically,—in terms of the long range goal, inexpensive justice. It is not fair and equitable if a political institution is substantially changed to in effect give that change retroactive effect on the tenure of members of that institution.

• (1520)

The second point is that the transition period will work. When I was in Sydney, Australia, I asked a question regarding the upper chamber in New South Wales, which had previously been appointed, or elected on a restricted franchise. The House of Representatives in New South Wales is elected directly by the electorate, but the upper house at one time was elected by a more restricted group.

They made the change to a purely elected upper chamber. I asked what happened when there was a mixture of appointed senators and elected senators. I was told that there was no difficulty with that. They said that after the next election all senators would be elected senators because there were only a few appointed senators left.

I asked how it worked out, or if there was a problem with a sort of invidious distinction between elected senators and the former non-elected senators—at least in the pure sense of the word "elected". They were surprised that I even asked the question. They told me that those who had been appointed, those who were elected on a restricted franchise, were respected. The elected and non-elected senators worked very well together.

If I am right, and I believe I am, that it is fair and just that there be no retroactivity to the establishment of an elected Senate—retroactivity in the sense that it affects the terms, rights and privileges of those appointed under a previous system—then I believe that among those institutions which must decide on such an amendment, the Senate might very well be the least of the obstacles. All the senators I have spoken to are genuinely interested in growth in the activities, responsibilities and duties of the Senate; they are interested in Senate reform, and are, I believe, prepared to keep an open mind on the topic of an elected Senate as a part of that reform.

I come now to the House of Commons. I believe that the House of Commons of Canada—and I do not criticize them for this—would be a more serious obstacle to the establishment of an elected Senate because it would mean that they would have to share a power that they now have, a power which is greater in terms of political muscle than the power the Senate has, and that brings me to Senator Denis' question of last week.

Senator Roblin: The power is constitutionally equal.

Senator Frith: That is why I underlined the word "political". The power, as Senator Roblin points out, is constitutionally equal. Legislatively speaking, I suppose one could argue that there is a slight change in the amending formula because of the veto power, but that is not what we are talking about; we are talking about the constitutional legislative power of the two. That legislative power of the House of Commons and the constitutional power of the Senate is, as Senator Roblin has stated, equal, except for the minor point regarding the introduction of money bills.

Politically, honourable senators, I do not think there is any doubt that the muscle is with the members of the House of Commons. That, of course, if I understood it correctly is the central thesis of Senator Roblin's remarks—that there is a question of, to use his word, legitimacy—and I think he meant political legitimacy—in the sense of the ability to exercise the powers.

Senator Roblin: Not the ability; the willingness.

Senator Frith: A valuable correction, and I am pleased to have it from the author's mouth.

As Senator Roblin just pointed out, and as he pointed out in a speech on another inquiry, the powers are exactly the same, but the political power—and I am saying this, not Senator Roblin—or the political muscle, to use Senator Denis' words, are not the same. Because the political muscle is stronger in the House of Commons, in my opinion, there is an unwillingness, to use Senator Roblin's phrase, in the Senate to exercise its powers. That means that the Senate is, as a corollary to that, unable to fulfil the functions that I started with, namely, those functions that I believe it ought to exercise, and in particular the one of regional representation.

When I say "muscle", this is what I mean; it is my belief that political power in a genuine democracy must always come from the people. The people, through a system of vote, give power to the politicians, to their political institutions. I agree with the late President Harry Truman. He did not use the word "give". He said that the people lend the power, and that

the government is a trustee of the power, and it has to go back on a regular basis to get its mandate renewed.

It is on that basic footing that I say that the Canadian Senate, with all of its tradition, with all of its power, with all of its constitutional and legislative power, does not have the political muscle and power and, therefore, the willingness to exercise that power because it does not get it directly from the people. That is why I believe that, in order to fulfil its potential, the Senate must find a way to get its power from the people, and that can only be by election.

That is why I feel that the House of Commons, knowing that, will be one of the obstacles to the establishment of an elected Senate, and an important obstacle, because the House of Commons will not want to share its power in the sense I am using the word—its political power—with the Senate.

That brings me to the provincial premiers. The heading in my document is "The Provincial Premiers". I used that heading because, although I know the Constitution talks about the legislatures of the provinces, and the many provincial proposals that have been put forward over the past few years regarding Senate reform talk about legislatures, I think it will always be the provincial premier who will be calling the tune.

That brings me to an introductory part of the heading dealing with provincial premiers. I believe that any federal system, particularly the Canadian federal system, absolutely requires an institutional opportunity for co-operation and work between the provincial and federal levels, confederal consultation for confederal cooperation. I do not believe that the Senate is that institution. I believe that that institution is the institution recommended by Part I of the Lamontagne report.

● (1530)

Honourable senators will perhaps remember or wish to have their recollection refreshed as to the basic structure of that report, which report is at the very foundation of the inquiry to which we are now speaking. That report was directed towards finding out what, in the opinion of the subcommittee, are the real areas of stress and strain between the provincial governments and the federal government. That committee came to the conclusion that those strains, rather than being regional and federal, could better be called inter-governmental.

Part I of this report recommends an inter-governmental solution rather than an inter-legislative, if I may call it that, or a legislative solution. The report suggests that the Constitution should formally recognize the existence of inter-ministerial—which is inter-governmental—conferences and, in particular, first ministers' conferences.

It seems to me that one of the real values of institutionalizing federal-provincial conferences is that it is the institutionalizing of something which has grown up and evolved naturally out of the Canadian political soil. By way of illustration of this idea, honourable senators, I remember some years ago talking to an architect friend who was showing me one of his designs. It consisted of some very large buildings around what would be a university quadrangle-like large, central area. I said to him, "You have not set out any footpaths. Are people not going to walk from one building to another across this quadrangle?" He answered, "Yes, they will." I asked, "Well, are you just going to have them walk across the grass?" He replied, "Yes, for the first couple of years I will just sod the whole area and let people walk across it. They will show me where I should put the paths."

That is why I am attracted to the recommendation of the Lamontagne report. It comes naturally to us, as a matter of Canadian history, that federal-provincial relations of an intergovernmental nature should be institutionalized in the Constitution. That is where the relationship between the provincial governments should work its way out, not in what I consider to be a truly federal rather than confederal institution—namely, the Senate.

What have been the proposals? I now return to the question of the provinces or the provincial premiers as obstacles to the amendment of the Constitution to bring about an elected Senate.

Honourable senators, I will again make reference to some research which I hope will help other senators who may want to make interventions on this subject. I shall first refer to a book written by Peter McCormick and others entitled: *Regional Representation: The Canadian Partnership*. It is a task force report for the Canada West Foundation. It provides an incisive examination and critique of all of the major contemporary proposals for Senate reform, tested against the overriding standard—and I refer to it thus because it is a standard that is important to my whole proposition—of balanced regional representation.

I refer honourable senators to the particular sections of this report at pages 67 to 89. These sections deal mainly with the provincialist proposals: proposals in favour of councils which would either replace the existing Senate—proposals such as the Quebec Liberal Party's beige paper which would radically reform it—or proposals which would operate in addition to a basically unreformed Senate. There was also the so-called Best Efforts Draft, and I refer to page 68.

What the authors find in this task force report is that the province-centred nature of all of these proposals is problematic. They say it is insufficient to the demands of regional representation at the national level. The proposals that are covered in this report are those of the Government of British Columbia, the Canada West Foundation, the Advisory Committee on the Constitution, the Canadian Bar Association Committee on the Constitution, the report of the Task Force on Canadian Unity, and the Best Efforts Draft.

All of those proposals accept the basic premise that the place where regional representation is to be achieved is within the national government, through an upper chamber, and that the effective agent for achieving this representation and articulating the regional viewpoint is to be, primarily, the provincial governments. In many cases, the proposals envisage an upper chamber that is to be composed of provincial delegations.

Honourable senators, I quote from page 69 of that report:

> In a sense, the real member of the upper chamber would be the provincial government, a body of considerably greater continuity and resources than any one individual, this member being represented by delegations selected for limited periods and specific proposals.

I quote from page 70:

> In the light of some of the present discontents within the Canadian federation, it is instructive to bear in mind that the representation of the western provinces (whether we want to include three or four) is lower in the Senate than it is in the House of Commons, a graphic illustration to frustrated westerners who feel themselves to be a minor and unheard voice.

I refer honourable senators to page 71:

> The "Best Efforts Draft" emerging from the summer-long deliberations of the committee of ministers is surprisingly the most radical of the proposals in this genre. The hard-headed politicians have in this regard proved more daring. They proposed equal representation for all provincial delegations, regardless of population or arbitrary regional designations.

I support the principle of equality in representation. The idea of equal or balanced regional representation on the basis of provincial boundaries, however, I do not agree with.

As I mentioned, I think we should consider ourselves fortunate in Canada that the Fathers of Confederation did not organize the federal upper chamber as it was organized in Australia and the United States—namely, on the basis of equality of state representation, totally without regard to population or regional representation.

I recommend to honourable senators pages 94 to 108 of the same task force report. I refer to this only to say that I part company with the Canada West proposals—although I agree with a good deal of what they have to say—when they come forward with the suggestion based on the provinces having equal representation. I do not think I need cite from that report. The basic difference between my view and that of Canada West is that they emphasize provincial rather than regional representation.

I refer honourable senators to my third source, written by Gerald Schmitz. It is entitled *The Canadian Senate: Between Past and Future*, and is a Library of Parliament document. At page 12 of this document there is an outline of some of the more significant recent proposals for reform, some of which I have referred to. At pages 19 to 21 the question of the provincial proposals is dealt with.

● (1540)

I quote as follows:

> Although the provinces have not been silent on the issues of Senate reform, they have been much more concerned about such things as the division of powers. With the exception of British Columbia—

I should add that since this paper was written we must add Alberta.

> —they have given rather short shrift to the idea of a high profile "House of the Federation" in place of the existing second chamber. Provincial governments regard themselves as the chief constitutional spokesmen for provincial and regional interests.

That is where I part company with them. I underline the word "regional". Continuing:

> While most would favour more provincial participation in the appointment of senators, they are loath to see a Senate with expanded powers which might detract from their own role in the federal bargain. Indeed, Alberta's position paper, "Harmony in Diversity; a New Federalism for Canada", tabled during the round of constitutional negotiations in the fall of 1978, simply ignored the Senate altogether.

As honourable senators know, they came out with a paper, to which I intend to refer. I should say that it is pointed out in Mr. Schmitz's paper that the British Columbia and Quebec Liberal proposals would radically increase the power of provincial delegations albeit in Ottawa. Again the emphasis is on "delegations". It is unlikely that any of the province-centred proposals to date, in my opinion—and I feel it is shared by this paper—would be workable as vehicles for national integration through regional representation.

The fourth source under this heading of the position of the provinces is "Proposals on the Constitution 1971-1978, Ottawa, Canadian Intergovernmental Conference Secretariat." There are some selected excerpts to which I will refer. At that time only the Government of British Columbia—but now also Alberta—was firmly committed to major Senate reform. Provinces such as Quebec and Alberta had until then focused almost exclusively on the division of powers. Ontario had remained noncommittal. On the other hand, New Brunswick, if I read these documents correctly, is skeptical of any reform which might be seen as further regionalizing the institutions of the central government.

So this lack of any consensus is probably what led the drafters of the 1980 "best effort" compromise to propose leaving the Senate alone while creating a new federal-provincial council to further institutionalize the present system of irregular federal-provincial conferences. That I support, but not leaving the Senate alone. That is, I support the idea of creating a new federal-provincial council for institutions to further institutionalize the present system of irregular federal-provincial conferences.

May I now refer to the most recent provincial proposal, which is that of Alberta. It is to be found in *A Provincially Appointed Senate*. By the very title we know what the suggestion is: A New Federalism for Canada. I shall quote first from page 2. At the top of the page reference is made to something which I have already mentioned, namely, the position paper entitled "Harmony in Diversity". The reference to it is as follows:

> While the paper addressed numerous important constitutional questions, it did not cover all possible areas of

reform. It was silent on the issue of reform of the Canadian Senate because up to that time the First Ministers' Conference had evolved as an effective institution for representing provincial interests.

I agree—provincial interests.

However, the recent trend towards unilateralism and centralization has convinced the Alberta government that a determined effort must be made to strengthen and protect further the rights of the provinces—

I underline the word "provinces".

—in Confederation if we are to avoid the drift towards a unitary state.

As a passing parenthetical comment on which some other honourable senator might wish to expand, so far as I am aware, of all democratic federal states Canada is one of the most decentralized rather than one of the most centralized. Continuing at page 3, it says:

It is the intention of the Alberta government—

Senator Deschatelets: Who said that?

Senator Frith: I said that. I will be glad to bring some supplementary material on that subject, because there has been a study done. I will get the authority.

Senator Deschatelets: I will challenge that.

Senator Frith: The honourable senator may also challenge the study. Let me say that I did not pull it out of the air. I am sorry that I do not have the reference at hand, but I will get it.

An Hon. Senator: Cairns says it.

Senator Frith: Yes, Cairns says it in the studies to which I referred last week. Dealing with the principle of proportional representation, which is an important part of my proposal, there has been a good deal of material gathered in connection with proportional representation as an opportunity to give regional stresses an institutional expression; but most of them, including Cairns—and, I believe Smiley and Irvine—talk about using proportional representation in the House of Commons, virtually abolishing the Senate and creating two types of members in the House of Commons.

Senator Roblin: Crazy; academic dreaming.

Senator Frith: Did the honourable senator say "crazy"? I will not use that word, but I consider it to be totally impractical. I am quoting from page 3:

It is the intention of the Alberta government to propose that the subject of Senate reform be one of the other matters addressed by governments. The purpose of this paper is to begin the process of public discussion on this important question. The recommendations are designed both to strengthen Canadian federalism and to give Western Canada a greater voice in national institutions.

I do not believe that by increasing provincial representation in the federal house, as distinct from institutionalizing federal-provincial conferences, it would achieve that end. Quoting from page 12:

[Senator Frith.]

Most commentators on Senate reform do not support the continuation of the current federal appointment process.

There is then the suggestion for joint federal-provincial appointments. That is one which I believe honourable senators are familiar with. Then, on page 13, it says:

Exclusive Provincial Appointments.

It has been suggested that the best procedure to ensure the Senate plays a meaningful role in reflecting the federal character of the country within the central institutions is to have senators directly appointed by provincial governments.

That was the proposal of the Government of British Columbia, the Canadian Bar Association, and the Quebec Liberal Party.

Generally speaking the reform models which incorporate direct provincial appointments are adapted from the second chamber of the German Federal Republic—the Bundesrat.

I agree that is what they are based on, and I believe they are inappropriate.

Senator Deschatelets: Excuse me. When you say this proposal has been shared by British Columbia and the Quebec government—

Senator Frith: I did not say that. I said the Quebec Liberal Party. I believe it was the beige paper. But that was not from the Quebec government, and I have not said it was the Quebec government.

Senator Deschatelets: They did not commit themselves as to a future upper house.

Senator Frith: I did not say they had. I referred always to the Liberal Party. Quoting from page 14, concerning Alberta:

Because the actions of the federal government can have a very substantial impact on the ability of the provinces to pursue public policy options, the direct appointment of instructed provincial delegates to the upper house would increase the input and influence of the provinces in those matters of federal policy which directly affect them.

I agree with that. That is exactly what it would do, but I do not think that would be at all desirable. I note that they want a Senate or an upper house that would consist of instructed provincial delegates. That is exactly what we should do through federal-provincial conferences, conferences of first ministers, and conferences of ministers. We could then deal with the question of how these delegations would work.

Although I disagree with it, I congratulate Alberta on this paper. It is a very good one in the sense that it is very clear; there is no mincing of words, and there is nothing mealy-mouthed about it. They say that the upper chamber should be there to protect provincial interests and that it should consist of instructed provincial delegates.

● (1550)

Honourable senators, the recommendation is: one, that the Senate be appointed; and, two, that senators be appointed

exclusively by the provincial governments—and we know that they mean that in terms of instructed provincial delegates.

Honourable senators, if I have not taken you too far astray, I ask you to return with me to the heading in my plan "Constitutional and Political Obstacles." I have referred to the amending formula. It requires the participation of the Senate. I have said how I believe the Senate would approach reform, including reform by way of an elected Senate. I have also discussed how I believe the House of Commons would view it.

Honourable senators will note that I am moving upwards in direct ratio of difficulty. Obstacles from the Senate would be the least difficult to overcome; those from the House of Commons would be more difficult; and those from provincial governments would be the most difficult or the most serious obstacles to the establishment of an elected Senate based on the proposal I am making, namely, election based on proportional representation and on a non-simultaneous basis for senatorial regions rather than provincial regions.

Senator Deschatelets: The honourable senator was just enumerating some of the obstacles that he sees in the way of Senate reform. Does he see the Senate itself as an obstacle to Senate reform? As he knows, we now enjoy a suspensive veto of six months. The Senate today could not be considered as a main obstacle to reform of the Senate.

Senator Frith: Honourable senators, the heading in my plan refers to "Constitutional and political obstacles." The whole point of this section is to point out that the Senate is the least of the obstacles. If Senator Deschatelets wants to emphasize that it is even less of an obstacle because of its suspensive veto, I would point out that I do not consider the suspensive veto to be nothing—

Hon. Richard A. Donahoe: I do.

Senator Frith: Senator Donahoe does; I do not. I propose that, even for legislative purposes, in the model I am putting forward, the Senate should only have a suspensive veto and that it should not have the power to deny supply, and a defeat in this reformed Senate should not constitute a defeat of the government.

Senator Deschatelets: Are you talking of a suspensive veto for economic as well as other legislation?

Senator Frith: For all legislation. I consider that the whole point of a suspensive veto is to slow the matter down so you can get public input. The final decision should always be made by the people.

Honourable senators, I am, in an ascending scale, establishing what I see as being both constitutional and political obstacles because they are mixed. The Senate has constitutional powers with regard to amendment, and it has some political power. I consider it would be the least obstacle for three reasons: one, because of the suspensive veto referred to; two—and I have already made it a part of my thesis—because the Senate, as an appointed body, lacks a certain amount of political muscle as compared to one that would be elected; and, three, because I believe senators are, intellectually and politically, individually not opposed to a reformed Senate and are not totally opposed to an elected Senate—at least, they are not totally closed-minded to the concept of an elected Senate.

The more difficult obstacle to overcome would be the House of Commons; and the most difficult would be the provincial governments.

Honourable senators, to finish Part II, what should be the long-range target in that context? In my view, the long-range target should be the establishment of such an elected Senate with the elements I have described. I will repeat: It should be elected by proportional representation in non-simultaneous elections; from senatorial regions, not provinces, and with the more limited powers—no power to refuse supply or to defeat the government.

As has been said, every journey, no matter how long, starts with one step. The first step, in my opinion, must be for the Senate to propose something of this kind. It does not have to be by a resolution; it does not have to be by a bill; but, at some point, in my opinion, it should be known that this is the Senate's long-range target. The first step should be for the Senate of Canada itself to say, "This is the kind of institution that would give the Senate an opportunity to really fulfill its potential for Canada."

When I was appointed to the Senate—it seems only a short time ago—I made the usual "maiden speech". Although that speech did not go into this amount of detail, it was on the same subject. I said then, on the general subject of Senate reform, that the Senate itself should be the leading and cutting edge, and that the country should be responding to a Senate proposal. So often the Senate is seen as being in a defensive, fortress-like bunker, trying to fend off suggestions for reform. Since 1977, nothing in my experience has confirmed that that is the attitude of senators. The attitude prevails that everyone is in favour of Senate reform, but that senators, in their concrete bunkers, are refusing to consider the question. As I have tried to demonstrate here, it seems to me that the real obstacles to major Senate reform are going to be the House of Commons and the provinces, not the Senate itself.

That brings me to Part III which is headed, "In the meantime—" What do we do in the meantime? Honourable senators, I believe that we, as part of the leading edge for Senate reform, should start our own gradual changes in order to change attitudes—and I know many senators agree with me on this.

If a major reform of the Senate of the type I am proposing is ever to take place in the light of the political and constitutional obstacles that exist, it will only take place if we initiate our own reforms and play a bigger role in the Canadian scene, as we have very recently with Bill S-31, for example.

Hon. Jack Marshall: What about Bill S-30?

Senator Frith: We played a major role in Bill S-30. If Senator Marshall and Senator Donahoe think that what I am saying is that we played a greater role because the Canadian people saw the Senate in unanimous action, they misunderstand my point. The point is that we were playing a role, and

the result of that role did not satisfy all senators. That is democracy.

● (1600)

Senator Marshall: Nor all the people.

Senator Frith: It does not satisfy all the people, exactly. But it was clear during those periods, and recently, that people are becoming more and more aware of the Senate, and I say that is a desirable process.

The only way a major reform of this kind can take place is through continued higher profile activity, fulfilling the functions I started with, as in the Lamontagne report. Then the people may want more and more reform. Then perhaps the people should be given the express opportunity to overcome the constitutional and political obstacles I have described through a plebiscite or referendum. That, of course, is both politically and practically the only way it could happen and the only way it should happen, because it should not happen unless the people want it.

That, honourable senators, is what I mean under Part III(a), "gradual change through changing attitudes." I think that we must start that process. I think we have already started the process with the Lamontagne report and with the motion launched by Senator Roblin. I believe that we should do anything we can to keep alive the principle of Senate reform, and also to make changes that can increase the potential for fulfilling our role. What can those be? I ask honourable senators who might continue with their interventions on this inquiry to make their suggestions, but it seems to me that there are a number of things that we can do to fulfil particularly this role which is central and capital to my proposal, the role of regional representation.

Let me put forward a few. One would be that we could establish regional caucuses on a bi-partisan basis. That is something we do not need to have any amendment of the Constitution for. There is a regional caucus taking place righ now in this chamber between Senator Macquarrie and Senator Muir.

Hon. Robert Muir: P.E.I and Nova Scotia.

Senator Frith: Yes, P.E.I. and Nova Scotia. All they need to fulfil what I am suggesting, which is bi-partisan, is for a couple of Liberals from the same region to go over and join them, and to discuss the community of interest that all senators have in representing their regions that should transcend, and does often transcend, party lines. We are in a position, if we want to, of course, voluntarily to decide that we will only have a suspensive veto. If that happens we might start turning down some bills. We do not have to amend the Constitution to do that.

There are a number of interim suggestions that do not require constitutional amendment that are contained in the report of the Lamontagne subcommittee. It is possible to have term appointments without amending the Constitution. It is practically a possibility for the Prime Minister to recommend appointments only for a term, which of course the appointee would have to accept as a term. That is one of the recommendations. It may or may not find favour with honourable senators, but I give it as an example of something we can do ourselves without amending the Constitution. We can make a number of changes that we have already started to make ourselves with reference to committee activity.

I want to come back and close with the Lamontagne report, because it is the report that is the subject matter of this inquiry. What does that report actually recommend? I invite honourable senators to pursue this in their interventions, to discuss and consider the possibilities for reform that do not require constitutional amendment, and which can take place in the meantime.

Essentially, the propositions of the Lamontagne subcommittee are as follows. First, there is a need in the Canadian Parliament for a second chamber, not as a confederal but as a federal body. Secondly, its recommendation is that the members of the Senate should be appointed and not elected, but that the appointments should be for a fixed term. I have already made some reference to that.

It refers to the legislative function. There is no need to change that. The only way we might consider changing that voluntarily is if we find that by a self-imposed veto it would mean we would reject more bills; then it is worth consideration.

With respect to the investigative function, there is no recommendation for change. I do not recommend any change in it, but I do say that it is something we can increase, and that in doing so we can increase the profile of the Senate.

I have had a lot to say about the regional function. One way that we can do that voluntarily, as I say, is simply by having regional caucuses that consist of members from both sides of the house.

The linguistic function is one we have exercised well, mostly jointly with the other place, and we could easily increase our profile, our effectiveness and our usefulness by widening what is called in the Lamontagne report the human rights function.

Honourable senators will remember other recommendations that were made were as follows. As to the composition of the Senate with regard to size, the recommendation is for 126 members. We cannot do anything about that without constitutional amendment. The method of appointment we can do something about. We can try to have more input into the nature of appointments, and perhaps consider recommending or suggesting that these appointments be made for a fixed term. That will be difficult, I appreciate, with reference to the mixed status of senators, but apparently that sort of thing does work, on the basis of the experience in Australia. Our powers, of course, we cannot do anything about, except on the voluntary basis that I have suggested. There are recommendations with regard to cabinet representation.

I hope that all the suggestions made in the Lamontagne report, including those I have mentioned—regional caucuses, a standing committee on regional affairs, a standing committee on official languages, which we have, a standing committee on human rights, conference between the houses, and the pre-

study of bills—will receive the attention of other honourable senators who intervene in this debate.

Hon. Andrew Thompson: I am sorry to interrupt, but I think the Lamontagne report also suggests the election of a Speaker and a greater voice in the internal appointment of officers.

Senator Frith: Yes, I agree, it does, and I hope that we hear more about that. That is a very good example of the reforms that we can make without a constitutional change, and I thank Senator Thompson for reminding me of that.

Honourable senators, let me say this in conclusion. Do I hear relieved sighs? I do not know whether I have mentioned this before, but my father had a definition of an absolutely incurable optimist that is perhaps now appropriate. His definition of an incurable optimist was the lady or gentleman in the front pew of the church who put his or her shoes back on when the minister said, "And now, in conclusion . . ."

So, in conclusion, the outline of my intervention has been a model for an elected Canadian Senate, borrowing very choosily from the Australian experience. As I have said, its essential elements are that it be elected by proportional respresentation for senatorial regions established by a commission for that purpose; that the election not take place simultaneously with that of the House of Commons; that in the legislative area it should not have an absolute veto but a suspensive veto; that it not have the power to deny supply; that its refusal to adopt a piece of legislation should not be treated as a matter of confidence requiring an election; that the government should be essentially responsible to the House of Commons; and that one of the Senate's main functions should be the representation of regional interests. As a very important part of my thesis—and Senator Deschatelets very helpfully drew this to my attention yesterday—I believe that regionalism has always existed in Canada and will always exist, and that it is healthy. It is natural and right that people should sense themselves loyal to, and part of, a region as well as to Canada. Those things are healthy and desirable. The solution, if we want to call it that, to the problems that flow from regionalism is not to try to eliminate them; it is to give them a better national forum, a federal forum for their expression, the Senate.

● (1610)

Honourable senators, even without a truly powerful regional upper house, legislation must be settled and worked out and compromised on the basis of regional interests, and I say, since in one way or another that has to be done, it should be done in a federal institution. That institution should be the Senate.

Honourable senators, my experience has been that no aspect of life on this planet ever stands still. At any one moment everything is either evolving or degenerating. The Senate has not stood still. The Senate has evolved over its period of existence. I think it has to continue to evolve. I think it is a marvellous Canadian institution with great but unrealized potential, and I believe its evolution lies in the direction of changing the root of its power, and that is why the most important elements of my proposal are that it be elected, in order to have the power directly from the people, and that it fill the healthy but pressing Canadian political need for a forum for the expression of regional interests.

Hon. W. M. Benidickson: Honourable senators, I beg your indulgence. In rising to speak now it is not my intention to take part in the debate, and I do not wish to forgo my opportunity of doing so at a later time. I simply want to do two things: first, to congratulate Senator Frith on what I consider to be a tour de force—two speeches on the same subject, one last week and one this week—and, second, to say that I only regret that he had to make his speeches on Thursday afternoons, when the Senate is not at its fullest attendance. I mentioned that to Senator Frith when I was congratulating him on his speech last week. In fact, at that time I was under the impression that there was not even a quorum present because Senator McIlraith had retired, but I learned afterwards that Senator Lucier had returned unnoticed by me, which saved the quorum.

The point I really want to make, honourable senators, is that it should be drawn to the attention of all senators just how important are the speeches Senator Frith has made both last week and this week, and, knowing that many senators pay scant attention to the debates on the previous Thursday when they return on a Tuesday evening, I want to suggest to Senator Frith that he forgo his sense of modesty and cause copies of his speeches to be sent to all members of the Senate so they can become thoroughly familiar with the important points he has made.

Personally, I have not formed an opinion on whether the Senate should be an elective body, but I think the matter is of such importance that it should be given full consideration by all senators.

Senator Deschatelets: Honourable senators, may I say that we have listened to a remarkable speech, one which has required much research and reflection, and for that we must all be grateful to Senator Frith.

Hon. Senators: Hear, hear.

Senator Deschatelets: Honourable senators, I should like to move the adjournment of the debate, but as I may not be in a position to speak on the matter before Wednesday or Thursday it may be that others will wish to precede me. I would not object to that, because it will require a few days for me to digest some of Senator Frith's remarks.

With that I move that this debate be adjourned.

Hon. Louis-J. Robichaud: Before that is done, honourable senators, may I be allowed to put a question to Senator Frith?

As I understood the theory Senator Frith evolved this afternoon, it is that in the future the Senate would be elected but the present senators would maintain their status. In other words, there would be two categories of senator,—elected and appointed. If that theory were to become a reality and we indeed had two categories of senator, would the appointed senators, those entitled to remain until the age of 75, be privileged to run for election, if they so desired? In other words, if they wanted to belong to the superior category of elected senator, would it be their privilege to run for election? If they did so successfully, would they really belong to a

superior category? If I understood the deputy leader's speech, appointed senators are inferior to elected senators. Could he give me his interpretation of that?

● (1620)

Senator Frith: Honourable senators, what I have said is that I believe there should be an elected Senate, and, in the meantime, because there are a lot of obstacles in the way to achieving it, we should make reforms of the present Senate. If we had an elected Senate and there still remained appointed senators after the system was set up, my suggestion is that the appointed senators would stay on the basis of whatever their appointment was originally. I did not say an elected senator was superior to an appointed senator. I said that an elected Senate, which is something that you would eventually have in my plan, would have more political muscle than an appointed Senate.

As to the question of the two classes, I mentioned last week, and again today, that the experience in Australia is that the two categories of senator worked well together, and eventually the Senate consisted entirely of elected senators. In the meantime, the transition worked well. In answer to the last question as to what would be the position of someone who wanted to run for election for his or her own reasons, of course, the Constitution allows one to resign and do that.

As to the constituencies, I believe that the organization of Senate constituencies should be by regional senatorial districts, with a number of senators for each region, which the boundaries commission sets up, taking into account the existence of present senators within those regions.

Senator Thompson: Honourable senators, I should like to ask Senator Frith a question. However, before doing so, I wish to congratulate him on the thorough research he has done in order to explain his point of view. What concerns me is this desire by others to transplant the Bundesrat principle to Canada, and his suggestion that we take the Australian elected Senate approach with modifications.

I realize that the trip to Australia came up rather quickly, but I ask Senator Frith if he had a chance to actually look at the history of the development of Australian government, the penal colonies and the lack of interest in responsible government in the Australian states.

I could elaborate on that, but I am not here to make a speech. There is the hope of Sir John Quick, one of the founding fathers, who suggested that the states had the sovereign right to develop a number of opportunities for themselves. If we look at the court decisions and the laws that have been passed by the Commonwealth of which an elected Senate was a part, we find, in one case, the uniform tax bill, which, it was suggested by a prominent Australian, makes the states purely administrative units, with the major policy decisions being made by the Commonwealth.

When Senator Frith gave the definition of regionalism, I thought of constitutional experts such as Dicey and Wheare and, in particular, the classic definition by Wheare of a confederation. Many of the Australian political scientists and other prominent Australians agree that Australia no longer fits that definition of a confederation. Some even go so far as to say it is a unitary form of government. That indicates to me that the elected Senate in Australia failed Sir John Quick's high hopes that it would preserve states' rights. My opinion is that by talking of the Australian experience as a basis for our Senate, we are distracted from the purpose of his thesis.

My question is: Why do you always refer to the Australian elected Senate as a model, with modifications, in order to give a central voice and protect the regions when, in fact, the Australian elected Senate failed abjectly to do that very thing?

Senator Frith: Honourable senators, I am grateful to Senator Thompson for giving me the opportunity to underline the fact that very little of the Australian system has been incorporated in my model. However, I realize that once I acknowledge it was to any extent an inspiration for the model I shall spend the rest of my life justifying that. Someone will say, "Oh, you're the one who wants the Australian Senate," to which I will reply, "No, I do not want the Australian Senate." Someone else will say, "Oh, if you want the Australian Senate, then, of course, you want the power to deny supply," and I will say, "No, I do not want the power to deny supply." Someone else will say, "I suppose you are in favour of double-dissolution," and I will say, "No, I'm not in favour of double-dissolution." Someone else could say, "I suppose you are in favour of the system of a state having equal representation," I could reply, "No, I am not in favour of that."

If you really look at what I end up taking from the Australian system, it is very little. Therefore, I am going to do my best not to defend those aspects of the Australian system that are Australian, that some may think were failures and that some may think were successes. There are elements of their experience that I found encouraging as a model for the Canadian system. In important ways I do not think it will work out the same way here as it did there. I do not agree on equal representation for the confederal units. I believe that we should not have a confederal Senate, but that we should have a federal Senate. That is why I went to such pains to go against the provincial representations, which are for a confederal institution.

I thank Senator Thompson most sincerely for his giving me the opportunity to underline this particular point. The Senate does not represent a perfect states' house, because you are quite right in saying that most people said that the Australian Senate works out its representation of the states mostly in the caucus rooms. The big inspiration for me was because I had always had, as I mentioned, this inability to understand how we could have an elected Senate which was elected at the same time and on the same basis as the House of Commons, in which case it would either be a reflection of the House of Commons, and why bother having it at all, or it would not, which would frustrate the will of the government. Therefore, we would end up with the pure dilemma, whichever way it went it would not work. My experience in Australia taught me that even under their system—which is more frustrating than I

think it would be in the Canadian reality—it does work and the government, more often than not, does not control the Senate. From that point on I started thinking of a Canadian system that would not be ineffective because it would frustrate the government's intentions. My belief is that application of my proposal to the Canadian political reality will mean that the government will never control the Senate in terms of having an absolute majority. You will have to look at last week's speech for detail as to why I think that would work well.

• (1630)

Senator Thompson: Honourable senators, I think it was very generous of me to give Senator Frith the opportunity to clarify that point. I appreciate his observations, although I am still opposed to some of the other points he made in his speech.

Senator Benidickson: Honourable senators, I apologize for speaking again but I have a question for Senator Frith. He has spoken a couple of times on two separate items on the order paper.

Senator Frith: Senator Benidickson, I may have confused things there. When I decided I wanted to speak on this question of Senate reform and an elected Senate, I had the choice of speaking either on Senator Roblin's motion on an elected Senate or on the inquiry on Senator Lamontagne's subcommittee report. I chose to speak on the Lamontagne report. Although I am in favour of an elected Senate, I did not speak on Senator Roblin's motion—

Senator Benidickson: I think you have spoken now on both items on the order paper, or perhaps on another item.

Senator Frith: No, I have not. I am dealing with the subject of Senator Roblin's motion in the form of an intervention on Senator Lamontagne's inquiry.

Senator Benidickson: I shall still put a question to Senator Frith on those two items on the order paper. The item in Senator Lamontagne's name dates back to January 13, 1981, and the item in Senator Roblin's name has been on the order paper for some time. Early in 1982 there was a great deal of discussion among ourselves to the effect that we should be the people to make the first judgment and recommendations on how Senate reform should develop.

I recall ill-conceived old Bill C-60, which, in my opinion, was conceived by a bunch of people who had very little political or parliamentary experience. I refer perhaps to people in the Prime Minister's Office. The whole thing was ridiculous and, of course, fortunately it died on the order paper. But I do recall that earlier this year there was general agreement that we would try to make recommendations in 1982 ourselves. So I ask Senator Frith, with his great influence: Is it not now timely and appropriate to set up a committee of our own—even though it will not achieve our intentions as they were stated early in 1982—to hear outside opinion from all corners and to perhaps then make suggestions on reform of the Senate?

Senator Frith: That, of course, is what the Lamontagne subcommittee proposes. As to the portion of the senator's comments about future action by the Senate, either through a committee, a joint committee or other activity, I am sure that it will receive attention from other honourable senators speaking to the inquiry.

On motion of Senator Deschatelets, debate adjourned.

The Senate adjourned until Tuesday, December 14, 1982, at 8 p.m.

APPENDIX

(*See p. 5141*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

FIRST REPORT ON THE ADVANCE STUDY OF BUDGET RESOLUTIONS RESPECTING INCOME TAX AND OTHER MATTERS RELATING THERETO

December 1, 1982

On November 12, 1981, the Honourable Allan J. MacEachen, Minister of Finance, delivered a budget in the House of Commons.

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred the following:

(i) Budget tax changes tabled by the Minister of Finance in the House of Commons on November 12, 1981, and the impact thereof on taxpayers;

documents tabled December 18, 1981, by the said Minister of Finance in the House of Commons relating to some enumerated Budget tax measures announced on November 12, 1981, and describing the tax treatment proposed to be accorded thereto;

(iii) the proposals made by the Minister of Finance in the House of Commons on December 18, 1981, for adjustments in some measures contained in the Budget resolutions;

(iv) the further proposals made by the Minister of Finance in the House of Commons on December 18, 1981, for referral of some tax measures contained in the Budget resolutions to a parliamentary committee as follows:

Rules relating to corporate re-organization, taxation of whole life insurance, charitable foundations, retirement allowances and work in progress; and

(v) any bills based on the Budget tax changes in advance of the said bills coming before the Senate and any other matters relating thereto,

has, in obedience to the order of reference of March 24, 1982, examined and considered the above and for the reasons hereinafter mentioned, now makes its first report as follows:

In accordance with the Orders of Reference, your Committee has considered the Budget tax changes tabled on November 12, 1981, and the documents tabled December 18, 1981, by the former Minister of Finance. The Committee has also considered press releases issued by the Department of Finance and the Department of National Revenue announcing amendments to income tax legislation and assessing practice, the Budget tax changes announced June 28, 1982, the detailed Notice of Ways and Means Motions tabled the same date and the Statement on the Economic Outlook and the Financial Position of the Government of Canada presented by The Honourable Marc Lalonde, Minister of Finance, on October 27, 1982. In connection with such consideration, the Committee has engaged the services of Mr. Charles Albert Poissant and Mr. Helmut Birk of Thorne Riddell, Chartered Accountants, Montreal and has retained as its counsel Mr. Thomas S. Gillespie of Ogilvy, Renault, Montreal. The Committee has heard representations from The Federation of Automobile Dealers Association of Canada, Life Underwriters Association of Canada, the Tax Executives Institute, Inc. and the Canadian Life and Health Insurance Association Inc. The Committee has heard from Mr. Glen Jenkins, Assistant Deputy Minister, Tax Policy and Legislation Branch, Mr. Satya Poddar, Director, Tax Analysis and Commodity Tax Division, Mr. Tim Morris, Director, Tax Policy—Legislation Division, Mr. R. A. Short, General Director, Tax Policy, all of the Department of Finance and Messrs. A. G. Cockell, Director, Regulations Division and Legislation Branch and Mr. D. S. Brooks, Legislation Branch, both of the Department of National Revenue.

The Budget tax changes tabled by the former Minister of Finance on November 12, 1981 included 162 paragraphs in the Notice of Ways and Means Motions to amend the Income Tax Act as well as important changes to the regulations to the Income Tax Act and changes to the assessing practices of the Department of National Revenue. The result was important and extensive amendments to Canadian income tax legislation and assessing practice. Since November 12, 1981, a number of releases have been published by the Department of Finance. They are enumerated as follows:

1) November 17, 1981—Amendments to the Budget tax changes were announced with respect to the deductibility of the so-called "soft costs" relating to multiple-unit residential buildings (MURBs) and the deductibility of interest expenses on funds borrowed by first purchasers of MURBs.

2) November 18, 1981—Amendments were announced respecting reorganizations made after the Budget date pursuant to binding commitments concluded before the Budget and to accommodate the acquisition by Dome Petroleum Limited of the remaining shares of Hudson's Bay Oil and Gas Company Limited from minority shareholders.

3) December 18, 1981—Extensive amendments were announced of a "grandfathering" or transitional nature. It was also announced that the Budget proposals respecting reorganizations would be postponed to January 1, 1983.

4) April 21, 1982—Revised rules were announced relating to minimum disbursements for charitable purposes by public and private foundations and to financial transactions between foundations and related persons.

5) May 31, 1982—Amendments were announced respecting the first year rate limitations on capital cost allowance.

The Department of National Revenue also released new administrative guidelines on January 22, 1982, governing the taxation of certain fringe benefits.

The effect of all the foregoing releases was the introduction of amendments of a relieving nature. Protection was given to certain transactions or events which took place prior to Budget night and certain proposed amendments were deferred or phased in.

On June 28, 1982, the Minister of Finance delivered another Budget and tabled a comprehensive Notice of Ways and Means Motions relating to the November 12, 1981 Budget as modified by measures announced on December 18, 1981. Excluded from such comprehensive Notice of Ways and Means Motions were measures relating to corporate reorganizations, restricted interest expense, life insurance and charitable foundations.

On October 27, 1982, The Honourable Marc Lalonde, Minister of Finance, made a Statement on the Economic Outlook and the Financial Position of the Government of Canada in the House of Commons. Further changes in income tax legislation were included in the Statement.

On November 15, 1982, the Minister of Finance announced changes in the application of the "undue delay" test as it relates to the construction of MURBs.

The principal amendment proposed by the Budget measures tabled November 12, 1981 was a reduction in the federal marginal tax rates for taxpayers in higher taxable income brackets as reflected in the following table:

Taxable income bracket	Rate Proposed in Budget	Old Rate
(dollars)	(percent of income in bracket)	
under— 1,112	6	6
1,112— 2 224	16	16
2,224— 4,448	17	17
4,448— 6,672	18	18
6,672— 11,120	19	19
11,120— 15,568	20	21
15,568— 20,016	23	23
20,016— 24,464	25	25
24,464— 31,136	25	28
31,136— 53,376	30	32
53,376— 86,736	34	36
86,736—133,440	34	39
133,440 and over		

TAX EXPENDITURES

At the same time, the November Budget proposed to reduce or eliminate "tax expenditures".

The concept of "tax expenditures" was discussed in a paper entitled "Government of Canada Tax Expenditure Account" which was published by the Department of Finance in December, 1979. Tax expenditures were defined at page 1 as follows:

> "The Canadian tax system contains a number of provisions that give preferential treatment to certain groups of individuals or businesses in the form of tax exemptions, deductions, reduced tax rates, or tax credits. The purpose of these provisions is to grant a subsidy or incentive for those engaging in a specific activity or for those in certain special circumstances by lowering or deferring their tax liabilities. In addition, the Canadian tax system contains provisions which reduce or eliminate tax in respect of certain activities carried on by other governments. Such tax forgiveness or postponement is equivalent to the government first collecting the sums involved by imposing tax on a more comprehensive base at uniform rates and then making a direct expenditure or loan in an amount equal to the revenue foregone due to the tax preference. Such provisions have thus come to be called tax expenditures."

The concept of tax expenditures was rationalized as follows:

> "Tax expenditures are a means by which the government can pursue public policy objectives and, as such, they can be viewed in most cases as alternatives to direct budget outlays or other policy instruments. Indeed, both tax expenditures and direct budget outlays are used to meet many of the same objectives. Tax expenditures are used to encourage economic and social activities such as saving, investment, regional development, housing, resource exploration and development, and charitable giving. They have been used to aid taxpayers who suffer from special economic hardships such as the disabled, the elderly, or those with large medical expenses. They have also been used for effecting a fiscal transfer from the federal to provincial and municipal governments."

The Canadian tax expenditure account is primarily based on the criterion of neutrality, that is to say, a system where there are no preferential tax treatments. This strict criterium has no resemblance to the actual tax system. For example, the definition of income under a neutral system would include the value of services provided by spouses and other individuals at home as well as the imputed value of owner-occupied houses.

It is interesting to note that the U.S. tax expenditure accounts are not comparable to the Canadian account because they are based on—

> "widely accepted definitions of income and standards of business accounting and the generally accepted structure of an income tax".

Any deviations from generally accepted practices or standards are tax expenditures in the U.S. Examples of significant differences are the exclusion from U.S. tax expenditures of imputed income on equity in owner-occupied housing and items where the case for their inclusion in the income base stands on relatively technical or theoretical tax arguments. Also the U.S. excludes items which are not quantifiable while Canada includes such items. The U.S. approach set forth above would seem more realistic.

The purpose of the November Budget measures to reduce or eliminate certain tax expenditures was to offset the lost revenue which would result from the reduction in marginal rates and to reduce the federal deficit. In "Analysis of Federal Tax

Expenditures for Individuals", a paper tabled with the Budget Papers on November 12, 1981, it was indicated that tax expenditures relating to personal income tax alone that could be quantified reduced the amount of income actually received by individuals subject to tax by over $47 billion in 1979, or roughly 45% of the total income received in that year. The fiscal revenue effect for the federal government was a reduction of $13.8 billion. The Analysis stated at page 2:

> "If all of these tax expenditures had been eliminated, and the tax base thereby broadened, a general cut of 45 per cent in tax rates could have been provided and federal revenues would have remained unchanged. Both the proliferation of tax expenditures and the high marginal tax rates that are therefore required to raise a given total of government revenues can have a variety of adverse effects."

Taken in isolation, this statement is an implied threat that further tax expenditures will be reduced or eliminated.

It was made clear in "Government of Canada Tax Expenditure Account" referred to above, that tax expenditures were not necessarily undesirable.

> At the outset, it is important to emphasize that *an accounting of tax expenditures is not an evaluation of government tax policy. The accounting does not question the desirability of the goals of the tax provisions nor their effectiveness in achieving the goals. It is not a list of tax loopholes or areas for tax reform. Its purpose is no more than to provide the basic information on which such evaluations can be based.*

The Committee agrees with the general objectives of improving equity in the tax system by reducing tax rates and offsetting the loss of revenue by reducing or eliminating undesirable tax preferences. The Committee is in agreement with the proposal that lost federal revenue may be offset by the elimination or reduction of certain tax preferences provided, however, the elimination or reduction is in respect of abuses or does not cause taxpayers undue distress.

Fortunately, most of the measures introduced on November 12, 1981 to reduce or eliminate tax expenditures and which the Committee found offensive have since been eliminated. Further reference is made later in this Report with respect to expenditures which have been reduced or eliminated.

RETROSPECTIVE LEGISLATION

Unfortunately, the November Budget introduced important measures of an adverse nature to certain taxpayers which were either retrospective* or did not contain adequate transitional provisions. Examples included the application of the restricted interest expense rules to sums borrowed prior to November 12, 1981, and the inclusion of work in progress in computing income for fiscal periods ending after 1981 from a professional business without any transitional measures. The restricted interest rules have been eliminated and the application of the work in progress rules has been greatly reduced.

The Committee has consistently and strongly objected to adverse retrospective amendments to the Income Tax Act. A great number of such amendments were proposed on November 12, 1981 and the Committee is most concerned with the increasing proliferation of such amendments. The Government must recognize that such amendments may unfairly change the application of the tax rules to arrangements made before the Budget on the basis of the existing legislation as enacted by Parliament. In particular cases substantial hardship may result. The prosperity and viability of the Canadian economy depends on activities planned and carried out in reliance on the integrity of the legislation by which decisions will be governed. This principle should be safeguarded by providing "grandfathering" rules to accompany adverse tax changes. For example, the amendments proposed respecting restricted interest expenses should not have been applicable in any way to loans incurred prior to November 13, 1981.

The Committee urges that all income tax changes should be based on the principle of not adversely affecting those who have made commitments in reliance on existing laws except in instances where real abuses are being addressed.

Most of the retrospective legislation announced on November 12, 1981 has since been eliminated. The number of amendments since announced is confirmation of the unsatisfactory nature of many of the amendments proposed on November 12, 1981. If the retrospective aspects of the November Budget had been eliminated, the Budget would not have been subject to such heavy criticism.

THE CONSULTATIVE PROCESS

The November 12, 1981 Budget measures introduced important changes to the entire Canadian income tax structure without prior public discussion of the impact of the changes. This is in contrast with the major tax reform which was proposed in 1949. Similarly, tax reform discussions of the 1960's culminated in the 1969 White Paper "Proposals For Tax Reform". This followed an extended period of study of the Carter Commission which culminated in the 1971 reforms.

As is evident by the large number of modifications made thereto, many of the changes introduced on November 12, 1981 were proposed without adequate knowledge or appreciation of their consequences.

The need for budget secrecy is highlighted in the paper entitled "The Budget Process" published in April, 1982. It noted that the concept of budget secrecy evolved to the point of shrouding in secrecy all matters that were to be included in the budget. The paper notes that the tradition of budget secrecy should be redefined. It states at page 3:

* The distinction between a retroactive statute, if such a distinction exists, is unclear. Elmer A. Dreidger in a study entitled "Statutes: Retroactive Retrospective Reflections" (1978), C.B.R. 264 defines a retroactive statute at page 268 as "one that operates as of a time prior to its enactment". On the other hand, he defines a retrospective statute as "one that operates forward, but it looks backwards in that it attaches new consequences for the future to an event that took place before the statute was enacted". This distinction is adopted for purposes of this report. None of the November Budget proposals was of an adverse retroactive nature; many were of an adverse retrospective nature.

> A redefinition of budget secrecy thus is necessary to ensure that broader consultation and a more meaningful response to pre-budget submissions from the public is possible. Clearly, the tradition of budget secrecy frustrates both the government and the public. The government is not saddled with a similar tradition in formulating other initiatives—the introduction outside of the budget context of new social and economic programs or changes in existing programs—in which the opportunity for private gain from prior knowledge often exists.

There is recognition in this statement of the need for a consultative procedure. The Committee supports this position. While budget secrecy is necessary in respect of certain measures, prior discussion or consultation could have eliminated certain of the undesirable elements of the November 12, 1981 Budget.

The present Minister of Finance affirmed his commitment to the consultative process in an address given to the Canadian Tax Foundation on November 23, 1982. It is appreciated that not only has the Minister sought advice, he has accepted it. In particular, he has accepted the advice of the Ministerial Advisory Committee on Inflation and the Taxation of Personal Investment Income (the "Lortie Committee") and the Consultative Committee on restricted interest expense.

CAPITAL COST ALLOWANCES (CCA)

The November 12, 1981 budget papers identify the current system of accelerated capital cost allowance as one of the largest items in the tax expenditure account of the government of Canada for the business sector. This results from a level of Capital Cost Allowance (CCA) rates for depreciable assets generally in excess of normal depreciation rates related to the useful life of the asset. The budget papers recognize that in many cases the rates are deliberately set in excess of rates related to wear and tear in order to encourage certain types of investments in particular sectors of the economy while in other cases higher rates serve to recognize the effect of inflation on the replacement cost of an asset.

However, the November Budget intends to rectify what are considered to be certain anomalies in the existing system. As an example of such an anomaly the budget papers mention that depreciable property acquired at any time during a taxation year, qualifies for the full rate of CCA provided that the taxation year of the business is a full 12-month period. In fact certain manufacturing machinery and equipment (Class 29) may be depreciated for tax purposes in two taxation years although the taxpayer may have owned the asset for only 13 months.

To correct this situation the November 12, 1981 Budget proposed to limit the CCA for all depreciable assets to ½ the ordinary rate in the year of acquisition.

In judging whether this situation is anomalous it is helpful to review the conditions under which these measures were introduced. The present system for claiming CCA was introduced in 1949. Schedule 2 of the Income Tax Regulations comprises 37 separate classes of depreciable property, some of which may clearly be identified as incentive oriented; for example:

Class 24 – 50% straight line anti-pollution equipment (water)
Class 27 – 50% straight line anti-pollution equipment (air)
Class 29 – 50% first year, balance in any subsequent year—machinery and equipment used in manufacturing and processing

Other rates are more directly related to the useful life of the asset.

Where the fiscal year of the business is less than 12 months, the CCA claim for the short taxation year is reduced in proportion to the length of the period. However, such a proration is not required in respect of depreciation classes which are amortized on a straight-line basis, e.g. 24, 27, 29. (The May 31, 1982 draft regulations remove this exception.)

Class 29 was introduced in 1972 as a specific measure to increase substantially the cash flow of manufacturers and processors. The then Minister of Finance, The Honourable John Turner, stated in his budget speech:

> A taxpayer will be entitled to claim as depreciation up to 50% of the cost of the asset in the year in which it is acquired and the unclaimed balance in any subsequent year."
>
> "The tax treatment of companies engaged in manufacturing and processing will now compare very favourably with that in other nations, particularly the U.S. and the enlarged Common Market countries.

In the view of the Committee the example cited in the November 1981 Budget papers is not an anomaly but was a specific measure to place Canadian manufacturing and processing industries in a competitive position with other countries and particularly the U.S. where a very favourable tax treatment was accorded during those years to exporting companies. It is also worthy of note that in 1981 the U.S. introduced an accelerated cost recovery system as an incentive to the manufacturing sector.

The Committee questions the decision to reduce the incentive to the manufacturing sector at this particular time as it will lead to further curtailment of investment activity and additional pressure on corporate cash flows. Furthermore, the measure was retrospective in that it gave no recognition to the fact that major capital expenditures require considerable advance planning and financial commitments which in turn are in many instances dependent on available cash.

The Minister recognized the need for interim measures and on December 18, 1981 announced certain transitional provisions for property acquired after November 12, 1981 but for which arrangements to acquire had been made prior to November 13, 1981 provided there was written evidence thereof. The draft regulations issued May 31, 1982 reflect these transitional rules.

The present system of CCA was the subject of an in-depth study by the government in 1976 involving extensive consultation with taxpayers in all business sectors in order to evaluate the fairness and effectiveness of the current system. In his report on this study and analysis the Minister of Finance reported as follows: (Budget Papers May 25, 1976, Section C, p. 18, 19).

> In sum, the government's view is that the present system of capital cost allowances is basically sound in generally providing a legislative system of allowances, with a relatively small number of classes, and the diminishing balance method of calculation.
>
> After this assessment of the capital cost allowance rates in relation to actual business experience, and after consideration of national economic objectives, it is concluded that the basic rates for most types of assets need not be changed.

The Committee agrees with the conclusion that the rates for CCA on a diminishing balance basis, which are classes other than those incentive oriented referred to above, are not excessive in relation to the economic life of the particular asset. In this respect the Committee has heard representation from the Federation of Automobile Dealer Associations of Canada (FADA) who testified that the 30% rate applicable to automobiles was representative of the wear and tear and depreciation in value of such an asset. Such depreciation would occur in the year of acquisition and irrespective of the timing of the purchase during the year.

This statement seems to be in line with the conclusion reached in the 1976 study (p. 21) referred to above which contains the following statement:

> This category includes substantial variations in type of asset ranging from automobiles to buses, trucks and trailers. Despite the diversity the present rate of 30% covers the bulk of experience. The only rate change proposed is for taxi cabs.

Also Mr. Jenkins, Assistant Deputy Minister, Tax Policy and Legislation Branch, in his testimony before the Committee concurred that—for example—in the case of automobiles the 30% CCA rate was reasonably related to the deterioration of the asset and decrease in value during the year of acquisition.

The former Minister announced on May 31, 1982 an increase in the CCA rate from 30% to 40% for passenger automobiles used in a daily car rental business. The 40% rate was considered to reflect more closely the economic depreciation of the automobile.

The FADA witnesses appearing before the Committee indicated that the proposed measures which would reduce the CCA in the year of acquisition to 1/2 the normal rate would have serious repercussions on their members and on the automotive industry which was already in considerable financial difficulty.

The witnesses provided examples of the effect of the reduction in the capital cost allowance during the year of acquisition on a typical automobile dealer leasing business. The example was based on a representative fleet of 400 cars. The revised CCA measures would have the following negative cash flow effect over a five-year period:

	Virtually no increase in units	10% growth in units	10% decrease in units
	000$	000$	000$
Deferred Undepreciated Capital Cost (UCC) as a result of CCA restrictions in year of acquisition	499	896	252
Additional tax thereon at 50% over the 5-year period	249.5	448	126

The cash requirement would further increase due to the effect of interest on additional borrowing.

It is recognized that over the life of a business the total CCA claimed will be identical under both systems. However, in an ongoing and viable business the above tax payments require an immediate and permanent infusion of additional capital or borrowings into the business. Furthermore, the additional capital requirement will grow annually due to the effect of inflation on the replacement cost of automobiles. In other words, as old cars are replaced the higher cost of the new cars will add to the deferment of capital cost which may not be claimed in the year of acquisition and thus increases the current tax liability. The same result will occur if the business is expanding.

FADA has testified that the automotive industry is not able to provide the additional capital infusion or borrowing at this time and that this measure would lead many dealers into serious financial difficulties and in some cases would put them out of business.

This measure has a particularly damaging effect on the cash flow of any industry where CCA represents a high percentage of total expenses, e.g. the leasing business of cars, trucks, farm machinery, forestry equipment, construction and road building equipment. For the manufacturing industry in general it will in the short run result in reduced sales as investment decisions are altered.

The Committee heard testimony from the Tax Executives Institute on this subject. This organization represents the larger Canadian corporations in all sectors of the economy. The witnesses testified that this measure "would be one more reason not to make a previously planned investment". They made specific reference to the automobile, truck and farm machinery sectors which have already lost sales because of changes in investment decisions following the restrictive CCA measures and at a time when these industries are entwined in a struggle to survive.

The Committee submits that the conclusions reached in the Government's CCA study of 1976 continue to apply today, i.e. (Budget Papers May 25, 1976, p. 19):

> —the basic rates will remain somewhat in the taxpayer's favour in the interest of an acceptable system and one which all taxpayers (including small corporations) can readily apply.
>
> ...this result is quite consistent with the attainment of the government's national economic objectives. Aside from

the need for a viable tax system, there continues to be a general compelling need for capital investment in this country; a general incentive in the form of a slightly generous sytem of basic rates is to be desired. Futhermore, if Canada is to attract investment and remain internationally competitive, international comparisons demonstrate not only the need for reasonably generous basic rates, but specific incentives as well. Finally, so long as inflation continues, even at a diminished rate, the somewhat faster tax write-offs provide funds needed to offset the adverse effect of inflation on the real level of business investment.

Consequently the Committee recommends that the measure to reduce CCA to ½ the normal rate in the year of acquisition be given further consideration and be modified.

Amendments to the proposed rules might provide:

—that the restrictive rules apply only to classes of assets with a CCA rate of 50% or more (24, 27, 29); or

—that the CCA rate for all passenger automobiles be increased to 40%, and not only for the daily car rental business as announced on May 31, 1982; or

—that taxpayers are provided with the option of following the restricted CCA rule in the year of acquisition or a system which allows for full CCA on assets acquired during the first 6 months of the year; or

—any combination of one or more of the foregoing.

RESTRICTED INTEREST EXPENSE

The November 12, 1981 Budget proposed to limit the deduction for interest on loans used for investment purposes to the total investment income.

Such measure would have reduced the availability of funds for investment purposes from individual and ultimately from corporate investors causing an overall reduction in the amount of capital which is directed into small businesses, new real estate and other ventures and general equity financing in Canada.

In the budget of 1977 the Government identified tax uncertainty as a serious impediment to venture capital investment. It has been widely suggested that the proposals, which were introduced without consideration for appropriate transitional measures, would have produced a dramatic economic effect.

The Committee shared this concern and welcomed the amendments to the original proposal introduced on December 18, 1981.

Under the revised measures recognition was given to the need for Canadian venture capital and general equity financing. This is demonstrated by the exclusion of interest on loans in connection with significant shareholdings in most private corporations from the restriction. In the case of other Canadian equity investments, up to $10,000 of loan interest would be deducted against any other source of income. Also the two-year phase-in period of the revised proposals provided taxpayers with reasonable time to adjust to the new policy.

The revised rules did not, however, remove the overall concern about the restrictions which were being imposed on individual investors during a time of high interest rates and a rapidly shrinking equity base and reduced venture investment.

While the original impact had been modified considerably, a set of complex rules was required to achieve the desired results. This would have further contributed to uncertainty and the development of new investment schemes to prevent the application of interest restriction rules.

It was the view of the Committee that in order to encourage investment in Canada and to retain the flexibility and simplicity of the system the restriction for the deductibility of interest be withdrawn.

The Committee therefore welcomed the decision by the former Minister of Finance announced in the Budget of June 28, 1982, to review the subject of restricted interest and defer application of any measure to 1983 and the announcement by the present Minister of Finance, in his Statement on the economic outlook and the financial position of the government of Canada on October 27, 1982 not to proceed with the proposed restrictions on the deductibility of interest expense.

INCORPORATED SMALL BUSINESSES

The Budget of November 12, 1981 contained several significant measures affecting small businesses:

—the annual business limit was increased from $150,000 to $200,000 and the total business limit was increased from $750,000 to $1,000,000;

—a 12.5% tax was imposed on dividends paid out of income which benefited from the small business deduction;

—commencing in 1982, dividends paid by a Canadian controlled private corporation would no longer reduce the "cumulative deduction account".

SMALL BUSINESS DEDUCTION

A dual tax rate system for corporations was introduced in Canada in 1949. Every corporation benefited from a lower tax rate on its first dollars of taxable income.

In 1971 the two-tier rate was restricted to small Canadian controlled private corporations earning active business income. The thrust of the small business deduction rules was to encourage the development of small and medium size business in order to strengthen the base of the economy.

In the Summary of the 1971 Tax Reform Legislation, The Honourable E. J. Benson, then Minister of Finance, stated that the proposed changes would:

> limit the incentive to smaller private Canadian controlled corporations, that require, and in fact use, the tax savings to invest in their businesses *or to pay dividends to shareholders.*

These measures were in line with recommendations of this Committee in its report of September 1970 which suggested that:

—the two-tier corporate tax be retained;

—the two-tier system be confined to small business corporations only;

—the low rate be applicable to business income and not investment income;

—the measure of a small business should make reference to the annual profits of the business.

The "annual business limit", i.e. the amount subject to the lower tax rate and the "total business limit", i.e. the cumulative income amount a corporation may earn and still qualify for the small business deduction, evolved as follows:

Annual Business Limit	Total Business Limit
1972—$ 50,000	$ 400,000
1974—$100,000	$ 500,000
1977—$150,000	$ 750,000
1982—$200,000 (proposed)	$1,000,000 (proposed)

The Committee welcomes the increase in the annual business limit and in the total business limit. However, it questions the other measures taken which have a negative effect on the small business sector.

These measures are:

—the removal of the incentive to small business to maintain its cumulative deduction account through payment of dividends;

—the imposition of a 12.5% tax on the distribution of income which was taxed in the corporation at the small business rate.

In the view of the Minister, such measures are necessary to correct certain significant anomalies in the existing system.

Examples of such anomalies cited in the budget papers are:

—the existing dividend gross-up and tax credit system does not result in tax integration in the case of small corporate business income;

—the ability of corporate small businesses to reduce the total business limit by paying out dividends and loaning the funds back to the company or by using the funds for private purposes.

A review of these concepts is helpful in judging the reasons for their existence.

When the small business deduction was introduced in 1971, measures were also adopted to achieve integration of the taxation of incorporated small businesses and the taxation of individuals. The gross-up and dividend tax credit mechanism ensured that the total tax paid by the small business corporation and by its shareholders was the same as the tax that would be payable if the income had been earned directly by the individual.

In 1978, the dividend gross-up was increased from ⅓ to ½ of the dividend and the dividend tax credit to 37.5% of the amount of the dividend received by the shareholder. This meant a substantial reduction in the effective tax rate on dividends from Canadian corporations. The purpose of this measure was to assist the financing of business investment by increasing the equity base of Canadian corporations. To this effect the Minister of Finance said in his 1977 budget speech:

> One of my particular concerns is the financing of investment through new equity issues. The market for such issues has not been very receptive in recent years. Moreover, the equity base of many corporations has been reduced to a level which does not permit the further borrowing needed for business expansion.

The Minister fully recognized the intended impact of this measure when he stated:

> Substantial benefits will flow to small business from proposals for the extension and increase of the investment tax credit, the *increase in the dividend tax credit...*"

Thus, the reduction in the tax rate on dividends was a specific incentive-oriented measure rather than an anomaly. By imposing a 12.5% distribution tax the former incentive is now being removed and the integration concept re-established.

On June 28, 1982, the former Minister of Finance announced that the application of the 12½% tax would be deferred to 1983. The measure as originally proposed was unduly complex and retrospective in its application in that it imposed a tax on prior years' earnings when distributed in the future. By comparison, corporations which distributed such earnings prior to the application of the special tax were able to avoid the tax. The Committee was of the view that such retrospective effect should be removed and that the complexity regarding the taxation of small business should not be increased through such measures.

The present Minister of Finance announced removal of the retrospective effect and simplification of the new measure in his Statement in the House of Commons on October 27, 1982.

The special tax will apply only to dividends paid out of business income for taxation years commencing after 1982 and only to the extent that such income benefited from the small business tax deduction.

CUMULATIVE DEDUCTION ACCOUNT

The taxation of the small business corporation is based on tax neutrality, i.e. an individual receiving income through the corporation in the form of dividends will pay the same amount of tax as if he received it directly in the form of business income. The mechanics of this principle were introduced in 1971 with the objective of providing a mechanism to the small business corporation to perpetuate the small business tax deduction. This was achieved through distribution of income which would be taxed in the hands of the shareholders in the form of dividends. The cumulative deduction account (CDA), was reduced by 4/3 of the amount of the dividend thereby re-establishing the CDA to its original position and completing the process of integration. The November 1981 Budget proposed to remove this basic concept by denying the small business deduction to any corporation that had reached the $1 million cumulative income mark, thereby placing the Canadian controlled private corporation on the same level as any public corporation.

The Committee does not share this view and sees the amendment conflicting with the integration principle applicable to

the Canadian controlled private corporation. There seems to be no justification in placing such restrictions on a Canadian controlled private corporation in addition to the application of the 12½% tax which is designed to re-establish the integration concept.

The budget paper indicated that only a small revenue gain was expected from this measure. However, for many private Canadian controlled corporations this meant a substantial reduction in annual cash flow and earnings and increases the element of risk. This measure is detrimental to small business at a time when government policy seeks to strengthen this sector which accounts for a significant portion of employment in Canada.

The Committee recommends that the payment of taxable dividends continue to reduce the cumulative deduction account of Canadian controlled private corporations.

EMPLOYEE BENEFITS

Several measures were included in the November 12, 1981 Budget to end the tax exemptions for certain benefits provided to employees. The benefits which were to become taxable included:

1) free travel passes or discount rates for employees who received transportation passes by virtue of their office and used them for personal travel;

2) the full value of subsidized board and lodging and other personal expenses provided by employers; and

3) employer contributions to provide health service plans and dental plans on behalf of employees. The taxable benefit was to be counted as part of the employee's medical expenses and would have been deductible to the extent they exceeded 3% of the employee's income.

Increased taxable benefits were announced with respect to automobile standby charges and interest-free or low interest loans. On January 22, 1982 the Hon. William Rompkey, Minister of National Revenue, announced that airline passes available to airline employees would become taxable only if the employee travelled on a space-confirmed basis and paid less than 50% of the regular economy fare. Employees of bus and rail companies would not be taxed on the use of passes.

The Minister of National Revenue also announced on the same date that employees who were able to purchase meals at cafeterias or dining rooms provided by their employers at low prices would not be considered to be receiving a benefit unless the price charged failed to cover the cost of food preparation and service.

On October 27, 1982 the present Minister of Finance announced that he would not proceed with the proposal to tax the health and dental plan benefits of employees. While the Minister recognized that the proposal would have improved the fairness of our tax system, he felt that now was not the time to introduce it.

With respect to automobiles made available to employees by their employer, the November 12, 1981 Budget proposed to increase the minimum standby charge subject to tax in an employee's hands from 1% per month to 2 ½% per month and from ⅓ of the leasing costs to ⅝ of the leasing costs. This standby charge was to apply in all cases where personal use was made of a company car. On June 28, 1982 the former Minister of Finance announced that the standby charge for company-owned automobiles would be reduced to 2% and the portion of the leasing costs to be included in an employee's income be reduced to ⅔.

There may be justification in relating a taxable benefit for the use of an automobile to the automobile's capital cost or leasing cost in the year an automobile is acquired. However, the benefit subject to tax in later years will bear no relationship to the value of the automobile at that time. Indeed, if an automobile is held long enough, the annual taxable benefit added to an individual's income will be greater than the value of the automobile and the cumulative taxable benefit may exceed the original purchase price of the automobile. It would be more realistic to compute the benefit by relating it to the automobile's value each year. The Committee is of the view that the amount of the benefit should be reduced each year by reference to an automobile's undepreciated capital cost, assuming maximum capital cost allowance was taken or by some other reasonable formula.

The November 12, 1981 Budget introduced measures to include a benefit in respect of all low interest bearing loans to employees in the income of such employees. Under the present system employers were able to make loans of up to $50,000 available to employees under certain conditions for the purchase of a dwelling for their own use when they were being relocated. No benefit was included in the income of the employee in respect of interest rates below market rates provided the amount of the loan did not exceed $50,000. Furthermore, low interest loans could be made without limit to employees for the purchase of company shares without the imposition of a taxable benefit.

On December 18, 1981 the former Minister of Finance announced transitional provisions for existing housing loans. No benefit would be computed in respect of the first $40,000 of housing loans in 1982 and the first $20,000 of housing loans in 1983.

The November 12, 1981 Budget provided that on home purchase loans the taxable benefit for a year would be calculated by reference to the lesser of the prescribed rate of interest applicable when the loan was made and the prescribed rate of interest for the year. Under the present system the taxable benefit for a year is calculated by reference to a prescribed rate of interest for the year only.

Subsection 43(1) of the detailed June 28, 1982 Notice of Ways and Means Motions reflects the revised measures respecting home purchase loans and is applicable after 1981. Thus, for years prior to 1982 the taxable benefit in respect of low interest housing loans would not be limited by reference to the prescribed rate at the time the loan was made.

The 1980 Employers' and Trustees Guide for filing T4-T4A and T4F returns (page 1 Part A) issued by the Department of National Revenue indicates that the taxable benefit respecting low interest housing loans will be determined by reference to the prescribed rate for the year in which the loan was made.

The Committee suggests that subsection 80.4(4) be amended to reflect the Department of National Revenue's administrative practice as set out in the aforesaid Guide. Otherwise, taxpayers who filed their income tax returns for years prior to 1982 in reliance on the Guide may be subject to tax on a benefit that was not anticipated.

WORK IN PROGRESS

The November 12, 1981 Budget introduced amendments designed to treat professional firms as any other business in respect of work in progress inventory. At the time of tax reform in 1971, this subject received considerable attention and after much debate it was concluded that professionals should be allowed to elect to exclude work in progress from inventory. At the time it was recognized that professionals were generally not allowed to incorporate and benefit from a lower tax rate and that the accounting for work in progress would put an undue burden on such professional firms.

The November 12, 1981 Budget proposed to remove this election without any interim provisions. Such measure would have placed a considerable burden on many professional business firms and their members.

On December 18, 1981 the former Minister of Finance announced amendments to the Budget proposals which had the effect of deferring the inclusion of work in progress in inventory of professionals for one year and thereafter spreading the tax burden resulting therefrom over two years.

The Committee is of the view that a professional business is not the same as that of a manufacturer and should not be treated the same way.

It therefore welcomes the announcement by the present Minister of Finance on October 27, 1982, that the work in progress rules will not apply to professionals who are ineligible for the small business deduction or would be ineligible if they were incorporated. This includes doctors, dentists, accountants, lawyers, veterinarians and chiropractors.

The Committee has not had the opportunity to consider the effect on other professional businesses such as architects and engineers who will still be affected by the new measures.

REORGANIZATIONS

As a general rule, dispositions of property by taxpayers are events with income tax implications. Depending on the nature of the gain or loss, they may be fully or partially taxable or fully or partially deductible for tax purposes.

The Act contains a number of provisions whereby taxpayers may defer tax consequences of dispositions if they consist of transfers of property to corporations or if a disposition arises in the course of a corporate reorganization. Such rollover provisions of the Income Tax Act have been amended from time to time since 1972, usually with a view to allowing more opportunity for taxpayers to defer tax consequences.

It was proposed that, effective November 12, 1981, all transfers of property to corporations and all corporate share transfers, exchanges, amalgamations and other corporate reorganizations be treated as currently taxable dispositions except in those cases where the transferor controlled the corporation to whom the property was transferred or where the reorganization did not result in any change in control of the corporation. There were also proposed exceptions for transfers of property by an individual to a small business corporation. The specific provisions of the November 1981 Ways and Means Motions relating to these transactions are found in paragraphs 33, 56, 58, 60, 64 and 70.

On November 18, 1981, it was announced that implementing legislation would provide authority to "grandfather" transactions made pursuant to arrangements that were essentially concluded before the November 1981 Budget date.

On December 18, 1981, it was announced that the effective date for such changes would be postponed to January 1, 1983 to allow a reasonable period of transition for those reorganizations that were in progress and to provide additional time to consider modification to the rules proposed in this area.

The former Minister of Finance announced on June 28, 1982 that he intended to refer the area of corporate reorganizations to a group of outside consultants for review and that changes in this area would not be proceeded with before their studies had been concluded and a discussion document had been made public.

The present Minister of Finance confirmed on October 27, 1982 that the pre-November Budget rules would continue to apply after 1982, with the exception of those changes contained in the June Budget dealing with certain rollover provisions in a partnership reorganization. Furthermore, any new proposals arising from on-going studies and consultations would not apply to reorganizations that would be substantially advanced on the date the new proposals announced.

Mr. Morris of the Department of Finance indicated to the Committee on May 19, 1982 that the purpose of the amendments proposed on November 12, 1981 was to tax arm's length sales at the time that such sales occur. Arm's length sales for cash are taxable. Many arm's length sales were structured in order to enable the vendor to receive securities that were almost the equivalent of cash. That is to say, the securities received were easily convertible to cash. It was argued by Mr. Morris that such transactions should therefore be immediately taxable.

With respect to the amendments proposed in the November Budget, the Committee notes as follows:

1) In many transactions that would have been affected by the proposed amendments, shareholders would not have had cash available with which to meet their tax liability. They

would exchange one security for another without, in many cases, any change in their economic situation. This would amount to paying tax on a deemed but unrealized capital gain.

2) The new rules would have given an added incentive to cash-rich companies to engage in takeovers and mergers. Shareholders in companies being taken over would prefer not to accept an offer unless it included sufficient cash for them to meet the resultant tax liability. Other companies would be hindered or blocked from expanding because of the adverse tax consequences.

3) The proposals would unduly restrict Canadian business combinations which might permit economies of scale or permit access to new markets. Furthermore, they would hinder Canadian companies from acquiring shares of other Canadian companies owned by non-residents. This was in contradiction of the Government's objective of increasing Canadian ownership.

4) The proposals were inequitable because shareholders controlling a corporation prior to a reorganization and who did not lose control as a result of the reorganization would not be subject to tax as a result of the reorganization. On the other hand, shareholders who would lose control would be subject to tax. As a result, the larger (and usually the more wealthy) shareholders would not be taxed; the smaller (and usually the less wealthy) shareholders would pay.

It has been generally accepted that in the past few years the reorganization provisions of the Income Tax Act were, for the most part, well designed and reasonable. Taxpayers have gradually become familiar with the rollover provisions of the Act. The introduction of important changes in this area would reintroduce uncertainty and possible inequity.

CHARITIES

The November Budget proposed changes designed to increase the tax incentive for charitable giving for individuals making large gifts and for those corporations who did not have taxable income in a year against which to claim a current deduction. Prior to the November 1981 Budget, charitable donations could be deducted in a year to the extent of 20% of income. Any excess donation could be carried forward for one year. The November Budget proposed to extend the one-year carry forward to five years. Furthermore, donations that exceeded the 20% limit in the year of death would be permitted to be carried back to reduce tax in the previous year.

Several other changes were introduced to prevent abuses respecting the existing requirements for disbursement by charitable foundations of their receipts and incomes. Such changes included the requirement that private foundations disburse at least 10% rather than 5% minimum of the value of their non-qualified investments in the year and the requirement that all charitable foundations include the full amount of realized capital gains in their income subject to the disbursement rules. The Budget further proposed to introduce a tax on charities on any deficiency on the amount of their disbursements. Such tax would be refundable over the following three years to the extent the charity made up the deficiency.

These provisions were strongly criticized, the principal criticism being that they would erode the asset base of existing foundations. There followed extensive consultations between the former Minister of Finance and representatives of charitable foundations and on April 12, 1982, it was announced that foundations would be required to make annual disbursements of at least 4.5% of the fair market value of all their investment assets. As a result, disbursements by foundations will no longer depend on either the form or the amount of investment income (including capital gains) realized.

The present Minister of Finance announced on October 27, 1982 that he was examining the possibility of applying the same disbursement rules to both charitable foundations and charitable organizations.

The proposal to change the disbursement rules for charitable foundations has been well received by charitable foundations and is welcomed by the Committee.

LIFE INSURANCE

The November 12, 1981 Budget proposed that individual policyholders would be required to report accrued investment income every three years on life insurance policies issued, or annuities acquired, after November 12, 1981. It also proposed that remaining investment income be taxed on the eventual termination of the policy or annuity. Corporations would be required to accrue such income annually. Under the law as it existed prior to November 12, 1981, the investment income on the savings element of a policy was free from tax if received on death of the policyholder.

Furthermore, the November 12, 1981 Budget included a provision that would adjust the cost of life insurance policies to exclude any portion of premiums relating to the insurance element of the policy. As a result, individuals disposing of life insurance policies would be taxable on the amount by which the cash surrender value exceeded the investment portion of premiums. Under the law, as it existed prior to November 12, 1981, the full amount of premiums was treated as a cost, thus providing a tax deduction for their insurance costs for individuals who disposed of a policy.

The Committee examined the question of taxing policyholders at death in the review of Bill C-56 in 1977. In its report dated December 8, 1977, it stated as follows:

> Bill C-56 had proposed to extend to maturities arising on death the existing tax on the surrender of policies. It was proposed that with respect to deaths occurring after March 31, 1978 there be taxed the excess of the cash surrender value over the net cost of the policy less a $10,000 exemption.
>
> The Minister of Finance announced on October 20, 1977 that the government, pending further study, has decided to withdraw this proposal to tax certain life insurance policies realized on death.

No results of any study have been published since that time.

Your Committee attempted to question officials of the Department of Finance in regard to these proposed amendments on May 12 and were asked by Mr. Jenkins to defer discussion pending "negotiations" with the Canadian Life and Health Insurance Association and the Life Underwriters Association of Canada.

The former Minister of Finance announced on June 28, 1982 revised rules relating to the taxation of life insurance.

Firstly, life insurance policies purchased before June 29, 1982 would not be affected by any budget amendments and would be treated under the rules which existed prior to November 13, 1981.

Secondly, policies issued after June 28, 1982 would be exempt from tax on accrued income if they provided significant amounts of insurance protection relative to the income built up and tax deferral they offered. More particularly, amounts accumulated by insurers for such policies would have to be below the amount that would be accumulated in a standard policy that provided the same death benefit and was paid for by premiums over 20 years. There would be no limitation on the amount of insurance coverage under policies qualifying for exemption. Most regular whole life policies purchased for protection and paid for by premiums over 20 years or more would be exempt under the new rule.

Non-exempt policies would oblige policyholders to report and pay tax on accrued income every three years. However, policyholders would have the option of making a one-time election to report accrued income annually in order to take full advantage of the annual $1,000 deduction for investment income.

Policies owned by corporations would be eligible for the exemption and corporations would continue to receive life insurance death benefits free from tax. However, for policies purchased after June 28, 1982, such amounts would no longer be paid out free from tax to shareholders through the use of the capital dividend account. Further comment in this respect is set forth later in this report.

Exempt life insurance policies would continue to be taxable if surrendered before death. The amount that would be taxed on surrender would be the accumulated income, measured as a cash surrender value received, less the cost of the policy for tax purposes. On June 28, 1982, it was announced that the mortality cost, determined by a formula, would be excluded from the cost of the policy for tax purposes for policy years commencing on or after June 1, 1985.

It was also announced on June 28, 1982 that where a policyholder received cash from an exempt policy by taking out a loan against the cash value, or by surrendering part of the policy, he would be taxed on the portion of the accumulated income in the policy attributable to the loan or a partial surrender.

The former Minister announced that the foregoing had met with the approval of the life insurance companies. The Committee withholds any further comment until it has heard the reaction, if any, from the Life Underwriters Association of Canada.

CAPITAL DIVIDEND ACCOUNT

Private corporations are able to distribute dividends to their shareholders free from tax if the dividends are paid out of the corporation's capital dividend account (subsection 83(2) of the Income Tax Act). A capital dividend account is defined to include, inter alia, the excess of proceeds of any life insurance policy received by the corporation in consequence of the death of a person whose life was insured under the policy over the adjusted cost basis of the policy to the corporation.

On June 28, 1982, the former Minister announced that for policies issued thereafter, life insurance benefits would no longer be paid out tax-free to shareholders through the use of the capital dividend account. This would:

> restrict the undue tax advantage now available through corporate-owned life insurance.

As a result of the former Minister's proposal, corporations acquiring life insurance policies after June 28, 1982 would continue to be entitled to receive proceeds free from tax. However, such proceeds could not be distributed to the corporation's shareholders without such shareholders incurring tax liability.

It is common for a private corporation to own and be the beneficiary of a life insurance policy on its principal shareholders. The corporation may use the proceeds of the policy to purchase the shares held by the deceased shareholder. Where a deemed dividend arises on the repurchase of the shares, a corporation may make the appropriate election to have the dividend paid out of the capital dividend account of the corporation.

Written submissions have been received by the Committee from the Life Underwriters Association of Canada to the effect that the amendments proposed by the former Minister of Finance would violate the concept of integration which exists in the Income Tax Act. Ideally, they argue, an individual should realize the same income tax consequences regardless of whether he earns his income through a private corporation or a partnership or as a proprietor. That is to say, a shareholder should bear no more tax by conducting his affairs through a private corporation than he would have had he conducted those affairs personally. Provided a policy is exempt pursuant to the June 28, 1982 rules, its maturity at death will enable an individual to receive proceeds free from tax. Such will not be the case if the individual has to pay tax on a dividend distributing the insurance proceeds from a private corporation.

Furthermore, it is argued by the Life Underwriters Association of Canada that life insurance proceeds were included in the private corporation's capital dividend account because the Department of Finance assumed that where a shareholder of a

private corporation died and the corporation owned insurance on his life, the proceeds of insurance received by the corporation as a consequence of the death of the insured shareholder would be included in computing the value of the shares of the deceased shareholder for purposes of computing the capital gain which he would realize immediately before death as a result of the provisions of subsection 70(5) of the Income Tax Act. Consequently, the Department concluded that there would have been double taxation had such proceeds been distributed as a taxable dividend. The Federal Court of Appeal in *The Queen v. The Estate of Umberto Mastronardi*, 77 DTC, 5217, held that no amount of proceeds of life insurance was to be included in computing the value of shares of the deceased for purposes of subsection 70(5). As a result, the Department felt that the ability of the estate of a shareholder to receive proceeds of insurance free of tax through the use of the capital dividend account constituted an undue tax advantage.

It has been pointed out that the result of the *Mastronardi* case would not have universal application. In that case, the majority shareholder of a private corporation died quite unexpectedly from a heart attack. Revenue Canada, Taxation has issued an Interpretation Bulletin IT-416R in which it implicitly acknowledges that the *Mastronardi* case may not have application in cases where death was anticipated:

> For example, the value of an insurance policy could approach its face value if it was known that the insured had a terminal illness or was critically injured and not expected to recover as a result of an accident. Conversely, it would have little added value if a person in apparently excellent health were to die unexpectedly as a result of an accident or heart attack. For valuation purposes the state of health of the insured prior to death would override the effect of an unexpected death due to a cause not related to any known health problem. Therefore, if a person with terminal cancer died from an unexpected heart attack the actual cause of death would not be relevant in the valuation, but the fact that he had terminal cancer would.

Thus, in cases where death may be anticipated, it is argued that double taxation may result as a result of not being able to use the capital dividend account.

The Committee has not had the opportunity of obtaining any justification for this measure from the Minister of Finance or his officials and therefore makes no recommendations in this regard.

AFTER TAX FINANCING

The Committee has had occasion to comment on legislation introducing or affecting the concept of "term preferred shares" (See Committee Reports dated March 8, 1979 and December 5, 1979).

Several amendments have been introduced to the definition of a "term preferred share" including in particular the removal of the 10-year exemption for shares issued after November 12, 1981.

Corporations have been able to finance their operations on an after-tax basis by issuing preferred shares with short terms to other corporations who are not specified financial institutions.

It is proposed that subsection 112(2.3) be added to the Act which would deny any deduction for dividends paid to any corporation in respect of any share where the issuing corporation is or may be required to redeem, acquire or cancel the share or reduce its paid-up capital at any time within 5 years of the date of its issue.

In order to protect corporation reorganizations and estate freezing situations, an exception from this rule is provided for. Where the recipient corporation controls the issuing corporation, the dividends would be deductible. The Committee believes this exception is not broad enough. For example, it would not protect a situation where two individuals held equal interests in an operating corporation through holding corporations. If the holding corporation received retractable preferred shares from the operating corporation as part of an estate freeze, dividends paid to the holding corporations on the preferred shares would be subject to tax as neither holding corporation would control the operating corporation.

Furthermore, paragraph (j) of subsection 112(2.3), as presently drafted, in the detailed June 28, 1982 Ways and Means Motions, denies a deduction to a corporation receiving a dividend in respect of a share:

> where the terms and conditions of a share are modified or established after June 28, 1982 and as a consequence thereof the issuing corporation may reasonably be expected, at any time within 5 years from the date of issue, to redeem, acquire or cancel in whole or in part the share or reduce its paid-up capital—

It is not certain what the expression "and as a consequence thereof" modifies. If it modifies "are modified or established", it will affect all situations where shares are created or modified in order that they may be redeemed or retracted in the near future. This will affect many situations which should not be offensive from a tax policy point of view. For example, in some non-arm's length situations it is necessary to create preferred shares with a low paid-up capital and a high redemption value which are redeemed shortly after their creation. The result is the creation, but for this paragraph, of a tax-free dividend rather than a capital gain.

The Committee recommends that paragraph (j) of subsection 112(2.3) be deleted or amended to be of more limited application.

CONCLUSION

The purposes of the November 12, 1981 Budget included the reduction of marginal rates for taxpayers in higher taxable income brackets and the elimination of certain tax expenditures to compensate in part for the loss of revenue.

Unfortunately, many of the measures introduced to eliminate tax expenditures were ill-conceived or retrospective or

both. This has resulted in the postponement of certain proposals pending further study and the introduction of amendments which eliminated most of the proposals the Committee found ill-advised. The Committee feels that other proposals should be deleted or amended or require further study and these have been commented on in this report.

The Committee withholds further comment until it has had the opportunity of reviewing the relevant legislation expected to be tabled shortly.

Respectfully submitted,

GEORGE J. McILRAITH
Acting Chairman

THE SENATE

Tuesday, December 14, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 3, 1982-83

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-140, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before Question Period is called, I should like to give details of plans for Senate sittings until the Christmas adjournment, scheduled for December 22, so that you may make your travel arrangements.

We plan to sit tomorrow at 2 o'clock, as usual; on Thursday at 2 o'clock; on Friday at either 11 o'clock or 2 o'clock; on Monday at 2 o'clock; on Tuesday at 2 o'clock; and next Wednesday, December 22, at 2 o'clock. Then, on December 22 we hope to adjourn until January 17, subject to the usual possibility of earlier recall by His Honour, according to the rules.

Hon. Jacques Flynn (Leader of the Opposition): I suppose that what the deputy leader has communicated to us is a final decision, and that it is useless to make any observations.

Hon. Duff Roblin (Deputy Leader of the Opposition): Go ahead.

Senator Flynn: In any event, should we not receive any legislation from the other place tomorrow or Thursday, I do not see why we should sit on Friday. I can very well understand that we may have to sit on Monday, Tuesday and Wednesday of next week, but considering the way things are going in the other place, I do not see any reason why we should decide tonight that the Senate shall sit on Friday. Of course, it is all very well if you want to sit merely for the formality of sitting. We have seen that happen before, but I do not see that it is absolutely necessary.

Senator Frith: Honourable senators, I understood that the plan had been discussed last week.

Senator Flynn: Not with me.

Senator Frith: Senator Flynn is quite right, that when it was discussed last week it was on the assumption that there would be some reason for our sitting on Friday. Include that in my remarks. Certainly, it was not meant to be a magistral announcement. I did not mean to make any change to what had been discussed last week—namely, that we are prepared to sit on Friday if there is enough business to justify it. It is my understanding that the Leader of the Government in the Senate anticipates that there will be enough business. If there is not, there is no doubt we will not sit for the sheer formality of it.

Senator Roblin: I wonder if I could ask a question of the Leader of the Government or the Deputy Leader of the Government. What pieces of legislation does the government expect to be forthcoming from the other place in the next day or two?

Hon. H. A. Olson (Leader of the Government): The possible pieces of legislation are: Bill C-85, Canagrex; Bill C-95, sports pools—

Senator Flynn: But we don't know that.

Senator Frith: We do not know for sure, but we want to be ready in any case.

Senator Olson: —Bill C-98, to amend the Agricultural Products Standards Act; C-110, to amend the Export Development Act; Bill C-130, the international financial institutions bill; Bill C-131, Old Age Security; Bill C-132, Family Allowances; Bill C-133, Supplementary Retirement Benefits; and Bill C-136, Small Business Investment Grants.

Senator Flynn: What about the bankruptcy legislation?

Senator Olson: I am not aware of any bankruptcy legislation.

Senator Flynn: It is on the order paper in the other place.

Senator Olson: The question was as to what we expect to get from the other place between—

Senator Flynn: But if you are going to be a realist, you might as well cut short your list.

Senator Olson: Of course, there is also Bill C-139, to amend the Income Tax Act.

Hon. C. William Doody: You will need a horse to haul them over.

Senator Olson: There is also Bill C-140, Appropriation Bill No. 3, which was introduced for both first and second reading reading this evening.

The Leader of the Opposition said that we should not meet on Friday unless we know we have something to deal with.

• (2010)

We expect to receive a number of those bills for consideration later this week. Usually on Thursdays we adjourn at some time between 4 and 5 o'clock, while the other place continues to sit until 10 p.m. Consequently, they may pass some of these bills and send them to the Senate on Thursday evening. Were that to happen, it would be useful for the Senate to meet on Friday in order to give those bills first reading and perhaps, in the case of some of them, with the usual co-operation of the opposition, even second reading so that they could be sent to committee. Any committees involved could meet on Monday before the sitting of the Senate. In that way, as much of the legislation as possible could be dealt with properly and could be given Royal Assent shortly before 6 o'clock on Wednesday of next week. At least, that is my assumption at the moment.

Senator Roblin: Now that the honourable gentleman has given us his shopping list, can we get down to brass tacks? For example, he has suggested that we will receive Bill C-85, the Canagrex bill. Surely that has to be an optimistic assessment, because that bill is subject to closure debate at the present time, and the prospect of seeing it go through even the other house, according to a statement made by the Minister of Agriculture the other day, let alone getting it here in sufficient time to deal with it on Friday, is surely optimistic.

Consider then Bill C-139, a tax bill of some 295 pages. Can there be the slightest expectation that that bill will reach us before Christmas? Surely not.

Were the minister realistic, he would surely pare his list of bills down to three or four, at the most—those dealing with the 6 and 5 per cent restraint that are before the other place right now.

While I readily admit that at this moment it would be inadvisable to try to make a final list of legislation, nevertheless I believe that on Thursday we will have a clear indication that the list the minister has just presented is not realistic and that we will have before us at that time only three or four bills at the most.

I therefore ask my honourable friend to withhold any decision concerning sitting on Friday until we are closer to the day. I am sure I speak for this side of the house when I say that we will be willing to meet on Friday if there is business to attend to. However, it seems that at the present time that is a long shot.

[Senator Flynn.]

Senator Olson: Honourable senators, I have to accept that statement as Senator Roblin's opinion, based on his interpretation of the circumstances. I have to admit that I was being somewhat optimistic in giving my entire list. I have no hesitation in saying that. In responding to Senator Roblin's question I simply gave the list as a repetition of those pieces of legislation I had enumerated as long as two weeks ago. If progress on some of those pieces of legislation has not been as rapid in the other place as we had expected, nevertheless we have to remain hopeful. Moreover, history teaches us that in the last hours before a predictable adjournment there is often an avalanche of bills, and that may well happen on this occasion.

Let me say again that I do not believe we should meet on Friday if nothing is added to the order paper, or at least unless there is a high possibility of something being added to the order paper, between now and 2 o'clock on Friday. However, as I see it, there are two possibilities. One is that between the time the Senate adjourns on Thursday and 10 p.m. on Thursday it is quite likely, from an optimistic point of view, that the Senate will receive some of the bills I have listed—and I will check that out and try to make a determination one way or the other. The other possibility is that, because the other place meets earlier than 2 o'clock on Friday, it might agree to a final vote on some, or at least one, of those bills before that time. Consequently, there is a strong possibility that there will be some legislation that the Senate could deal with in those hours when we would not normally be here. However, I am not saying that we should decide this evening to sit on Friday.

• (2015)

The Deputy Leader of the Government quite properly cautioned honourable senators that it might be possible to get through all of this business by December 22.

Hon. George J. McIlraith: Honourable senators, may I ask the Deputy Leader of the Government for clarification of one point? If I heard him correctly, he indicated that we should expect to resume sitting on January 17.

With the uncertainty as to the amount of legislation we will have before us, if any, when we rise for the Christmas recess, I wonder if it would not be better to set a later date for resuming, subject to the provisions for recall by the Chair. It seems to me that that might save us from an embarrassing situation during the first week of sittings after Christmas.

Senator Frith: Honourable senators, I tried to make it clear that I was simply announcing a plan. It is to reconvene on January 17, subject to recall, or even postponement to a later date.

We shall certainly take into consideration the observations made by Senator McIlraith and other honourable senators when we get closer to the date of adjournment.

Hon. George van Roggen: Honourable senators, relative to the possibility of our sitting on Friday of this week, however obscure that might be, I wish to inform the Senate that the Standing Senate Committee on Foreign Affairs is holding a joint meeting with its counterpart committee of the House of

Commons on Friday at 3.45 p.m. That meeting will be attended by President Zia of Pakistan. Friday afternoon will be one of those rare occasions when a head of state appears before a parliamentary committee.

I sent notice of this meeting to all members of the committee, and to all other members of the Senate, and I urge them to attend if they happen to be in the city on Friday.

I hope I am correct in assuming that that meeting—which will not really be, in the exact sense, a meeting of a Senate committee—will not be objected to if the Senate happens to be sitting on Friday afternoon at that time. It is quite late in the afternoon—3.45.

Senator Flynn: The Leader of the Government has mentioned that on Friday he would like to have first and, in some cases, second reading given to bills we might receive. He knows very well that at this stage of the session legislation now before the other place has been the subject of debate for quite some time. We will agree to giving leave to proceed with second reading, as we did this evening with regard to the appropriation bill, and that applies specifically to Bill C-131, Bill C-132 and Bill C-133. If that is the only concern of the Leader of the Government, he need not worry any further.

Senator Olson: Honourable senators, I appreciate Senator Flynn's comments with respect to the three bills he mentioned. I am not sure whether the Leader of the Opposition would like to give us the same undertaking with respect to Bill C-85.

Senator Flynn: Not at all.

QUESTION PERIOD

[*English*]

PENSIONS

PROPOSED ESTABLISHMENT OF HOUSE OF COMMONS COMMITTEE

Hon. David A. Croll: Honourable senators, the Leader of the Government has tabled a document entitled: "Better Pensions for Canadians." At page 11 of the speaker's kit the following appears:

> The government will ask the House of Commons to establish a committee comprised of members of all parties to hold hearings throughout Canada. The committee will obtain the views of the public at large and all interested parties on the proposals for pension reform.

I presume because this issue is of great importance, that the government will want the use of the best brains in Parliament, and they are not all in the House of Commons.

Some Hon. Senators: Hear, hear.

Senator Croll: I wonder why provision is not made for the establishment of a joint committee. In the study on pension reform which took place in 1952 we came up with the principle of universality. That study was by a joint committee. That was the beginning.

● (2020)

The next study took place in 1968. That study concerned the Canada Pension Plan and, again, it was by a joint committee.

This chamber is particularly blessed with many honourable senators who know something about pensions. They studied the subject for two years, and followed that study with a report. As a matter of fact, the report was entitled: *Retirement Without Tears*. At a price of $5.75, 5,400 copies were sold of the English version and 1,500 copies were sold of the French version. Thirty-two thousand copies of the abbreviated version of the report were given to those who asked for it.

What troubles me is why they should change the form of approaching the Canadian people at this time on such an important matter as pensions, and exclude the Senate from participation.

An Hon. Senator: That is a good question.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I appreciate hearing Senator Croll's recollections of the good work a number of honourable senators have done in participating in committees on this same subject in the past, and I will certainly carry his representations to the house leader and others in the other place. However, I believe that to some extent we are talking about recommendations concerning a House of Commons committee. In any event, whether it is confined to that or not, I give an undertaking to ensure that the house leader is informed of the work that has been done in the past.

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT

Hon. C. William Doody: Honourable senators, could the Leader of the Government in the Senate tell us what has happened to the Kirby task force report on the east coast fisheries? I have been told that it has been in the hands of cabinet for some time, but not released to the public. Obviously, there is a tremendous amount of concern and interest in the part of Canada that I come from because the state of the fishing industry, which is so vital to the people and the economy, is indescribably bad. Could the minister tell us when the people who are directly affected will know what the contents of the Kirby task force report are?

Hon. H. A. Olson (Leader of the Government): I can tell Senator Doody that the recommendations of that report are under active consideration now. I believe it is common practice for these reports to be studied for some time by the government, especially one as large, as involved and as important to so many people as this, so that they have sufficient time to consider the recommendations and to give a positive response to some of them. I am sorry that I cannot give the date on which that consideration will be completed but, of course, at that time the report will be made public along with the

government's response to both the report and to the recommendations contained in it.

Senator Doody: I thank the minister for that answer, but could he indicate a time parameter? I recognize that he cannot tell me what hour of what day, but will it be released within the next week, the next month or the next six months? Is there some message that I can relay to the people back home who are asking about that report and the implications it will have on their livelihood?

Senator Olson: Honourable senators, I really cannot do that with any precision but it would be within a time substantially shorter than the longest term he offered.

Senator Doody: In other words, what I can pass on to the people who are clinging to straws down there is that it will be more than one day but less than six months.

THE ECONOMY

STATEMENT BY MINISTER OF FINANCE

Hon. C. William Doody: Honourable senators, could the Leader of the Government clarify for my benefit and the benefit of others some of the comments made by the current Minister of Finance in the House of Commons recently?

● (2025)

Mr. Lalonde told the House of Commons on Monday, December 13, that he plans to use all the resources of the provincial and federal governments to stimulate the economy over the next year. I could not get any details—and I gather that others could not either—as to what he meant by "stimulate."

Would the minister tell us if, indeed, the Government of Canada now intends to stimulate the economy—to pour more money into the economy?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the Minister of Finance has been very forthright and consistent. I am not aware whether he did, in fact, make a further statement yesterday, because I did not arrive here until late in the evening. However, he has been consistent. He intends to utilize the resources that we have and to call upon the provinces and the municipalities to utilize their resources in order to ameliorate the difficult economic situation in which we find ourselves, particularly as it relates to the intolerably or undesirably high level of unemployment at the present time.

Senator Doody: That is certainly interesting but not completely consistent with comments that had been made by the predecessors of the present Minister of Finance.

My understanding was that the major problem was not unemployment. I was told in this chamber—and others were elsewhere—that the major problem was inflation, and that it was necessary to try to keep down the deficit.

To what degree of magnitude do the minister and his colleagues intend to stimulate the economy? How much farther down the deficit path do they intend to go? How large an amount of money do the minister and his colleagues intend to pour into the economy in order to stimulate it at this time?

Senator Olson: Honourable senators, very recently the Minister of Finance announced the projected level of the deficit. He also made it very clear that he intended to ask his colleagues to do some re-allocation of funds for the purposes we have just been discussing—that is, to ease the unemployment situation without adding new funding which would significantly increase the projected deficit indicated some time ago.

Senator Doody: I gather the minister is telling us that he and his colleagues intend to stimulate the economy and to combat unemployment without using any more money than they have already allocated in the present budget and without increasing the present deficit; would that be correct?

Senator Olson: Honourable senators, that is a comment and one way that my honourable friend may put it. However, if he would like me to interpret what he gathers, I could put it another way, and that is that we are trying to make more efficient utilization of funds that we have at all three levels of government.

Senator Doody: I appreciate the confession of the minister that he and his colleagues are not using the resources of government efficiently.

Putting that to one side for the moment, I am trying to determine how the minister is going to stimulate the economy and create employment without increasing the deficit or applying any more funding. That is not a comment; that is a question, and I would very much like to have an answer.

I am sure that those people in Canada who are on the unemployment rolls and those who are worried about the deficit and the inflation rate would also like an answer to that question.

Senator Olson: Senator Doody can get into a debate about this; he is really questioning opinions.

Hon. Martial Asselin: And is doing well.

Senator Olson: He probably is, from the honourable senator's perspective, but I do not think Question Period is a time for debate, even for a mini-debate.

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT

Hon. Lowell Murray: Honourable senators, I should like to ask a question supplemental to that asked by Senator Doody, and it concerns the Kirby task force report.

The recommendations are now in the hands of the government. Why can the government not release the recommendations and table them in Parliament now? Why must Parliament and the Canadian people wait until the government has formulated its position before receiving a copy of those recommendations?

With great respect, I dispute the assertion of the minister that the practice is for the government to consider its position before making a report public. If he takes the example of the Kent royal commission report, which was released some months ago, most of the substantive comments from the government on that commission's report have come some considerable time after the report was made public. My question is: Why can the government not now table the Kirby task force report, which is of such great interest and importance to people concerned about the fisheries in this country?

• (2030)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I would be the first to agree with Senator Murray when he says that reports from task forces can be handled in either of the ways he has described. I think that when the report is released, made public, tabled, or whatever the right term may be, the government will be asked immediately what it is going to do about these recommendations. That question will come as no surprise to anyone. It seems to me that it will therefore be advisable and desirable for the government to be in a position to respond to those recommendations in a comprehensive way, so that the people who are vitally affected will not be left wondering.

Quite obviously, to anyone who understands the complexity of the difficulty that that industry is in, there is no simple solution. There are, no doubt, a number of solutions that would require some funding and that may be related to a complex set of proposals. For that reason, I think it is extremely important that the government be in a position to respond positively when the recommendations are known.

Hon. C. William Doody: Honourable senators, I have a supplementary which I direct to the same minister. I gather from his reply to Senator Murray that, when the task force report is released, the government will have in place an action plan. I gather that, as a result of the ongoing study the government is now doing, it will be able to release both the report and governmental plans for dealing with it and with the industry's problems at the same time. Is that the reason why the report is being delayed? Is the government formulating a plan of attack on the problems of the fisheries in the east?

Hon. Martial Asselin: Touché.

Senator Olson: Honourable senators, I think that responding to that question will only be repeating what I said a minute ago.

Senator Doody: With respect to the minister, I believe that it would be giving some valuable information, which is not what happened a minute ago.

Senator Olson: I think if Senator Doody reads what I said just before he asked his last question, he will be able to take from that the answer to the question he put.

Hon. Jack Marshall: Honourable senators, in view of the fact that the information seems to be so classified, I wonder how the Minister of Veterans Affairs was able to state publicly that the recommendations of the Kirby report would cost the federal government $100 million? Was this a factual statement? Was he guessing? What was the basis upon which he could make that statement?

Senator Murray: Let us see the report so that we can judge for ourselves.

Senator Olson: Honourable senators, I expect it would depend on how many of the recommendations were acted upon and the funding that was applied to each of them. It may be that if you added up the funding required for certain recommendations the total would come to $100 million, whereas if you took another set of recommendations the total might be $150 million. I have heard some figures that are even larger than that.

Hon. Duff Roblin (Deputy Leader of the Opposition): Why will my honourable friend not give us the report? It is going to be a public document; it is going to form the basis of public policy. It affects the lives of thousands of people. Why are we not allowed to look at it?

Senator Olson: Honourable senators, it is not a matter of not being allowed to look at it. However, I can see that Senators Roblin, Murray, Doody and several others will be on their feet the next day saying, "What is the government going to do about this recommendation and that recommendation?"

Hon. Jacques Flynn (Leader of the Opposition): Why not?

Senator Asselin: Do you have something to hide?

Senator Olson: That is a normal reaction. I think that, in fairness to those honourable senators, the government ought to have a reasonable length of time in which to consider its response and the amount of funding that will be required. In that way, when honourable senators ask those questions, we can give them immediate, precise, accurate answers, as we are accustomed to doing.

Senator Flynn: That will never be the case. That's a big joke!

Senator Roblin: Let us assume that my honourable friend is correct in saying that as soon as the report comes down we will be expecting answers. What does my honourable friend think would happen? The whole public wants answers to these questions. I think that the whole public is entitled to see the report before the government comes down with its ironclad proposals as to what is to be done. I think my honourable friend would be greatly benefitted if he releases this report now and had the advantage of the views of the members of this house and of the members of the general public who are concerned.

Senator Olson: If the Honourable Senator Roblin could give me the assurance that all of his competent and curious—and I use the word "curious" in its best sense—colleagues from the maritime provinces who are so vitally affected by this report would give the government a few days in which to formulate its policies in response to it, that would indeed be welcome. I doubt, however, that he could give that assurance.

Senator Roblin: Honourable senators, I am not going to speak for my colleagues because they are capable of speaking

for themselves. I think, however, that it is the government's responsibility to make these important documents public. What my honourable friend is telling me is that it suits the government's convenience to keep this document secret until it has decided what it is going to do about it. I really do not think that that is a tolerable policy. I think my honourable friend has a duty to submit this document for public consideration. If he finds it a little inconvenient to do so, so much the worse for him. But so much the better for the members of the public if they have the chance to make up their minds on this subject.

Senator Olson: Honourable senators, we do not intend to keep this document public—

Senator Murray: He does not intend to keep the document public!

Senator Olson: —or, rather, private. The government has already given an indication that the document will be made public. If honourable senators accept that, then I suppose my honourable friend's entire argument crumbles.

Senator Roblin: If my honourable friend will produce the document, I will stop talking about it. I doubt, however, that he will.

Senator Doody: Honourable senators, may I ask a supplementary? I gather from the comments of the minister that, when the government has finished perusing, studying and examining the recommendations contained in the report, it will be coming forward with a solid plan of attack on the problems of the fisheries. Does that mean that the solutions to those problems will be set in concrete, cast forever, or will there be consultation with the provinces before these new plans for the fisheries are put into effect?

Obviously, in the length of time that is at the disposal of this government, there will be a concrete set of plans coming forward as remedies for the problems of the fisheries. Will there be time given to the provinces in which to discuss the matter with the Government of Canada, or will all of these new action plans come into effect automatically upon the release of the document?

Senator Olson: Honourable senators, this government is extremely concerned about the financial condition of the east coast fisheries in all its aspects—in terms of the fishermen, the processing plants and so forth. There is no doubt that the government needs some time in which to assess what can be done, along with a level of funding, for the benefit of those people involved.

I may also say, in reply to the latter part of the question, that over the years, this government has demonstrated that it is open to good suggestions any time.

Senator Roblin: Particularly from Newfoundland!

SPORT

VOLUNTEER SECTOR—PROPOSED STUDY BY PARLIAMENTARY TASK FORCE

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport. Will he take this opportunity to support the statement of his colleague, the Secretary of State, concerning the establishment of a parliamentary task force on the voluntary sector?

I ask the question in view of the importance, in these straitened economic times, of early action on a number of recommendations concerning the voluntary sector; in particular, the recommendations concerning the so-called "give-and-take" tax measures which would extend to humanitarian, cultural and sporting volunteer groups benefits similar to those enjoyed by political parties.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I find a great deal of merit in the proposal advanced by the Secretary of State, which is supported by Senator Murray. Canada would not have its present high level of performance in certain areas of sport were it not for the outstanding voluntary effort which is to be found in all Canadian provinces. I am in accord with the sentiments expressed by Senator Murray.

Senator Murray: Is the minister in accord with the proposal to set up a parliamentary task force on the voluntary sector? Further, does the minister support the recommendations concerning the so-called "give-and-take" tax proposals?

Senator Perrault: Honourable senators, I would certainly study most sympathetically any proposal to establish a parliamentary task force. The tax implications of an extension of exemptions for contributions for sport purposes would have to be studied before I would offer an opinion on that subject. In principle, however, the idea has a great deal of merit.

FISHERIES AND OCEANS

ANNUAL SEAL HUNT—RESOLUTION OF EUROPEAN PARLIAMENT—POSSIBILITY OF RETALIATORY MEASURES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Marshall on November 16, 1982, concerning the annual seal hunt and the possibility of developing secondary industry and alternative markets. Since the answer is long, I would ask that it be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

> I would like to point out that Carino Ltd., of St. John's, the major buyer of the seal pelts landed in Newfoundland, established a pelt tanning operation at their plant in Dildo for the first time during the 1982 season. The company tanned a substantial number of the pelts purchased in Newfoundland in 1982 and has recently indicated that it plans to continue, and possibly expand this operation, in 1983. Such added processing activity and employment opportunity in the Atlantic region is particularly encouraging since, prior to this year, all Canadian seal pelts had been tanned by European firms.

The Department of Fisheries and Oceans is aware of the potentially difficult marketing situation facing the Newfoundland sealing industry. Officials of the department have had several meetings with their counterparts in both the Newfoundland Department of Fisheries and the processing industry during the past several months on this matter. These contacts have been made with a view to establishing cooperative programs to develop a broader-based secondary industry in Canada and to attempt to expand domestic and alternative foreign markets for seal products. Among the initiatives being explored at this time are:

(a) programs to promote increased use of seal pelts in the Canadian garment and footwear industries;

(b) the development of souvenir and handicraft industry;

(c) the encouragement of domestic leather production utilizing seal pelts.

As an example of industry-government cooperation, I would also like to mention that a number of initiatives have been taken in the past to support the development of the seal meat processing industry. These include programs launched by the federal Department of Fisheries and Oceans, and Industry, Trade and Commerce, to develop new products and expand markets for Canadian seal meat. The Newfoundland Department of Fisheries has also assisted in the development of the seal meat industry.

ASSISTANCE TO FISHERMEN

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Marshall on December 1, 1982, concerning assistance to fishermen. Again, I would ask that the answer be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

It is well known that the fishing industry in Atlantic Canada is beset with numerous problems including depressed levels of income for some fishermen in some areas. It is also well known that there are no magic or overnight solutions to these problems and that is why the government appointed the Kirby task force to conduct a detailed examination of the industry. The government is presently examining the recommendations of the task force, many of which will have an effect on the incomes of fishermen and fish plant workers who are often members of the same family. One of the factors contributing to low incomes is the seasonality of the work for both fishermen and plant workers. The government will take steps beginning in 1983 to extend the operating season of fish plants particularly on the north east coast of Newfoundland through the identification of supplies of fish for these "resource short plants". This will involve deliveries by trawlers of 27,000 tonnes of groundfish in 1983 to plants dependent on supplies from the inshore sector. With plants operating longer, the incomes of plant workers are expected to increase.

Because many of the problems addressed by the task force are interrelated, we will have to refrain from instituting piecemeal solutions to particular problems and further measures will have to wait until sometime early in the new year when all of the Kirby recommendations have been examined in detail.

● (2040)

THE ENVIRONMENT

OIL SPILL CLEAN-UPS—CO-ORDINATING AGENCIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Thompson on December 2, concerning the responsibility of federal departments in the event of oil spills in the Arctic. The reply involves a full page of typing, and I would ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The responsibility for dealing with oil spills rests with the industry whose operations result in spills. Consequently, industry is required to develop suitable contingency plans. If an adequate spill response proves beyond the capability of the industry, the federal government involvement may escalate beyond a monitoring role. The government may, on a cost-recovery basis, provide support to the industry operations; or assume management of the response; or even co-ordinate an international response if the spill threatens to cross international boundaries.

If the government becomes involved in the Arctic, the Canadian Coast Guard of the Department of Transport is the lead federal department for oil spills from vessels, and the Department of Indian Affairs and Northern Development assumes a similar role for non-ship spills. The responsibilities of the various other federal departments are defined in these cases by "The Arctic Marine Emergency Plan" and "The Arctic Seas Contingency Plan", respectively. These general plans which were developed in consultation with Environment Canada, Department of Indian Affairs and Northern Development, Ministry of Transport and industry, serve also to co-ordinate the various contingency planning documents of individual departments, the Territories, industry, and neighbouring nations like the United States and Norway (for Greenland).

LOTTERIES

GOVERNMENT POLICY—REQUEST FOR EXPLANATION OF DELAY IN ANSWERING

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege. It concerns a question I asked the

Minister of State for Fitness and Amateur Sport on November 24 about the lottery held by the Hamilton naval veterans' association, and the fact that they were charged by the police on Remembrance Day. The minister promised to bring my observations to the attention of the Minister of Veterans Affairs. That was on November 24, three weeks ago.

On December 10 in the other place, the member for Burlington asked a similar question of the Minister of Veterans Affairs, and received a reply. The reply stated that the particular issue was brought to the attention of the minister a few days after the incident occurred. He stated that it was unfortunate that the police chose Remembrance Day to visit the Hamilton naval veterans' association and prosecute them for running a 25-cent lottery. The minister confirmed that the matter involved the Criminal Code and federal-provincial jurisdiction; that they were looking into the matter, and hopefully it could be resolved shortly.

I am wondering why we ask questions in the Senate if we cannot get the answers. By following the debates in the other place I can get the answers before the Minister of State for Fitness and Amateur Sport can provide them. Perhaps the minister could look into this matter and find out why I cannot obtain an answer while the member for Burlington in the other place can obtain one immediately, three weeks after I asked a similar question in the Senate.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, as a matter of practice, we always endeavour to bring information to this chamber as soon as or before information is provided in the other place. I cannot explain the anomaly in this particular circumstance, but I agree with the sentiments expressed by the Minister of Veterans Affairs, in that it is reprehensible that on Remembrance Day an action of that kind should be taken. I shall endeavour to ascertain the reason for the delay in answering. The matter may have been inadvertently overlooked. I hope that on the next occasion we can provide the information more quickly.

Senator Marshall: I hope the minister means what he says, because something similar has happened several times before, and he knows it. I can only repeat my question: Why do we ask questions in the Senate if we are not going to get answers within a reasonable period of time? I write to various departments and I receive confirmation that I wrote the letter, and that the minister has seen it, approximately three weeks later, and there may not be any action for six months. We should find out why we are being treated as second class parliamentarians.

Senator Perrault: Honourable senators, I reject the view that members of this chamber are regarded as second class parliamentarians. The fact of the matter is that a great body of information is brought to the attention of honourable senators, information which often is not made immediately available to those in the other place. That is a matter of record. It may be that the media reject some of that information as being legitimate news, but the fact is that that information is provided in this chamber on a fairly reliable and well researched basis. This incident, I believe, is an exception to the rule.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA—CRITERIA FOR ISSUANCE OF EXPORT PERMITS—CORRECTION OF ANSWER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a comment on a delayed answer that perhaps teaches us the lesson that we should be careful when using acronyms. I refer to a delayed answer that I gave to Senator Lang and Senator Nurgitz on December 7, 1982, concerning the export of armaments from Canada. Senator Lang, in his question, and I, in my reply, referred to COMECON as being part of NATO. That, of course, is incorrect. It is COCOM. COMECON is an organization of the Soviet bloc.

Hon. Daniel A. Lang: Honourable senators, I had not corrected my blues containing that question. I was referring specifically to exports of armaments not to South Africa but to Russia. I was really asking what the ground rules were in terms of our exports to Russia, and how they were affected by that organization, whether it be COCOM, COMECON or whatever we wish to call it.

FISHERIES AND OCEANS

PURCHASE OF FROZEN SQUID—PURPOSE

Question No. 83 on the Order Paper—**By Hon. Jack Marshall:**

For what purpose did the Department of Fisheries and Oceans purchase frozen squid from Cape Broyle Sea Products Ltd., P.O. Box 29, Cape Broyle, Newfoundland, under Supply and Services contract NEW-82-00380/1?

Reply by the Minister of Fisheries and Oceans:

The Department of Fisheries and Oceans, through the Newfoundland Bait Service, purchased frozen squid from Cape Broyle Sea Products Ltd., P.O. Box 29, Cape Broyle, Newfoundland, for subsequent sales to Newfoundland fishermen for use in their fishing operations. Under Terms of the Union when Newfoundland entered Confederation in 1949, the federal government is responsible for the continuation of the government operated bait service.

NATIONAL REVENUE

REVENUE DERIVED FROM SALES TAX ON BUILDING MATERIALS

Question No. 89 on the Order Paper—**By Hon. Jack Marshall:**

For the years 1972 to 1982, what revenue has been derived by the government per year from the 11 per cent sales tax on building materials?

Reply by the Minister of National Revenue:

The sales tax on construction materials and the sales tax on other goods were not recorded separately prior to fiscal year 1976-77.

The rate of tax on construction materials was reduced to 5 per cent in the November 18, 1974 budget.

Revenues from 5 per cent sales tax on construction materials are:

Year	Importation	Domestic	Total
1976/77	$ 18,829,801.71	$ 337,364,605.28	$ 356,194,406.99
1977/78	14,852,745.06	376,937,439.07	391,790,184.13
1978/79	17,846,350.52	428,988,937.91	446,835,288.43
1979/80	20,719,110.76	517,117,758.30	537,836,869.06
1980/81	19,236,940.48	561,519,255.17	580,756,195.65
1981/82	23,507,361.44	600,076,713.38	623,584,074.82
TOTAL	$114,992,309.97	$2,822,004,709.11	$2,936,997,019.08

FARM LOANS INTEREST REBATE BILL (NO. 2)

THIRD READING

Hon. Gildas L. Molgat moved the third reading of Bill C-134, respecting rebates of interest on farm loans made under the Farm Credit Act.

Hon. Orville H. Phillips: Honourable senators, I should like to ask a question of the sponsor of the bill.

The minister was not present at the committee hearing, but we heard from officials of the Farm Credit Corporation, who gave us certain information. They said that the funds provided under the legislation would be insufficient for the purpose, and secondly, that there was a surplus in the general loan fund, as farmers did not wish to borrow at the high interest rates. On Friday, December 10, the Farm Credit Corporation announced that it was lowering rates charged to farmers under the special assistance program and for general loans.

I would ask the sponsor of the bill why it was necessary to maintain those interest rates at so high a level for a period of one year. There has been no change in the Farm Credit Corporation legislation to allow the interest rates to be lowered, and indeed the announcement said it was an interim measure until changes could be made. If that procedure could be followed on December 10, 1982, why could not the same procedure have been followed on December 10, 1981, before the farmers were forced into these long-term loans, some of them at 16.5 per cent? I would like an explanation of the reason for maintaining interest rates so high for a period of one year.

Senator Molgat: Honourable senators, in reply to Senator Phillips, it is my understanding that the Farm Credit Corporation has no choice in this matter, that its lending rate has to be, I believe, one-half point above the rate at which the government is borrowing at that time. My understanding is that it fluctuates with the cost of money to the government. As the cost of money in the past year increased substantially, the rates on FCC loans also went up.

Senator Phillips: Honourable senators, the Farm Credit Corporation has been in the habit of setting interest rates twice a year, on April 1 and October 1. I would remind the honourable senator that the interest rate was established on October 1, and there has been very little decline in interest rates since October 1. Therefore, I do not believe his explanation holds water. Perhaps he would do a little better if he contacted the corporation, and then advised us.

Senator Molgat: Honourable senators, I am sure I can get a more detailed reply by following the course proposed by the honourable senator. However, we are now at the third reading stage of the bill. It was my understanding that we had an agreement regarding third reading. Would the honourable senator agree to the bill's being read a third time, and accept my undertaking to bring him the information later, or does he wish to delay third reading?

Senator Phillips: I think I can trust the honourable senator, and I shall be happy to do so, considering the season.

● (2050)

Senator Molgat: I thank Senator Phillips. In that case, we can proceed with third reading, and I will undertake to obtain full information as to the rate structure.

Motion agreed to and bill read third time and passed.

[*Translation*]

APPROPRIATION BILL NO. 3, 1982-83

SECOND READING

Hon. Fernand E. Leblanc moved that Bill C-140, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983, be read the second time.

Hon. Duff Roblin (Deputy Leader of the Opposition): Explain, please.

Senator Leblanc: Honourable senators, Appropriation Act No. 3, 1982-83, also known as Bill C-140, which was passed by the other place on December 9, 1982, covers all votes of Supplementary Estimates (B). As you will recall, these Estimates were tabled in the Senate on November 8, 1982. In

Hansard, at page 4951, we read that the motion to authorize the Standing Senate Committee on National Finance to examine these Estimates was agreed to.

The members of the committee met on Thursday, November 18 and examined the Estimates in detail. Representatives of the Treasury Board were present as witnesses to answer questions by committee members.

Supplementary Estimates (B), totalling $5.326 billion are the first "regular" supplementary estimates for the 1982-83 fiscal year. Out of this total supplementary amount of $5.326 billion, $3.411 billion represent the net adjustment of statutory items. These payments are not discretionary. The remaining $1.915 billion represent new spending authorizations that Parliament is being asked to approve.

The principal change in the statutory items is the following: $1.8 billion will be paid to the oil industry in the form of incentives, retroactive to January 1, 1981 and until the end of the current fiscal year, with a view to encouraging oil and gas exploration and operations, in accordance with the National Energy Program.

The main items on which Parliament will be asked to vote are the following: The transfer of $225 million to the Canada Mortgage and Housing Corporation under the Canadian Home Ownership Stimulation Plan which provides grants of $3,000 for purchasers of new houses and for those purchasing a house for the first time, and under the Canada Home Renovation Plan, which provides up to $3,000 for individuals who are eligible for assistance in paying the cost of home renovation; in addition, the transfer of $200 million to both the Canadair and de Havilland Corporations to broaden their capital base, as announced recently by the Minister of Industry, Trade and Commerce.

The supplementary estimates include six one dollar votes. All these votes are financial in nature; three have to do with a transfer of funds from one vote to another and the other three are related to the payment of grants for which funds are already allocated in the programs. The committee received a list of these votes and has reported on them.

All the details of the proceedings of our Standing Committee on National Finance are recorded in Issue No. 63 dated November 18, 1982.

On Thursday, November 25, 1982, I had the privilege, on behalf of Senator Everett, to table the report of this committee which was printed in appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of that day so that it would form part of the permanent record of the Senate.

On Tuesday, November 30, 1982, as shown on page 5074 of *Hansard*, the Senate began consideration of the report of the committee with contributions by the chairman of the committee, Senator Everett, and the Deputy Leader of the Opposition, Senator Roblin, who is also a member of the committee.

The next day, Wednesday, December 1, 1982, the Senate resumed the debate, as shown on page 5086 of *Hansard*, with Senators Doody and Everett participating; as no other senator indicated to the Speaker that he wished to make a contribution, the matter was considered as having been debated.

To complete the file on this matter, I have here two tables, the first of which is entitled "Supply to date for 1982-83". The second table is entitled "Estimates tabled to date for 1982-83".

If honourable senators so wish, these tables could be printed in *Hansard*.

The Hon. the Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

(*Tables follow:*)

TABLE I

SUPPLY TO DATE FOR 1982-83

Two Appropriation Acts have been approved in respect of Estimates for 1982-83:

Supply Approved To Date		
Appropriation Act No. 1, 1982-83 which granted Interim Supply for *April, May and June* including 41 additional proportions, based on the *Main Estimates* for 1982-83		$ 8,786,438,129.08
Appropriation Act No. 2, 1982-83 which granted Supply for:		
– the balance of the *Main Estimates* for 1982-83;	$21,884,514,671.92	
and		
– the whole of *Supplementary Estimates (A)* for 1982-83	114,096,002.00	
		$21,998,610,673.92
Total		$30,785,048,803.00

Awaiting Approval	
Supply for the whole of *Supplementary Estimates (B)* for 1982-83	$ 1,914,712,944.00
TOTAL	$32,699,761,747.00

TABLE II

ESTIMATES TABLED TO DATE FOR 1982-83

	To be voted	Statutory	Total
Main Estimates			
Budgetary	$30,231,181,946	$42,703,553,496	$72,934,735,442
Non-Budgetary	439,770,855	778,671,000	1,218,441,855
	$30,670,952,801	$43,482,224,496	$74,153,177,297
Supplementary Estimates (A)			
Budgetary	$ 114,096,002	$ ...	$ 114,096,002
Non-Budgetary	...	...	...
	$ 114,096,002	$ ...	$ 114,096,002
Supplementary Estimates (B)			
Budgetary	$ 1,877,267,790	$ 3,327,792,416	$ 5,205,060,206
Non-Budgetary	37,445,154	83,804,000	121,249,154
	$ 1,914,712,944	$ 3,411,596,416	$ 5,326,309,360
Total Estimates Tabled			
Budgetary	$32,222,545,738	$46,031,345,912	$78,253,891,650
Non-Budgetary	477,216,009	862,475,000	1,339,691,009
	$32,699,761,747	$46,893,820,912	$79,593,582,659

Senator Leblanc: Of course, I am willing as much as I can to answer any questions honourable senators may have.

[*English*]

Hon. C. William Doody: Honourable senators, I would like to take a moment of your time to comment on this Appropriation Bill. As Senator Leblanc has indicated, we are dealing with Supplementary Estimates (B), which were referred to the National Finance Committee, which, in turn, reported back to the house last week. At that time, I had occasion to say a few words, which were not entirely complimentary, on some of the items in the bill and I hesitate to repeat them again this evening.

Hon. Duff Roblin (Deputy Leader of the Opposition): Go ahead.

Senator Doody: I must say, though, that at the mention of Canadair and de Havilland a few moments ago, a few hackles were raised on the back of my neck, and I felt that I should perhaps bring to the attention of the Senate the government's handling of the financing of these two firms, particularly the financing of Canadair which leaves a great deal to be desired. The $1.35 billion in debt in which the firm has now placed itself is costing it, I believe, something like $15 million per month in interest charges. I understand that the firm is now in a position where it feels it cannot really support any more debt, and that hardly surprises me in view of the interest rates that it now has to carry.

The government has struck on a new way of keeping this monster going. It has voted Canadair $200 million in equity in this particular set of supplementary estimates. This equity is struck in a strange way. The government refuses to list it in the assets of their balance sheet because I suppose they do not

really feel they will ever get it back. On the other hand, they do not want to call it a gift because it may set some sort of unfortunate precedent for all those other struggling Canadian firms out there which are anxiously awaiting someone to come up with a couple of hundred million dollars for them.

So we now come to the various forms of government financing, all of which, at one time or another, have been applied to Canadair. There are the letters of comfort, which we have talked about on several occasions, through which several hundreds of millions of dollars of financing were passed on to this company with no parliamentary approval at all. It is just done on a letter signed by the minister, saying that the bank and the minister undertake to obtain parliamentary approval some time later. As a result hundreds of millions of dollars of financing were arranged for Canadair through comfort letters. In addition to that there were the guaranteed loans derived through the normal channels, either the Loans Act or the Appropriations Acts, and now we come to still another system of what are, in effect, outrights gifts, and de Havilland and Canadair have each benefited to the tune of $200 million from this Christmas package of the Government of Canada.

• (2100)

These two corporations, which, incidentally, might well be called crown corporations since the Crown holds all of the shares, have now been placed under the tender direction of Senator Austin's CDIC. I fully expect, therefore, that considerable accountability will now take place before Parliament—at least before this particular section of Parliament, and we will henceforth be able to obtain the kind of information and knowledge not available to the other place under the former arrangement.

Honourable senators, I prepared a number of questions having to do with the structure governing the policy and directions of Canadair and de Havilland, and several other of these monsters that are growing up and feeding off the taxpayers' dollars, and sent them to Treasury Board in the hope that I would receive some answers. If I do not, I will ask the questions in this chamber. They concern the kind of directives given to the board of directors in terms of fulfilling their obligations. Obviously the board of directors is appointed by the Crown to look after the interests of taxpayers, but I have been told that the government does not insist that the company, in its operations, be directed by the board of directors, in that sense that, although the members are expected to act in a businesslike manner, their first requirement is to put into effect the policies and directives of the company as opposed to looking after the interests of taxpayers, who, in this case, are the shareholders.

I believe we need those matters clarified and I have asked the Treasury Board to do just that. I have also asked for further information on the current letters of comfort, because at our last meeting the officials informed us that they had no intention of changing their policy with respect to comfort letters, but rather that they would continue to issue them because they felt it would be impossible for them to carry on

[Senator Doody.]

the affairs of the country without having recourse to those instruments.

I have also asked for clarification of that matter because I do not believe that those particular letters of comfort are legal instruments. The law says that before any money is distributed to anyone, the distribution must be approved by Parliament, but with these letters of comfort Parliament, in my opinion, is being circumvented. When Parliament is sitting, a bill can be introduced respecting financing of whatever sort; when Parliament is not sitting, financing can be provided through Governor General's warrants. In my opinion, not only are these letters of comfort unnecessary; they are illegal. I have, therefore, asked for an opinion on this matter, and when I receive an answer I will make the information immediately available to my colleagues.

Honourable senators, as I mentioned earlier, I touched on a number of other items in the supplementary estimates when I was commenting on the report of the committee a few days ago, and so, despite the urgings of my colleague, Senator Marshall, I will not go over them now. I thank you for your patience and forbearance. I commend the estimates to your tender mercy. If you can find it in your heart to vote for them, then it is on your conscience and not mine.

Hon. Andrew Thompson: May I ask the honourable senator a question? I am not a lawyer, but I understand that a director has certain responsibilities he must fulfil. If he does not, the shareholders can sue him. Does the same relationship exist between the shareholders and directors of these companies?

Senator Doody: Like Senator Thompson, I am without degree or pedigree so I can hardly answer that question from a professional point of view. However, that is precisely the sort of question I have put to the officials, and, as I have indicated to the chamber, when I receive the answers to my questions I will be more than happy to share the information.

For the moment I can only repeat that I do not know under what directives the directors of these companies operate. I do not even know their terms of reference or how often they are expected to report to the minister, or whether they are people with experience in various business fields or civil servants, or anything else. I have asked for that information and when it comes to me I will be most happy to share it with the chamber.

[*Translation*]

Senator Leblanc: Honorable senators—

The Hon. the Speaker: Honourable senators, if Senator Leblanc speaks now, his speech will have the effect of closing the debate.

Senator Leblanc: Honourable senators, Senator Doody was very active during the deliberations of the Senate Standing Committee on National Finance on Thursday, November 18, where he did ask many questions. Even in this house when Senator Everett spoke to the committee report, Senator Doody again asked some questions, particularly about de Havilland and Canadair. I think that his questions deserve to be answered and I hope that within the not too distant future we will be in a position to provide Senator Doody with the

appropriate answers. Perhaps Senator Doody will not be satisfied with them, but what really matters is to give answers to the senators who ask questions that are as intelligent, as relevant, and as important as those asked by Senator Doody.

I hope that the Treasury Board or the department concerned will provide appropriate answers as soon as possible.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Leblanc moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 15, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

DISTRIBUTION OF B.C. APPLES IN CHAMBER

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, before an honourable senator opposite accuses the government of apple polishing to expedite business before Christmas, may I say that the apples on your desks this afternoon are from—where else?—British Columbia. They are full of vitamin C and other health-giving vitamins and minerals—a sure recipe for fitness and a nourishing way to end 1982 and to begin the new year.

While my office has distributed them in this chamber, they were made available through a member of the loyal opposition in the other place—Fred King, from Okanagan-Similkameen, where the apples were grown, and from B.C. Tree Fruits. It is hoped that honourable senators enjoy them.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

ALLEGED STATEMENT BY MINISTER OF FISHERIES AND OCEANS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, although it has been agreed that we should have as short a Question Period as possible, I do not think it should be as short as it was one day last week.

Hon. Royce Frith (Deputy Leader of the Government): No.

[*Translation*]

Senator Flynn: So, to get the ball rolling, I have a question for the Leader of the Government, concerning a statement by the Honourable Pierre De Bané, Minister of Fisheries and Oceans, who used to be vigorous in his defence of Quebec's veto on constitutional amendments; he even signed a dissenting report in 1972, and, until he entered Cabinet, was very combative, although he has been very meek since. Others, and I shall not mention any names, have done the same. I do not know whether it is because he has been haunted by guilt feelings since the passage of the constitutional resolution which eliminated Quebec's veto, and fiscal compensation as well with respect to amendments to the Constitution, and which would transfer to the federal government powers now belonging to the provinces; but, the ineffable minister has suggested that we could perhaps substitute for Quebec's veto a new formula that would require a double majority for all constitutional amendments, that is, a majority of the members from Quebec and also a majority of the other members. Simple arithmetic tells us that the suggestion is downright silly. From our experience with the constitutional resolution, when Liberal members from Quebec voted as one man with the government, thereby eliminating Quebec's veto and any other compensation, it was clear that they had no idea how to act together, at a time when they had a unique chance to do so. In any case, although the suggestion is silly, perhaps since Mr. De Bané claims that the government is examining this possibility, the Leader of the Government would inform us whether this statement is to be taken seriously.

• (1405)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure whether a question has been put. I understood the last sentence to be in the form of a question, but the interpretation and editorializing of what was in the press by the Leader of the Opposition leading up to that last sentence makes it a little difficult to respond.

Senator Flynn: You do not have to comment; answer the question, that is all.

Senator Olson: If the preamble does not add much value to the question, then I am sure the Leader of the Opposition appreciates that he should not have included it.

Senator Flynn: If you want to comment on my preamble, go ahead.

Senator Olson: Perhaps I should get a detailed or, at least, an orderly response from the minister whom the Leader of the Opposition quoted in his reference to an article in a newspaper. When I have that information I will respond to the question.

I must tell my honourable friend that this government takes matters respecting the Constitution seriously. Indeed, for several weeks—in fact, months—we took the Constitution so seriously that we spent a great deal of time in order to bring it to a position which I think is substantially better than that in which it was before that investment of time and effort.

Senator Flynn: When the Leader of the Government says that the situation is much better now than it was before, does he mean that from the viewpoint of the Quebec veto, or whatever Mr. De Bané is talking about when he says he is trying to replace the lost veto with a double majority?

Senator Olson: What I am talking about is the fact that we have the Constitution domiciled in our own country.

Senator Flynn: That was easy.

Senator Olson: That was not easy.

Senator Flynn: Oh yes, it was easy.

Senator Olson: It was not easy. We had to fight the opposition every step of the way.

Senator Flynn: Certainly not!

Senator Olson: Now all Canadians—including, I am sure, all Canadians in Quebec—feel even more pride in their country as a result of having full maturity.

Senator Flynn: When the Leader of the Government says it was not easy, I must disagree with him. It would have been easy had the government followed its proposal simply to patriate the Constitution with an amending formula. What made it difficult was the way it was done—imposing something on the Province of Quebec. Indeed, at the beginning, it was an imposition on eight of the ten provinces.

Hon. R. James Balfour: The Supreme Court told you that you were wrong.

Senator Olson: I am sure that my friend would agree, however, that, though he so often accuses this government of taking the wrong procedure—

Hon. David Walker: With good reason!

Senator Olson: —he always agrees that the result is good for Canada. I am not surprised, therefore, that he makes that comment yet again.

I was really commenting on all of the time and effort involved to persuade my honourable friend that the government takes very seriously constitutional matters, which include Phase II and other things which will be considered again when the first ministers meet in the spring.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have a supplementary. The fact of the matter is, as far as we can ascertain from reports that were made, that Mr. de Bané referred to a so-called double majority formula. At the time he also mentioned that the formula was being studied from the governmental point of view. Does that mean that the study is being carried out by a non-governmental body, and is this question actually being studied at the present time? That is all I want to know.

[*English*]

Senator Olson: Honourable senators, I will take this question together with that posed by the Leader of the Opposition. I have already said that I would alert the minister and ask him for any comments he may wish to make.

• (1410)

FOREIGN AFFAIRS

CANADIAN DAIRY COMMISSION—SALE OF EVAPORATED MILK TO LIBYA

Hon. C. William Doody: Honourable senators, is the Leader of the Government able to give me the information I asked for on December 2 concerning Canadian policy regarding the anti-Israeli boycott? Some shipments of condensed milk were allegedly shipped to a third party in defiance of the government's stated policy, and the minister was going to obtain some information on that.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I recall giving the honourable senator that undertaking. However, I seem to recall that I replied to that question, although I do not have the reply with me today. I will endeavour to identify the reply, to see if it was indeed given. If it has not been given, I will make a renewed effort to get it.

Senator Doody: If the reply has been given, then I apologize, in anticipation of receiving it.

VETERANS AFFAIRS

SUNNYBROOK HOSPITAL, TORONTO—SUPERANNUATION OF EMPLOYEES

Hon. Daniel A. Lang: By way of preamble to my question, honourable senators will be glad to know that there is at least one person who reads *Debates of the Senate*. He is a member of the Divisional Court in Ontario. He has written me asking whether I have had a reply to a question I asked on November 16 dealing with the hardships being imposed on ex-federal government employees, now retired from the staff of Sunnybrook Hospital, by reason of the federal government's failure to live up to the commitment it made at the time the hospital was taken over by the provincial government. I might say that the inquiry is from a man who I believe is well known to honourable senators, since he is chairman of the Dominion Constitution and Laws Committee of the Royal Canadian Legion. I refer to Mr. Justice Blair.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should point out that Mr. Justice Blair is a member of the Court of Appeal and not of the Divisional Court.

Hon. H. A. Olson (Leader of the Government): Honourable senators, in reply to Senator Lang, I will endeavour to obtain a reply to his question. I do not recall providing a delayed answer to it.

FOREIGN AFFAIRS

CANADIAN DAIRY COMMISSION—SALE OF EVAPORATED MILK TO LIBYA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I would like to respond to Senator Doody and the

question he raised about the Israeli boycott. I recall that we had replied to it, but I guess it was only a partial reply. I am advised that we did not give the honourable senator as complete an answer as he is entitled to. Therefore, there will be—

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Senator Olson: —a further reply. It is new if the Leader of the Opposition agrees that we strive constantly for full and complete answers.

Hon. C. William Doody: There is lots of room for improvement.

Senator Olson: We have had discussions with more than one department, including External Affairs and Agriculture, and we are still looking into the situation in order to clarify certain aspects of it, especially as they relate to the allegations that have been made.

In any case, as I have already said, we have not replied as completely as we had expected to, and I wanted to convey that information to Senator Doody.

THE ECONOMY

NEWFOUNDLAND—CORNER BROOK—ANNOUNCED CLOSURE OF BOWATER PULP AND PAPER MILL

Hon. H. A. Olson (Leader of the Government): I have a delayed answer to questions asked by Senator Marshall on December 2, 1982, concerning the announced layoffs by Bowater Corporation in Newfoundland. The answer is fairly long. If it is agreed, perhaps the answer could be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The present state of the worldwide pulp and paper industry is seriously depressed. Nationally, mills are operating at reduced capacity and experiencing varying periods of down time. United Kingdom and European markets are particularly soft for Canadian producers especially in light of the devaluation of the Swedish krona. In Newfoundland, the outcome of this international marketing situation was a public announcement on December 1, 1982, that the Bowater newsprint mill in Corner Brook, Newfoundland, was eliminating 746 jobs in the mill and in the woodlands operations.

As reported to departmental officials, the international Bowater organization decided to remove 150,000 tonnes of its annual production capacity for newsprint from the market and obtain cost savings in the process. Following analysis, the board of the parent corporation in London, England, decided to close down the No. 7 paper machine at Bowater Newfoundland Limited in Corner Brook, Newfoundland. No. 7 paper machine was determined to be the least economically efficient unit in Bowater's North American operation. The BNL mill is also the one operation, most of whose output was destined to non-North American markets. The decision is stated by Bowater officials to be fixed until the BNL markets recover in three years or more.

The company claims that, although 750 jobs will be lost, 1,750 jobs will be made more secure by the corporate actions. Without cost cutting, the entire mill operation might have to be terminated. BNL officials indicated that following the necessary reorganization, the company's intention is to complete a modernization program including the conversion to thermomechanical pulping as markets and capital expenditure budgets allow.

The existing incentive agreement was developed in consultation with BNL in the 1981-82 fiscal year and ratified in July 1982. The company acknowledges that the contract is now invalid. The company does not now expect to receive incentive grants towards the modernization program originally identified in the agreement as the planned program and commitments have been cancelled.

Although the decision to discontinue the program is disappointing, the department is prepared to consider ways to assist the company in future modernization programs designed to improve viability.

An assistance program for Bowater Mersey mill at Liverpool, Nova Scotia, is proceeding as planned. Since the Mersey plant, through joint ownership with a United States publisher, enjoys an assured market for about one-third of its output, continuation of the assistance is consistent with the aims of the national pulp and paper program.

Employment and Immigration Canada has held discussions with management and the unions in Corner Brook. A joint consultative committee of labour and management is expected to be set up under the Manpower Consultative Services program of EIC. The company has agreed to cooperate in the operation of the committee and EIC officials are presently working out the details in Corner Brook.

A committee of municipal, labour and business interests is being established in Corner Brook to consider the impact of the Bowater problem and to seek alternative development-employment opportunities. When organized, the committee is to contact departmental officials in Newfoundland for discussions. Departmental officials have already met with the mayor and the chairman of the Economic Development Committee of the municipal council. The first priority being pursued by council, external to the Bowater shutdown, is likely to be a study of the development potential associated with a new marine transportation container service between Corner Brook, Halifax, Montreal and Labrador. The department will be participating in the study and other development opportunities identified by the council or through its own initiatives.

VETERANS AFFAIRS

FORMER PRISONERS OF WAR, VETERANS, SPOUSES OF DECEASED VETERANS—COMPENSATION

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on November 4 concerning the rates of compensation under the Compensation for Former Prisoners of War Act, the amount of allowable exemptions for casual earnings for the purpose of War Veterans Allowance and the rate of widows' pensions payable under the Pension Act.

I have an answer of some 10 or 11 paragraphs which I would be prepared to have appear in *Hansard* as read, if that is agreeable.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

As you know, the Compensation for Former Prisoners of War Act became law on April 1, 1976. Compensation is paid to veterans who were prisoners of war of other powers, for example, Germany, Italy, Korea for three months or more but less than 18 months, at the 10 per cent rate; for 18 months or more but less than 30 months, at the 15 per cent rate; and for 30 months or more, at the 20 per cent rate. These percentage amounts relate to the amounts paid for pensionable disabilities under the Pension Act, which carry similar assessment.

The present legislation was enacted by Parliament in an attempt to compensate former prisoners of war to some degree for the indignities, maltreatment, malnutrition, and permanent scars which resulted from their imprisonment, and in particular on the basis that there could be some residual disability that might not be recognized in such a way as to be pensionable under the terms of the Pension Act.

It is a well-known fact that conditions in prisoner-of-war camps varied greatly. In some camps conditions were much worse than in others. In arriving at a formula for compensation, however, Parliament was only able to provide an overall benefit based on length of incarceration. It did not consider that individuals or groups, such as Dieppe veterans, could be singled out for special benefits. The only exceptions are those incarcerated by the Japanese. It has been accepted that those imprisoned by the Japanese suffered far more permanent and damaging effects during captivity than did those incarcerated by other powers. For this reason Parliament legislated different rates for that group. It is felt that the rates for the time periods stated above are fair and equitable, and there are no plans to amend the Compensation for Former Prisoners of War Act at this time.

The amounts of allowable exemptions for casual earnings for War Veterans Allowance purposes, last adjusted in 1980, are set out in the War Veterans Allowance Regulations. It is the responsibility of the War Veterans Allowance Board to advise the minister respecting these regulations. The chairman of this board is currently reviewing the provisions for exemptions of casual earnings, and the board will provide me with their recommendations shortly.

Finally, I would like to respond to the question concerning the amount of pension payable to the spouse of a deceased disability pensioner. As the legislation now stands, a full widow's pension is awarded to the surviving spouse of a veteran whose death was attributable to service, or if he was or should have been in receipt of a disability pension at the rate of 48 per cent or more at the time of his death. The full widow's pension rate is 75 per cent of the pension paid to a 100 per cent unmarried disability pensioner, or $682.85 per month. The 100 per cent disability pension rate for an unmarried pensioner is $910.46 per month.

The pension legislation was not designed to provide greater benefits to the survivor than to the pensioner who actually served in the Armed Forces. Notwithstanding this, some surviving spouses actually do receive more pension than was paid during the pensioner's lifetime. These are the widows of veterans who were in receipt of disability pension at the rate of 50 and 55 per cent. The 50 per cent married rate is $596.04 per month and the 55 per cent married rate is $625.94 per month.

There are no plans at the present time to amend the Pension Act with regard to the formula used to compute the rates of survivors' pensions.

PUBLIC BILLS

SUSPENSION OF RULES 44, 45 AND 78—NOTICE OF MOTION

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Thursday, December 16, 1982, I will move that until adjournment on December 22, 1982, rules 44, 45 and 78 be suspended insofar as they relate to public bills received from the House of Commons.

The motion itself will be debated tomorrow. However, I am prepared to give an explanation of why I am giving notice of that motion, so honourable senators may give it some thought before the item is called under "Motions" tomorrow.

Yesterday I told honourable senators of the plan for the Senate to sit today at 2 p.m., tomorrow, Thursday, at 2 p.m., and perhaps on Friday at either 11 a.m. or 2 p.m. The Senate would then sit again on Monday either at 2 p.m. or 8 p.m., and also on Tuesday and Wednesday of next week at 2 p.m. The Senate is then scheduled to adjourn on December 22.

Senator Flynn and Senator Roblin raised doubts about whether there would be sufficient business to justify the Senate's sitting on Friday of this week. Following discussion in the chamber between them and the Leader of the Government, it

was agreed that we would wait for more precise information about legislation that might be received in the intervening period. On the basis of business now being dealt with in the other place, it seems at the moment that we are unlikely to receive sufficient legislation to justify our sitting on Friday. As a corollary to that, however, we might very well receive at least three bills next week and there are also two Senate bills on the order paper, Bill S-30 and Bill S-31.

● (1415)

Senator Flynn: Not Bill S-31, but it is coming.

Senator Frith: That is quite right. Bill S-31 has a rather unusual status on the order paper because debate on second reading is suspended while we are awaiting the committee's report.

After discussions with the Leader of the Opposition and his deputy, we decided to ask the Senate, if it does not sit on Friday, to agree to sit on Monday at 2 o'clock, on Tuesday at 2 o'clock and on Wednesday at 2 o'clock, and to suspend the application of certain rules respecting notice for second and third reading of public bills so that their passage may be accelerated.

Honourable senators will notice that the motion refers to bills received from the other place. Bill S-30 and Bill S-31 do not fall within that category. We hope to deal with both of those bills also next week.

I should also advise honourable senators that one other item we may want to deal with before we adjourn is a motion for the establishment of a joint Senate and House of Commons committee. You will hear more about that tomorrow, leaving you plenty of time to think about it over the weekend.

In summary, we are looking at three bills, and perhaps more, from the other place, Bill S-30 and Bill S-31, and the motion to which I have just referred. In any event, this motion of which I am giving notice applies only to legislation received between now and next Wednesday, and tomorrow I will also move that when the Senate adjourns it will stand adjourned until next Monday at 2 o'clock in the afternoon.

TRANSPORT

BRITISH COLUMBIA—SETTLEMENT OF GRAIN HANDLERS' STRIKE—REQUEST FOR INFORMATION

Hon. Sidney L. Buckwold: Honourable senators, I am sure that the Leader of the Opposition will be delighted to know that I am going to ask a question of the Minister of State for the Canadian Wheat Board.

Hon. Lowell Murray: We knew.

Senator Buckwold: It is about time since I have not done so for a little while.

Hon. Martial Asselin: Is it a planted question?

Senator Buckwold: In any case, I would like the Senate brought up to date on what has happened as a result of the settlement of the grain handlers' strike.

The Hon. the Speaker: Order. I regret to inform Senator Buckwold that Question Period has ended.

Senator Buckwold: I thought we were still on Question Period.

Hon. Jacques Flynn (Leader of the Opposition): We had agreed that we would have a short Question Period, but if the Leader of the Government is willing to give you leave, that is fine as far as we are concerned.

Senator Buckwold: It is not too late for the planting season and I will be glad to wait until we have a longer Question Period.

Senator Flynn: Give it time to grow.

Hon. Duff Roblin (Deputy Leader of the Opposition): It is unfair to the minister because he has brought his music and is ready to go.

[*Translation*]

APPROPRIATION BILL NO. 3, 1982-83

THIRD READING

Hon. Fernand E. Leblanc moved that Bill C-140, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1983, be read the third time.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 16, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received.

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

December 16, 1982

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 16th day of December, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Jacques Noiseux
Deputy Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

[*Translation*]

CORPORATE SHAREHOLDING LIMITATION BILL

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—TABLED AND PRINTED AS APPENDIX

Hon. Joan Neiman: Honourable senators, I have the honour to table the report of the Senate Standing Committee on Legal and Constitutional Affairs on the subject matter of Bill S-31, to limit shareholding in certain corporations. I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

(*For text of report see appendix, p. 5201.*)

[*English*]

REFORM OF THE SENATE

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL JOINT COMMITTEE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I give notice that on Monday next, December 20, 1982, I will move:

That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;

That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

That 8 Senators, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada;

That the quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;

That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen;

That the Committee present its final report no later than December 1, 1983; and

That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose and to select, if the House of Commons deems advisable, members to act on the proposed Special Joint Committee.

Hon. John M. Macdonald: Could the Leader of the Government tell us if any consideration has been given to appointing a joint committee on the reform of the House of Commons?

Senator Olson: The formal answer is that the government has not given any consideration to that. However, I have heard up and down these corridors and in several rooms that some consideration should be given to that.

Hon. Jean-Paul Deschatelets: Is there a time limit for the return of the report?

Senator Olson: Yes, December 1, 1983.

Hon. Jack Marshall: As a supplementary to Senator Macdonald's question: When the other place established a committee to study the reform of the House of Commons, members of the Senate were not asked to sit on that committee. When Senator Frith says that any changes to the Senate should be instituted in the Senate, why are we asking members of the House of Commons to consider Senate reform? We are the ones who should debate Senate reform, not the members of the House of Commons.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the aspect of Senator Marshall's question referring to my intervention on Senate reform, I stated that members of the Senate should be the leaders in Senate reform, but I made it quite clear that any reform requiring constitutional amendments would need, in accordance with the amending formula, a resolution of the Senate, of the House of Commons, and of the provincial legislatures.

That is why I am so pleased to support this motion. We are the ones who have introduced the motion. We are going to ask the members of the House of Commons to concur in that motion rather than the other way around.

Senator Olson: As it appears that several senators wish to ask questions on this topic, I would be more than pleased to answer all inquiries on Monday of next week. To this point the questions seem to be matters of opinion and submissions of argument. At any rate, I will be more than pleased to answer all inquiries on this subject on Monday.

Hon. George J. McIlraith: Honourable senators, if I heard the leader's reading of the proposed motion correctly, he referred to the hiring of staff for "clerical and stenographic purposes." If the committee is to do its work properly, it is obvious that it will require highly competent professional staff in addition to clerical and stenographic staff. If this is not already provided for in the motion, would the leader consider it before the motion is dealt with by the Senate?

[Senator Olson.]

Senator Olson: Honourable senators, authority is sought to hire competent clerical and stenographic staff, but the motion does not identify individuals. If the staff of the Senate cannot supply those needs, perhaps we should consider hiring additional staff.

Hon. Ernest C. Manning: Honourable senators, I should like to ask the Leader of the Government in the Senate a question by way of clarification. By the use of the words "joint committee" is it intended that an equal number of members of both houses be named to this committee? We are aware that there have been joint committees where that has not been the case. If the role of the Senate is the subject being studied, the committee should not have a predominant number of members from the House of Commons; the membership should be at least equal.

Senator Olson: The number of eight members from this house is mentioned in the motion. I am not sure that it is the practice to put in the motion the number of members from the House of Commons. However, there are approximately three times as many members of the House of Commons as there are members of this house.

Hon. Richard A. Donahoe: What has that to do with it?

• (1410)

Senator Olson: It has quite a lot to do with it insofar as traditional practice, to which Senator Manning referred, is concerned. I also understand that part of his question where it is dealing with the Senate more specifically and, therefore, perhaps some change from the traditional balance between the numbers on the committee. Of course, that is a matter for the House of Commons to decide, and if it is a number that is disproportionate in our view, then we would discuss that with them. At the moment, we are thinking perhaps in terms of about ten from the House of Commons.

Senator Marshall: Is the Leader of the Government going to consider placing on the committee independent members of the Senate?

Hon. Martial Asselin: We are all independent.

Senator Olson: I believe that the distribution will be done in the long-tested and traditional manner. In other words, there will be a number from the government side and a number from the opposition side.

Senator Marshall: I have a final question. Does the introduction of this motion mean that all references to an elected Senate, or anything having to do with that matter, will be removed from the order paper until this committee meets?

Senator Olson: Honourable senators, we are getting into a debate that ought to take place on Monday afternoon when the motion is moved. On Monday this motion will be moved when "Motions" is called. I shall be asking honourable senators to agree to having it brought forward and moved as the first item on Monday afternoon, after we have gone through the other routine proceedings before the Orders of the Day are called.

Hon. Heath Macquarrie: Honourable senators, it is a well-known practice that in any deliberative chamber you endeavour to point out improprieties as soon as possible. I am wondering if those who are responsible for this suggestion have recalled that in all bicameral legislatures most of us can think of, each house is the master—I suppose I should now say "is the mistress" as well—of its own proceedings. This is a fundamental knockdown of that idea respecting which the honourable leader has just said, "Oh, yes, we will have so many from the other house because they have more members, and there are to be fewer from here because we are fewer." That is an entirely facetious, improper, irregular and dangerous argument. I wonder whether this has been considered. He will not find in the records of this Parliament any such procedure whereby you invoke the aid of someone else to help in the joint destruction of your own chamber.

Senator Olson: Honourable senators, I accept that as Senator Macquarrie's opinion. I will be prepared to deal with it completely and, I am convinced, adequately to his satisfaction on Monday afternoon during the debate.

Hon. Daniel A. Lang: Honourable senators, does the leader require leave for his motion?

Senator Olson: No, I am just giving notice.

Senator Manning: Honourable senators, I do not want to belabour the point, but from what the government leader said I understand he will be discussing this proposal with the other place. It seems to me that it would avoid some complications later on if the government in this house could agree to the concept of equal representation, and invite the other place to name an equal number to serve with members of this house on the committee. What I am concerned about is that if we leave this open to the other place to decide, they may very properly, in the light of past experience and for the reasons stated by the honourable leader—that is, the very much larger number of members in the other place—readily conclude that they should name more than the number proposed by this chamber.

• (1415)

I would not like to see this chamber put in the position where it then has to go back to the other place and say, "No, that is not acceptable," assuming that were the judgment of this chamber. It would be so much simpler if there could be a general agreement now that, in light of the subject matter of the inquiry, it would be appropriate for this chamber to invite the other house to name at least an equal number of representatives to sit on the committee rather than having them name more and then getting into a long, drawn-out argument as to whether there should be more or less. I am merely trying to avoid problems which may arise down the road.

Senator Olson: Honourable senators, I appreciate what the honourable senator has said and, of course, his remarks are recorded and will be available to those in the other place before they move a motion specifying the number. However, as I said a few moments ago, I would prefer not to get into a debate because a very significant argument can be put, which would be acceptable to most honourable senators, that there should be slightly more members from the House of Commons than from the Senate. I want to make that argument on Monday afternoon.

Hon. Duff Roblin (Deputy Leader of the Opposition): Can my honourable friend tell us when notice will be given of this motion in the other place? Is it being given there this afternoon, or when will it be done?

Senator Olson: I cannot say categorically that notice will not be in the House of Commons today. What I think will happen is that the motion, having been initiated here, will be debated in this chamber and, when we have concluded the debate or passed the motion, the traditional message will be sent to the other place inviting them to join with us. That will form the notice they will receive, but they probably know by now that we have already initiated it here and have included a paragraph inviting them to join with us.

Senator Roblin: Honourable senators, I think it is rather important that we should have a clear assurance from the honourable gentleman that the motion will not be proceeded with in the other place until we have debated it. It seems to me that the debate on Monday will be significant in developing important points such as those raised by Senator Manning. The point raised by Senator Macquarrie will also have to be considered. It seems to me that, before any invitations to the House of Commons are issued in respect of this matter, there should be a full debate and a decision made in this chamber.

I ask my honourable friend if he can give an assurance that we will have an opportunity to debate this matter and make up our own minds about it before any invitation is extended to, or action is taken by, the other place.

Senator Olson: Honourable senators, that argument is recorded, but I cannot give an assurance that the House of Commons will not introduce a motion; they are in charge of their own affairs. I suppose they could introduce it today or at any time when it is appropriate to give notice of motion. However, I can give my friend an assurance on the third part of his question, and that is that the House of Commons will not be invited to unite with us in this committee study until the motion is adopted in this chamber, although the House of Commons has notice of it as of now.

Senator Roblin: I regret that my honourable friend cannot be more precise, because this resolution, of which he has given notice today, is a most important one. It affects the future of this chamber. It seems reasonable to me that we should have full opportunity to express our own views and come to our own conclusions before the matter is handed over to the other place for consideration.

I would suggest to my honourable friend that he would make many of us feel much easier about this motion if we were assured that we were going to be able to have our say, discuss proposals for changes in the motion, and make our decision, whatever it might be, before it gets out of our control and into the other place. Would my honourable friend be kind enough to assure us that we are going to be able to come to our own conclusions in this matter before it is dealt with elsewhere?

Senator Olson: Honourable senators, what Senator Roblin has said I think is what is going to happen, but that is not the question he has asked me. That is my unfortunate problem. That formed part of the first and third questions.

The second question was: Could I assure him that it would not be introduced in the House of Commons before it is passed here? I think it is quite obvious that I cannot give him that assurance. As to the scenario that he has just outlined, I firmly believe that is the way it is going to be.

● (1420)

Senator Roblin: I see my honourable friend's point. He cannot commit the other house any more than they can commit this one, and I agree with that. I say to him, however, that we rely on him to use his influence, status and counsel in protecting the interests of this house with respect to the matter. He has not yet told me that he is going to go to bat for us. That is what I am asking him to do. Will he go to bat for us so that we can see our way clear in this matter and come to our own conclusions before it is placed before the other chamber?

Senator Olson: Honourable senators, I thought—I suppose innocently—that it was well known in every corner of this house that I do go to bat for every senator any time that needs to be done. However, if Senator Roblin does not feel confident in this regard, I will again reassure him.

Senator Marshall: Honourable senators, in light of the fact that from time immemorial one of the parties in the other place is known to have had a policy in favour of abolishing the Senate, I ask the Leader of the Government: Where is the need or the justification for involving members of the other place in this matter? It would seem that, by doing so, we are at a disadvantage right off the bat. Why don't you think a little bit before making decisions?

Senator Olson: Honourable senators, we have long argued that the Senate is part of the Parliament of Canada. By the same token, the House of Commons is part of the Parliament of Canada. Therefore, if action is to be taken on this matter, it must involve both houses. That is why we believe it would be wise to have a joint committee.

Senator Macquarrie: Honourable senators, through the questioning of my colleagues it appears clear, as I suspected, that the initiative lies with this house rather than with the House of Commons. I wonder if it has occurred to the Leader of the Government in the Senate that it might have been thoughtful, proper and courteous to allow this house to dispose of items 2 and 3 on the order paper, which clearly deal with the format and structure of this place?

Senator Olson: Honourable senators, items 2 and 3 have appeared on the order paper for a number of months, providing an opportunity for any honourable senator who has a view on the subject matters contained in those items to make his views known. It seems to me that it is logical, sensible and completely in accord with some of the views that have been expressed while those items have been under consideration to follow with a substantive motion, which is what I gave notice of earlier today.

Senator Macquarrie: Honourable senators, regardless of the antiquity of items 2 and 3, I should nevertheless like to ask the government leader whether it would not have been more proper and courteous to allow the Senate to exhaust its views on these matters? What is the hurry?

Senator Olson: Honourable senators, I think substantive action by way of this motion, in view of the enlightening and intelligent debates that have taken place, is the most pragmatic and useful way to proceed.

Senator Macquarrie: The honourable senator has no idea what glorious enlightenment may still be before him on those items. He and I have yet to deliver our views.

Senator Marshall: Honourable senators, Order No. 3 stands in my name. The reason I have not yet spoken to it is that I have been waiting for the third chapter of the wisdom of Senator Frith, which will probably be delivered today.

Senator Frith: Honourable senators, there is no third chapter.

Some Hon. Senators: Oh, oh!

Senator Frith: What you've seen and what you've read is what you get, on those items.

I wonder if we can assume that the debate on the notice of motion is concluded. If so, I will introduce another notice of motion.

Hon. Maurice Lamontagne: Honourable senators, may I be permitted a question? Since we are nearing the end of this session, what is the urgency of setting up this committee?

Senator Olson: Honourable senators, we believe that it is useful to pass this motion in this chamber early next week, and to give the House of Commons a chance to pass it as well, so that a great deal of useful work can be done immediately following that to get the committee under way. We know that there could be a prorogation, but it is easy to reconstitute everything.

● (1425)

Senator Marshall: You will never get unanimous consent.

Senator Frith: Honourable senators, this has been one of the fullest debates on a notice of motion that I have heard. However, it was appropriate, because it has given us an opportunity to get at least the first reaction of many of our colleagues to this motion. I am sure it will stimulate interesting debate when the motion is moved on Monday.

Hon. Arthur Tremblay: It is a matter of life and death.

BANKING, TRADE AND COMMERCE TRANSPORT AND COMMUNICATIONS

COMMITTEES AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in the hope that everything goes as

planned and that we adjourn on December 22, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce, and the Standing Senate Committee on Transport and Communications, have power to sit during adjournments of the Senate.

The reason for the motion is that I believe all other committees have authority to sit during adjournments of the Senate. However, the two committees I have mentioned do not. In case those committees wish to sit during the period from December 22 to January 17, or the date when we return, I am suggesting that we give them the same authority as the other committees have to sit during adjournments of the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (1430)

FOREIGN AFFAIRS
LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEES AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. George van Roggen: Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(a):

> That the Standing Senate Committee on Foreign Affairs have power to sit at three-fifteen o'clock, and the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four-forty-five o'clock in the afternoon on Tuesday next, 21st December, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator van Roggen: Honourable senators, if I may, I would like to explain the reason for this motion. First, I apologize to His Honour because the piece of paper with the motion on it includes some scribbling of mine which I have done in the last two or three minutes as a result of conversations with the Leader of the Government and the Deputy Leader of the Opposition.

The Secretary of State for External Affairs, the Honourable Allan MacEachen, has for some time had an appointment to appear next Tuesday afternoon before the Foreign Affairs Committee in our study of Canada's relations with the Middle East. As honourable senators are no doubt aware, it is difficult to make arrangements for a busy minister to appear before a committee, particularly on such a difficult and complicated subject. At this point in our study the minister's appearance would be most appropriate.

I fully appreciate that when the Senate is sitting committees dealing with legislation must have priority. The Legal and Constitutional Affairs Committee, under the chairmanship of Senator Neiman, had planned to meet next Tuesday afternoon at 4.30 p.m., which would also require the concurrence of the Senate if the Senate was then sitting. I spoke with her and we agreed that, if honourable senators concurred, I would move the time of my meeting forward by 15 minutes, to 3.15 p.m., and she would move the time of her meeting back by 15 minutes, to 4.45 p.m. We also agreed that I would give an undertaking to honourable senators that the Foreign Affairs Committee would not sit for more than an hour and a half, so that it would adjourn before her committee meeting began. Consequently, the two committee meetings would not overlap and be sitting at the same time as the Senate.

With that explanation, I am moving a revised motion which contains part of my original motion together with some handwritten additions, which I will explain to His Honour afterwards so that they can be properly interpreted in the record.

In any event, the adoption of this motion would result in our committee's not having to put off the Deputy Prime Minister and Secretary of State for External Affairs on Tuesday afternoon and would enable the Legal and Constitutional Affairs Committee to deal with the bill now before it. As I say, the two committees would not be sitting at the same time and while the Senate might be sitting.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a companion motion to the motion you have just heard. The Standing Senate Committee on Legal and Constitutional Affairs also wants to meet at 4 o'clock on Monday afternoon. So I move, with leave of the Senate and notwithstanding Rule 45(1)(a):

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon on Monday, 20th December, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

PUBLIC BILLS

SUSPENSION OF RULES 44, 45, 78(4) AND 78(5)

Leave having been given to proceed to Motion No. 2:

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of Wednesday, December 15, 1982, moved:

> That until the Senate adjourns on December 22, 1982, Rules 44, 45 and 78 be suspended insofar as they relate to public bills received from the House of Commons.

He said: This motion simply asks honourable senators to suspend rules 44, 45 and 78 which deal with the amount of notice necessary between the second and third reading of public bills received from the House of Commons between now and the adjournment of the Senate on December 22, 1982.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my honourable friend was good enough to let us know what he had in mind here. We have no objection in principle to giving up the notice procedure on these bills. However, I would draw to his attention a minor point in connection with rule 78. That rule deals with more than merely the question of notice. Subsections (4) and (5) deal with notice, whereas subsections (2) and (3), for instance, do not. Subsection (2) provides that a report presented to the Senate shall be received without debate. Abrogating that particular subsection could technically make it possible for some of these bills to be debated at that stage. I wonder if my honourable friend has anything in particular in mind in stipulating that the entire rule 78 be suspended, instead of merely referring to subsections (4) and (5), which deal with the question of notice?

Senator Frith: That is a very good point. The reason that rule 78 was included was that we might very well send a bill to committee. However, as Senator Roblin has pointed out, we would want rule 78(1), (2)—

Senator Roblin: —and subsection (3).

Hon. H. A. Olson (Leader of the Government): And subsection (4).

Senator Frith: I suppose if we sent any of these bills to committee we would want those three subsections as well as subsection (4).

Senator Roblin: I suggest to my honourable friend that all he need do in order to get what he wants is suspend subsections (4) and (5) of rule 78. They are the two subsections dealing with notice. The rest of that rule does not deal with notice at all. If, for example, subsection (2) were suspended, I might feel like debating the report, which is forbidden under rule 78; and I advise the honourable senator not to tempt me.

Senator Frith: Honourable senators, I, like Satan, will get behind Senator Roblin and be behind him on his suggestion, which is absolutely correct. It seems to me that the only subsections of rule 78 that we need suspend are those dealing with notice, and they are subsections (4) and (5).

● (1440)

Senator Roblin: Since my honourable friend cannot amend his own motion, I will oblige him by moving an amendment for him.

Accordingly, honourable senators, I move, seconded by Senator Marshall:

> That the motion be amended by deleting the number "78" and by substituting therefor "78(4) and (5)".

Motion, as amended, agreed to.

[Senator Frith.]

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g):

> That when the Senate adjourns today, it do stand adjourned until Monday next, 20th December, 1982, at two o'clock in the afternoon.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Hon. Jean-Paul Deschatelets: Perhaps it is too early to say, but can the Leader of the Government tell us if it is proposed to proceed with Bill S-31 on Monday?

Hon. H. A. Olson (Leader of the Government): Honourable senators, if we deal with it, it will not be the first item of business. It may be that we will reach it later in the afternoon or, if we decide to adjourn for the dinner hour and resume on Monday evening, perhaps some time after 8 p.m.

Senator Deschatelets: To be more precise, is it the intention of the Leader of the Government to take this bill to third reading before the adjournment?

Senator Olson: No, it is not. The government does not intend to proceed with Bill S-31 past second reading in this session.

Senator Frith: Honourable senators, if we do not receive any other bills on Monday, the first orders will be Bill S-30 and Bill S-31, but, as Senator Olson has indicated, if we decide to debate those, it is likely that it will be some time later in the day rather than early. In the event that we wish to put them off until the evening, we will ask for the agreement of the Senate.

Just to mention one other item of business, honourable senators, I should point out that Royal Assent is planned for this evening at 5.45 p.m.

Senator Deschatelets: If I may return to the previous matter for a moment, assuming that both sides of the chamber co-operated and there was sufficient time, would it be your intention to give third reading to Bill S-31?

Senator Olson: Honourable senators, as the Honourable André Ouellet stated in committee, and as I have expressed here on several occasions, it is not our intention to take the bill past the stage where we can receive amendments to it. In other words, we want to give it second reading and refer it to committee, because we are prepared to accept a number of amendments to the bill, but we do not want to go beyond that stage until some time after January 17.

As you know, there is some legal question involved here, and not everyone is in agreement on the principle of the matter. Consequently, it is our intention to maintain between sessions the status of the November 3 date with respect to which voting

rights can be purchased through equity by provinces or provincial agencies.

Senator Deschatelets: May we assume, then, that the government intends to let this bill die on the order paper? Yes or no?

Senator Olson: The answer is yes, but it is rather involved, because it depends on how long it is before we have prorogation. If the session goes on for a few weeks, that is one thing; but if we have prorogation and a new session begins within one or two weeks after January 17, it is our intention to let the bill die on the order paper.

Motion agreed to.

QUESTION PERIOD

[*English*]

GRAIN

CROWSNEST RATE—GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Minister of State in charge of the Wheat Board. A couple of days ago I unsuccessfully addressed a question to him about the Crow. I pointed out that he had been advertised as being the author of a compromise solution with respect to the various interests debating the Crow in western Canada, and I asked him if he would "fess up"—if he would confess his authorship and let us know exactly what he said.

At that time Senator Argue did not give me any information, but I now draw to his attention that the Alberta Wheat Pool has issued a press release in which it deals with the very question. It passed the following resolution:

> That the Argue proposal is worthy of further consideration by Alberta Wheat Pool as an alternative to the related Gilson proposals.

My question to the minister is: What is the Argue proposal?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): The honourable senator questioned me about this some time ago and I replied that I had not taken any detailed proposal to anybody when I was out west some weeks ago speaking to those various conventions. So there was no detailed proposal given. I did suggest that, if they wanted to depart from the Gilson proposal, they should decide whether they were prepared to pay additional freight rates, and, if so, on what basis; and, if they were prepared to do so, whether they would accept the end result of the Gilson proposal, that being a division by 1990-91 of the costs equally between the grain producers and the government. There was no detailed proposal at all. I talked in general terms, and whatever I said was made in public. The press were there at all times.

● (1450)

Hon. H. A. Olson (Leader of the Government): Perhaps they did not print it.

Senator Argue: I don't know whether they did, but they certainly printed the remarks I made in Regina, and I made virtually the same speech to each of the three pools. If they want to take something that is rather precise from the remarks I made, I suppose that is up to them. As I said, I made no detailed proposals to them.

Senator Roblin: Honourable senators, that is a completely unsatisfactory answer. Must I write to the Alberta Wheat Pool to determine what the minister told them? Surely not. The Alberta Wheat Pool, in a press release, deals with the five principles which it says were incorporated in the minister's address. The Alberta Wheat Pool was in favour of those principles, so my honourable friend need not be modest or diffident. I might be in favour of them if I only knew what the proposals were. Must I write to the Alberta Wheat Pool that Senator Argue would not tell me what his proposals were when I asked him in the Senate? Must I ask the Alberta Wheat Pool what it is Senator Argue said that they are in favour of?

The minister has a duty to tell us what his proposals were, and if they are as good as the Alberta Wheat Pool thinks they are, I would be prepared to look upon them favourably.

Senator Argue: Would the honourable senator send me the publication he is talking about? It would assist me in knowing what the Alberta Wheat Pool said I said.

Senator Roblin: I would be pleased to do so, but I would like the minister to come clean. What did he say to the Alberta Wheat Pool that is so good? I go to the source for information; I do not want to go to the Alberta or Saskatchewan wheat pools to know what the minister said. I want the minister to tell us what he told them that was so good.

Senator Argue: I don't know what I said to them that was so good. I don't know that anything I said to them was that good, but I am pleased to note that they took it as being that good.

The Saskatchewan Wheat Pool sent me a partial transcript of my remarks, and I agree with the transcript. They told me that the transcript was made from a tape of my remarks. The Saskatchewan Wheat Pool transcript says, "Senator Argue, you were in favour of the Crow in the past and that there should never be any negotiations." I told them that the words "non negotiable" were not my words, but I went on to say that I thought the debate had arrived at the stage where it was not a question of whether there was going to be an additional contribution from the producers, or whether there was not going to be a contribution. I told them that they should decide among themselves whether or not they would be prepared to pay more, and, if so, under what conditions. I then posed to them a number of questions,—what could be called suggestions—to see what their response would be. They did not respond definitively to those suggestions because they had not considered them. I asked them how much they were prepared to pay and whether they were prepared to pay earlier. I also asked them whether they would be prepared to accept the 50-50 sharing arrangement by 1990-91 that Gilson suggested as a final conclusion; that is, whether they were prepared to pay half the compensatory rate in the future. I asked whether

they wanted a cap on it related to wheat prices or whether it should be related to any alternative proposal.

As I said, I did not take any papers with me to those meetings and I made no definitive proposals. I spoke off the cuff then, as I am doing now.

Senator Roblin: The minister is a remarkable man. He does not know what he told them; he cannot remember what he told them; he has no record of what he told them.

Senator Argue: The record is there.

Senator Roblin: Where is it? If you have received a transcript, I would appreciate seeing it.

Senator Argue: It is a one-page transcript, but I do not have it with me today. I make many speeches. When Senator Roblin speaks off the cuff in the Senate he does not have a copy of his remarks, yet a record is being made. That is the difference. I might have been asked 10 or 15 questions at each of those meetings, but I did not carry a transcript of each answer with me, and even if I did, I would not have read it.

Senator Roblin: I will not pursue this much longer. I will take my honourable friend off the hook. Even though he is a minister of the Crown, even though he is expected to announce government policy when speaking on such matters, or, if not announcing government policy, at least floating trial balloons which reflect government thinking, and even if he cannot remember what he has said and does not have any record of what he has said that he is willing to stand by, somehow or other 70 delegates of the Alberta Wheat Pool, meeting on December 2 last, debated the issue and resolved that the "Argue proposals are worthy of further consideration."

The minister cannot remember what those proposals were, or will not tell me what they were. I will not ask him any further questions on this but will write to the President of the Alberta Wheat Pool, Mr. A. J. Macpherson, and tell him that, "although I am an appointed representative of the people of my province dealing with ministers of the Crown, I am unable to obtain answers from such ministers, so please tell me what the Argue proposals were."

Hon. C. William Doody: Will you then let the minister know what he said?

Senator Roblin: Only if he asks nicely.

FOREIGN AFFAIRS

LAW OF THE SEA TREATY—REQUEST FOR TABLING

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the fact that the Law of the Sea Treaty was signed by over 100 countries on December 6 in Jamaica, is it the intention of the leader to table that treaty so that members of the Senate could be made aware of its conditions?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I thought I had certain information with me in anticipation of a question about this treaty, but I realize now that I do not. I shall take the question as notice.

Senator Marshall: If it was not the intention of the Leader of the Government to table that treaty in this chamber, could that be done so that senators could be made aware of its contents?

Senator Olson: I will make inquiries on that and be as helpful as I can.

GRAIN

AVAILABILITY OF FIRST GRADE WHEAT

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board.

Hon. Jack Marshall: We will get an answer now.

Senator Molgat: Due to an early frost in the west this year a substantial amount of grain was damaged and, therefore, the grade was substantially reduced. Could the minister tell us what the situation is with regard to the lower grade grain? Is it moving or clogging up the system? Will there be enough first grade wheat to meet our commitments?

• (1500)

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, as Senator Molgat has just said, there was a severe frost in western Canada towards the end of August. Out of a crop of approximately 27 million tonnes of wheat, about 20 per cent, or 5 million tonnes, is likely to grade as Canada feed wheat. That is a tremendous quantity of feed wheat that the Canadian Wheat Board will endeavour to market.

Senator Molgat also asked whether or not we have enough high grade wheat on hand to meet our sales commitments for that grade. We have ample supplies of high grade wheat to meet all sales obligations undertaken.

The Canadian Wheat Board realizes that today feed grain is in large supply in the world, particularly because of the corn crop in the United States which is somewhere in the order of 8 billion bushels. Therefore, the merchandising of Canada feed barley and Canada feed wheat is a real challenge. We are very fortunate to have the Wheat Board system in operation, and I think it is doing an outstanding job—almost a miraculous job—in obtaining sales for Canadian grain in very large quantities.

The Canada feed grade into which the 20 per cent of the frosted wheat will go constitutes a tremendous challenge. The Wheat Board has found that it can segregate the higher quality parts of the Canada feed grain in order to get a substantial part of that feed wheat into a quality of wheat that is marginally below No. 3 grade, which is a milling grade. Therefore, by accepting a slightly lower milling standard, it can make flour and bread, or by mixing it with a higher quality wheat it can make a very satisfactory bread.

The Wheat Board says that it is difficult to market wheat for milling purposes called Canada feed. If we were selecting names for our grading system that would make it difficult for us to sell our wheat, we really could not have done a more outstanding job. Even the No. 1 CW, which is our very high grade, does not have quite so much appeal to the ear as American No. 1 Dark Red Spring, although our grade is superior to that American grade of wheat.

The Canadian Wheat Board is taking this higher quality of the Canada feed grade and is special binning it, and is calling it Special Bin. They say that when they market not Canada feed but this improved quality of Canada feed now called Special Bin they are experiencing a great deal of interest in that grade and they believe they will have very substantial sales. They have had teams out endeavouring to obtain markets in South East Asia. They have sent these particular samples to 30 different countries, and representatives will be merchandising this wheat in an energetic way in the new year.

They also say that over the years they could market successfully this kind of wheat but they cannot be assured of the supply. It is only once in five or ten years that they get such an early frost, and then they have the problem of marketing a very low quality wheat. By Special Binning, they feel confident that they can merchandise substantial quantities.

In the meantime, because Canada feed wheat is concentrated in certain areas, it provides marketing problems, but there are quotas now in effect, and the grain is moving well both east and west, so that producers who only have Canada feed, while they cannot be that optimistic about moving it all, can look forward to moving substantial quantities.

INTERNATIONAL TRADE

NATURAL GAS EXPORTS TO UNITED STATES

Hon. Earl A. Hastings: Honourable senators, I should like to direct a question to the Leader of the Government, and I appreciate that he may have to take it as notice. Has the government received any communication or representation from the Government of the United States with respect to the renegotiation of any existing gas export contracts?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will make inquiries in order to ascertain if a formal request has been made to renegotiate those prices. I do not know whether that has happened. I know that it has been the subject of some statements by a number of people in the United States, particularly by members of Congress, so I am sure that they are well aware of it.

Senator Hastings: As a supplementary, if there is any document available, would the government leader undertake, subject to the usual approval, to table it in the Senate?

Senator Olson: Yes, I will seek to have it tabled in the Senate.

NATIONAL SECURITY

PROPOSED ESTABLISHMENT OF JOINT COMMITTEE

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government. In view of the recent allegations that Canada is both a haven and a heaven for traitors and foreign spies, especially since the conviction of Hugh Hambleton in England, can the leader inform us why the government is not implementing recommendations of the McDonald Commission such as coming forth with a new act replacing the Official Secrets Act and the establishment of a joint parliamentary committee on national security?

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Haidasz is asking why the government is not responding to these recommendations. I shall take that question as notice and try to get a report on the status of what has happened with respect to that, and perhaps even some indication of what the government intends to do with those recommendations in the future.

The Senate adjourned during pleasure.

● (1510)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Bretton Woods Agreements Act and the International Development Association Act.

An Act to amend the Customs Tariff and to repeal certain Acts in consequence thereof.

An Act to amend the National Housing Act (No. 2).

An Act respecting rebates of interest on farm loans made under the Farm Credit Act.

The Honourable Jeanne Sauvé, Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Monday, December 20, 1982, at 2 p.m.

APPENDIX

(*See p. 5191*)

STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT ON THE SUBJECT MATTER OF BILL S-31, "AN ACT TO LIMIT SHAREHOLDING IN CERTAIN CORPORATIONS"

Thursday, December 16, 1982

The Standing Senate Committee on Legal and Constitutional Affairs, to which the subject-matter of Bill S-31, entitled "An Act to Limit Shareholding in Certain Corporations" was referred for consideration and report, has, in obedience to the Order of Reference of Monday, November 8, 1982, examined the said subject-matter and now reports as follows:

Your Committee solicited the views of the ten Provincial Premiers on the subject matter of Bill S-31. A number of them responded to your Committee's invitation to appear before it or to send in written comments. The governments of British Columbia and Alberta sent your Committee formal representations while the governments of Saskatchewan, Ontario and Newfoundland indicated they preferred to express their views on an intergovernmental basis.

Your Committee heard representations from the following: The Minister of Consumer and Corporate Affairs of Canada, the Minister of Finance of the Province of Quebec, the President of the Montreal Stock Exchange, the Chairman of Canadian Pacific Limited, the President of the Quebec Deposit and Investment Fund, the President of the Canadian Chamber of Commerce, and the Vice-President and Director General of the Montreal Chamber of Commerce.

As a result of these representations and its own analysis, your Committee draws certain areas of concern to the attention of the Senate.

The intent of Bill S-31 was stated by the Minister to be to preserve federal jurisdiction by preventing provinces from exercising extra-territorial jurisdiction in the transportation field, either directly or indirectly.

Bill S-31 as presently drafted extends to any company, either federally or provincially incorporated, which is engaged in extra-provincial transportation, even in a minor way as compared to the total range of its activities. It can therefore be characterized as being in essence legislation in relation to company law. This raises a question as to its constitutionality in respect of provincially incorporated companies.

More generally, the impact of Bill S-31 extends beyond the field of extra-provincial transportation to include a company whose activities in transportation, carried on directly or through another company it in fact controls, form only a minor part of its operations. Your Committee questions whether the Government should extend the application of this Bill so far. It therefore recommends that the Government define more clearly those types of enterprises to which it wishes Bill S-31 to apply so as to minimize the necessity of frequent recourse to the exemption procedures provided for in Section 6.

By virtue of the *Motor Vehicle Transport Act (1954)*, the Federal Government delegated its regulatory powers in the field of extra-provincial motor vehicle transportation to the provinces. However, the present Bill applies to companies engaged in such motor vehicle transportation. In addition, the Bill extends to companies engaged in transportation by air and water. Your Committee was divided as to whether present legislation in these latter fields is adequate to protect federal jurisdiction from any exercise of extra-territorial jurisdiction by the provinces.

Bill S-31 restricts or eliminates voting rights attached to shares acquired by a provincial government or any of its agencies, after November 2, 1982. Your Committee was divided as to whether restrictions on voting rights, to the extent provided in this Bill, are necessary to achieve the stated objectives of Bill S-31.

Respectfully submitted,

JOAN B. NEIMAN,
Chairman.

THE SENATE

Monday, December 20, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. GEORGE I. SMITH

TRIBUTES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, last night I passed before this building and noticed that the flag was at half mast. I would never have guessed that it was because of the death of our colleague Senator George Isaac Smith—what a shock!

Of Ike Smith it can be said without trace of exaggeration that he served his country in an exemplary fashion. When the need was for men to soldier, for men to protect freedom from the scourge of despotism, for men to defend their brothers from extreme political philosophies, Ike Smith volunteered his services. His contribution was such that Colonel Smith returned from combat one of the more highly decorated of Canadian servicemen.

From 1949 to 1970, Ike Smith served his country as a member of the Nova Scotia legislature. At various points in that career, he was Minister of Highways, Minister in charge of the Nova Scotia Power Commission, Minister of Finance and Economics, and, finally, from 1967 to 1970, Premier of the Province of Nova Scotia.

● (1405)

Here also the quality of the man's service was remarkable. He took over the province from Bob Stanfield, who had been premier for 11 years, but he took it over at the point when economic disaster was about to strike.

In late 1967, Dominion Steel and Coal closed the Sydney steel mill, throwing 3,000 people out of work. Premier Smith came to the rescue. With the spirit of decision that was characteristic of the man, Ike Smith immediately formed the Sydney Steel Corporation, a provincial crown corporation, which took over the plant and survives to this day. His handling of that crisis gleaned Ike Smith praise from all quarters, as did his handling of many other potential problems during that era.

He was faced with important decisions concerning coal mine closings, expensive government investments in faltering manufacturing endeavours, such as the heavy water plant at Glace Bay, and the need for higher taxes. He handled those problems as he did a multitude of others, with level-headed logic, incredible fortitude and a profound compassion for the suffering of others.

The soldier and politician, however, was first and foremost a lawyer. As a fellow lawyer, I cannot but marvel at such a lengthy and outstanding career in our profession. From what I have been told, his degree of competence and dedication were, in this calling, no less than in the other professions he chose to exercise in his life. Law, however, was his first love. This is what he prepared for as a young man and where I believe his heart really was. Politics and soldiering were careers undertaken out of necessity and his sense of responsibility. Law was an expression of love—love of order and love of justice.

In 1975, he was summoned to the Senate. It is since that time that I have come to know Ike Smith, the man. I have heard him described as plain-talking and hardworking. That is a photograph, not a painting. It accurately reproduces what Ike Smith was all about, but it fails to highlight those facets of his character most worthy of mention and emulation.

Certainly, he was a tireless worker. Most assuredly did he speak his mind at all times and with great knowledge and clarity of expression. He assumed for our side the burden of chairing a Senate committee while, at the same time, serving on several others. Always was he prepared for his responsibilities. Always was his homework done. And never did he duck whenever a request was made for someone to handle speaking chores in the chamber.

From my standpoint as Leader of the Opposition, he was an ideal caucus member. He could always be relied upon to make a highly informed and useful contribution. He had a brilliant mind, a fine sense of what is possible and appropriate, and sufficient courage and stamina to see him through the worst travails.

However, I will not have captured the essence of the man unless I tell you that he was one of the warmest, friendliest and mildest individuals I have ever met. One usually thinks of men whose careers have placed them in positions of having to make hard decisions, of having to direct others, of having to give orders in trying circumstances, as being men of action preoccupied with efficiency, with getting things done, and never overly concerned with the feelings of others.

Certainly, if that be the case with most leaders, then Ike Smith was an outstanding exception. I have rarely met a more pleasant man, a finer example of the old school of gentlemanliness. His interest in, and concern for, others was genuine. He loved people and always had time for them. He was approachable and ever willing to listen and give advice if it were sought.

We on this side of the house lose a friend and fellow warrior. He was a patriot and a partisan. He took his role as senator and member of the opposition caucus seriously, and carried out his duties with conviction.

And though he may have appeared tough to the government side with his thorny and relentless questioning of ministers,

and his scathing denunciations of the government's shortcomings and misbehaviour, we knew him as a concerned Canadian with a great love of people, and will always remember him as such.

To his wife, Sally, to his family, and, indeed, to the people of Nova Scotia, I extend, on behalf of the opposition, our most heartfelt condolences. Personally I have lost a most helpful colleague. The Parliament of Canada has lost a member whom it will be difficult to replace. We all have lost a friend whom it will be impossible to replace.

Hon. H. A. Olson (Leader of the Government): Honourable senators, on behalf of the members on the government side of the house, I wish to say that it was with the deepest personal regret that I learned yesterday of the death of our colleague, Senator George Isaac Smith.

Senator Smith served his country with distinction in his several official capacities, which have been appropriately described by the Leader of the Opposition. As it was pointed out, he distinguished himself as a member of the legal profession, as a long-time member of the Legislature of Nova Scotia, as premier of his beloved province, and as a member of the Senate of Canada. As Chairman of the Standing Senate Committee on Transport and Communications he fought tenaciously for what he believed in. He earned the respect of both political friends and adversaries while, at the same time, demonstrating that hard work, integrity, warmth and candour are daunting weapons.

We in the Senate are particularly conscious of the fact that we have lost a friend, a great Canadian who brought dignity and honour to the political process. Our heartfelt condolences go out to Mrs. Smith and her family.

● (1410)

Honourable senators, I suggest that tomorrow we sit at 8 o'clock in the evening in order to allow those who wish to attend the funeral of the late Senator Smith in Truro. A special flight is being arranged to leave Ottawa tomorrow morning, weather permitting, and to return at around 6 p.m.

Hon. John M. Macdonald: Honourable senators, for those of us who know Ike Smith well, it is difficult to speak of him in the past tense. It is hard, indeed, to realize that he will no longer be among us. Yet his death is a fact—a hard fact—which must be faced and, while we deplore his sudden passing, we are consoled by another fact, the fact that he led a very busy and useful life. It is well known, of course, that he had three careers which overlapped and it is astonishing that he found the time and the energy to be successful in all three.

Ike Smith was a brilliant lawyer. A lifelong student of law, he had a love of the law which he never lost. As well, he was a distinguished legal practioner. He had a large practice and he was known within the legal profession of Nova Scotia as a conscientious, successful and honourable member of that profession. While working as a busy lawyer he found the time to take an active part in the activities and deliberations of the Nova Scotia Barristers' Society and, indeed, served as its president.

We know that G. I. Smith served his country as a soldier in both times of peace and times of war. Active in the North Nova Scotia Highlanders, he served in Canada, the United Kingdom and Northwest Europe. Indeed, in 1945 he served in a high position at Canadian Military Headquarters in London, for which service he was awarded to O.B.E. After the war he continued his interest in the North Nova Scotia Highlanders, then called the Nova Scotia Highlanders, and found time to act as commanding officer in 1946 and 1949, and to serve as honorary colonel from 1967 to 1972. I would add that he took a deep and abiding interest in the welfare of all war veterans.

Perhaps, honourable senators, G. I. Smith is best known as a man in public life. He first ran as a candidate for the Legislative Assembly of Nova Scotia in 1949, and was successful. He ran six other times and was elected each time. From 1956 to 1967 he was a minister of the Crown in Nova Scotia and from 1967 to 1970 he was Premier of Nova Scotia. As a member of the assembly, a minister of the Crown and as premier he earned for himself the respect, admiration and affection of all Nova Scotians. As one who belongs to Cape Breton, I assure you he will always be remembered there with a deep sense of gratitude, for it was G. I. Smith who, in the final analysis, made the hard decision to have the Province of Nova Scotia acquire the Sydney steel plant when it was abandoned by its former owners without a thought for the employees. By acquiring the plant, G. I. Smith saved the economy of Cape Breton. The people of Cape Breton will feel a special sense of sadness at his passing.

Honourable senators, I do not mention his work here as a senator, as it has been well described by the two previous speakers. While a person can be judged by his accomplishments, and a judgment formed as to the kind of person he is, it is by such standards that G. I. Smith will be remembered as a hard working person, a dedicated public servant and a man of ability, devotion and duty.

● (1415)

Yet, honourable senators, I remember him better as a friend for many years. I know the kind of man he was. I knew him as a man of fine character, as a man of great personal charm, and as one who made lasting frienships. I knew him to be a man who had strong political, partisan conviction—in the best sense of that term; yet in all the years I knew him I never heard him, even in private conversation, utter a harsh or unkind word about a political opponent.

Senator Smith, as we in this chamber know, was a strenuous fighter, but despite that he has left behind him neither resentment nor enemies but, rather, a gracious memory of a fine person, one of high character who served his country well.

Those of us who enjoyed Senator Smith's personal friendship over the years valued it highly. We feel a deep sense of sadness at his passing. While we sympathize with his wife and family, we hope that their knowledge of the many other persons who share their grief is of some consolation to them at this time.

G. I. Smith was a great Nova Scotian, and Nova Scotia is the poorer for his passing.

Hon. Henry D. Hicks: Honourable senators, I first knew G. I. Smith when he entered the Nova Scotia legislature in 1949. I had served in the legislature for the previous four years, and I continued to serve in it, with him on the opposite side of the house, for the succeeding 11 years. I think that from the beginning we were spirited antagonists; but I can say that in the best professional political sense.

G. I. Smith, as others have said, was hard-hitting, but he was forthright and he was totally honest. You always knew where you stood with him. I can say that not only from our years of political combat in the Nova Scotia legislature but also from the years when, subsequently, I was the president of Dalhousie University and had to deal with him, as the premier of the province, on educational matters. You always knew where you stood with G. I. Smith. He did not keep you straddling the fence or waiting for him to make up his mind.

I did not know Senator Smith as a lawyer or as a soldier, for our military years, although contemporaneous, did not cross in other respects; but I am glad to have listened to, and I endorse, the account the Honourable Senator Macdonald has given of him both as a lawyer and as a soldier. I am sure that the remarks Senator Macdonald made are well deserved and are not in any way exaggerated.

Senator Smith was a good administrator. We all know that when he was appointed to the Senate he assumed, almost instantly, a leading role, particularly on behalf of the Progressive Conservative Party which he represented so vigorously and so well.

He loosed many an arrow from the seat just to the left of me where he sat in this chamber. In politics, as you know—and I think this ought to be even more common than it is—many make friendships outside their own party affiliations, and I think that if we, as professional politicians, in the best sense of the term, are to discharge our duties, we ought to recognize that fact. I am glad, therefore, to say that I counted the late Senator G. I. Smith as one of my friends in politics, and I am sure, based on a conversation he and I had only a little while ago, that he would have said the same of me. We understood our respective roles; we understood the importance of them; we understood the importance of the work that politicians render to their country and to their constituencies.

Finally, honourable senators, I have always been particularly impressed by and, I think it not wrong to say, even fond of his wife Sally. She is a fine person and was a splendid supporter of his. I extend personally, and on behalf of many other friends of the late G. I. Smith in the Liberal Party, my deepest sympathy to Mrs. Smith for the loss she has suffered—a great loss to her but also a loss to the Province of Nova Scotia and to Canada.

● (1420)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, in commemorating the life and work of the late Senator Smith, we recognize in him one of the brightest and best of the sons of Nova Scotia. Nova Scotia is a forcing house of Canadian political and economic talent; a province which has contributed so many Canadian leaders across this country.

Ike Smith was one who remained close to his native heath, and he soon displayed the qualities with which he had been endowed by the Creator in his approach to the challenges of life, in the professional field, in service during times of war, and also in the political arena. So, we may qualify him as one of the great Nova Scotians and an outstanding Canadian leader.

He was a bonny political fighter; he had a good, clean political cutting edge. On one occasion, which comes to mind, during a meeting of our caucus, when we were wondering what to do, he stiffened our spines and told us to go into battle and do what we thought was right; not to give up, but to perform our duty as best we could. That will remain with me as a memory of the capacity of the late Senator Smith to see his duty and to do it.

He was a delightful comrade; he was a man well furnished with ability, and had every instinct of the true gentleman, as members of the Senate had many opportunities to note. No matter how rough the battle had become, when warfare was over Ike Smith was a friend to those with whom he had just been conducting such vigorous debate and disputation. As I say, he had the instincts of a true gentleman, and I think that that is one of the characteristics which we will remember as being particularly attributable to him.

I join with those who have paid tribute to the late Senator Smith. I will always remember his contribution to the political life of Canada and, in particular, to that of his native province as member, cabinet minister and premier. I am happy to have been associated with him in the Senate. I hope that the knowledge that so many condole in their great bereavement will prove to be of some comfort to the family he leaves behind.

Hon. B. Alasdair Graham: Honourable senators, as has been said, the death of Senator Smith came as a great shock to all of his friends and colleagues. In particular, his passing is a great loss to our native province of Nova Scotia.

In my judgment, he was one of the modern-day political giants of Nova Scotia. Indeed, his long and productive record of public service would be difficult to match.

In many ways Ike Smith was a complete politician. As has been said, he was also a distinguished soldier, cabinet minister, premier, representative and, I think especially and most importantly, servant of the people.

He will be especially missed today in the Senate of Canada where his wisdom, his wide experience, his sharp tongue, his wit, his eloquent debating skills and uncompromising principles made him one of the most respected of all our colleagues.

The province of Nova Scotia and the welfare of its people were first, last and always his chief public concern.

I think it worthy of note that when he was Premier of Nova Scotia he treated all parts of his province with fairness and

equality, as evidenced by his quick and deliberate action during some of the early and most difficult days at Sydney Steel.

In every sense of the word, Senator Smith was a great Canadian.

● (1425)

Ike was a good personal friend. To his wife Sally, with whom I spoke yesterday, and to his children, I extend my deepest sympathy.

Hon. Heath Macquarrie: Honourable senators, I would not presume to attempt to paint the lily of the moving eloquence which has preceded me. I should like to say that, although I did not know Senator Smith as long as did Senator Macdonald, I have known him for a long time. As the years of our acquaintance progressed, I regarded him all the more highly. I looked upon him as a splendid parliamentary debater.

As I understand it, part of Senator Smith's background was what in Nova Scotia they call "the pre-loyalist stock", and true traditional Yankee values. He was a man who, in his language, was spare, sparse, clean and direct. If you read his speeches, or listened to them, you found very few flourishes. Everything was pared down to the essential, but, by jove, that essential was powerful, meaningful and convincing.

Someone referred to his years as a lawyer, and I am sure he must have been magnificent in that craft. I think of him not only as a great leader in his province—and Nova Scotians have paid just tribute to him—and in his region—I knew him when I was chairman of the Atlantic caucus of my party for a number of years—but also as a statesman of dominion status and stature.

I remember the Confederation of Tomorrow Conference. I was the only federal politician inside the rail because Premier Campbell of Prince Edward Island asked me to go along with him as an adviser. Senator Robichaud and Senator Manning were there, and I recall so well that Ike Smith, the then Premier of Nova Scotia, opened his remarks by saying, in reference to the Constitution, "We in Nova Scotia have a very high regard for the British North America Act. We are satisfied with it as a fine document, but we do not regard it more importantly or more dearly than the welfare of the Dominion of Canada. If changes are necessary and advisable, we are here to discuss them." That struck me as indicative of his character.

Of course, he was a vigorous advocate for the needs and rights of Nova Scotians, and for the needs and rights of Atlantic Canada, far too often ignored, neglected and downplayed as they were, but he was also a Canadian—a great Canadian.

I had the opportunity of being abroad with him on a number of parliamentary delegations, and I was always proud when this representative of Canada took the floor. He spoke with the candour to which my colleagues have made reference, and with that perception which was a part of his nature.

I agree with Senator Graham and other honourable senators who said he was a sharp debater. One was impressed by his incisive skill, but, beyond that, one was impressed by his mastery of the subject. To put it in simplistic terms, he knew what he was talking about. As has been said, no matter how sharp the debate, how vigorous the thrust and parry, he always ended up, as Chesterfield would have said, a true gentleman. He was never mean nor little in his disputes. He was courteous; he was considerate; he was, as I say, a true gentleman.

In the one year of semi-surcease from politics that I have had in the last quarter century, when I was on the faculty of Mount Allison University, I wanted someone to talk to my students about the Constitution of Canada. I was proud to invite Ike Smith as the speaker. Of course, he said he would come, and he was there for two days, and on their third day—I am not being scriptural here—snow fell on that beautiful part of New Brunswick. Knowing that he had to go to Halifax, I suggested he leave first thing before the snow got worse. I said I or someone else would take the class, or he could stay overnight as we had lots of room. True to his instincts, which must have been Calvinistic, he said, "I am committed to go to your class and to deal with my case in Halifax; I will take on both." Thank God he did get through the bad weather, and he did a fine job in both places.

● (1430)

The late Honourable G. I. Smith was a man of duty; a man of diligence; a man of warmth; and a man of charm. I join with all my colleagues in expressing our loss and in tendering our deepest regards and sympathy to those whom he loved and who loved him.

Hon. Louis J. Robichaud: Honourable senators, I know much has been said about our late colleague, Senator G. I. Smith. However, it seems to me, as one of his contemporaries—being a member of the Atlantic provinces premiers club, a member of the Candian premiers club, and participant in federal-provincial conferences with him for three years—I should add some brief remarks to those that have already so eloquently been made. From 1967 to 1970, as a member of those three clubs, I had the privilege of getting to know the Honourable G. I. Smith.

Prior to becoming Premier of Nova Scotia, Ike was Minister of Highways. At a convention in 1967, when I announced that he had been elected Leader of the Conservative Party in Nova Scotia, replacing the Honourable Robert Stanfield, the Minister of Highways in my province was genuinely pleased because, although they did not share the same political affiliations, they had become good friends.

Ike Smith was a good debater. At times he was biting—biting to the point where he would, occasionally, be annoying. This was the case not only at Atlantic premiers' conferences, at premiers' conferences and at federal-provincial conferences, but also here in the Senate. However, as was so ably said, when the debate was concluded, Senator Smith once again demonstrated his genuine friendship.

Other former premirs have already spoken, and I am sure that Sentor Manning, if he were here today, would express his deep regret at the passing of a man of Senator Smith's calibre.

Life plays tricks upon us. Just a few days ago Senator Smith was here, a very healthy man; today Canada, particularly Nova Scotia and his family, mourn his passing.

To his wife, Sally, his children, and to the people of Nova Scotia I offer my deepest condolences.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, it is not without emotion that I now join all who rose before to express their reaction to the news we received so unexpectedly. The news of this death has touched us very deeply, and I fully agree with what was said by previous speakers. I had an opportunity to meet Senator Smith when he succeeded Robert Stanfield as Premier of Nova Scotia. He decided to follow the same policy as Mr. Stanfield, that is, to be both Premier and Minister of Education. Ike Smith became Premier at a time when an institution that is rather unique in our federal system had reached a turning point in its existence. That institution is the Council of Ministers of Education of Canada. The Council had acquired considerable substance with men like John Robarts, who was Minister of Education at the time, and Jean Gérin-Lajoie, who was Minister of Youth in Quebec. The Council continued to develop under the leadership of Bill Davis when he succeeded Mr. Robarts as Minister of Education in 1965, 1966 and 1967. Despite past successes, we had reached a turning point in 1967 with an institution that was totally unique in our federal system, when Ike Smith became Premier of his province as well as Minister of Education.

I shall always remember his impressive leadership in conducting extremely delicate negotiations. In fact, I was able to follow this from a definite vantage point, since I accompanied my own Minister of Education to council meetings. I personally witnessed the dexterity with which he was able to implement ways of settling national problems on an interprovincial basis. His prestige as both Premier and Minister of Education—he was then the only one to hold both positions at the same time—enabled him to exercise his leadership among people with the necessary authority to settle problems that were national in scope.

Perhaps not enough emphasis has been put on this aspect of Ike Smith's life, but having seen him at work during that decisive period, I can safely state that the man I met later on when I arrived in the Senate, and who by that time was a senator, contributed very substantially to the development and organization of our federal system. As a Canadian, I want to thank him for having made this contribution. I am aware of the national dimension present in both interprovincial and federal-provincial negotiations, and Ike Smith was deeply aware of this twofold aspect. I think that in this respect, he has made an absolutely outstanding contribution to the future of our country. He is more than worthy of our praise. With this tribute, I wish to offer my sincere condolences to Mrs. Smith and the entire family.

[*English*]

Hon. Robert Muir: Honourable senators, after all the laudatory remarks that have been made about the late Honourable G. I. Smith, one might well ask, "What more can be said?" About a man of his qualities there is so much more that can be said. As has been pointed out by other honourable senators, he was a man who served his country both in times of war and peace. I did not have the opportunity to serve with him as a lawyer because I am not a lawyer. I did not have the opportunity to serve with him in the services because I was not in the services. I did, however, serve with him in the political field.

[Senator Robichaud.]

• (1440)

As many of us know, he was forthright, straightforward, honest, and threw a heavy punch when he had to. That is what this life and our democratic system are all about. Indeed, I knew the man for over 25 years. He campaigned with me. As many honourable senators know, in the political arena your enemy can at times be a member of your own party. Senator Smith would retreat for no one. He simply went straight ahead—straight forward in a decent, honest way. He debated with anyone in a proper manner, and in some cases had to put another in his place.

I remember those dark days of 1967 that have been mentioned by Senators Macdonald, Graham and Flynn. I remember the closing of the Sydney steel mill, when many of us sat at meetings both here in Ottawa and in Sydney. Those were serious, sad, grievous days. The Honourable Ike, of course, had his cabinet to advise him. Nevertheless, he and he alone had to make the final decision to set up a crown corporation and to go ahead from there. He did so against the advice of many financiers, steel experts and so on. That man put the people first. He considered the jobs of the steel workers and their families before anything else. Honourable senators, had it not been for him Cape Breton Island would now be a ghost island. Furthermore, the economic effects of that potential disaster would have spread to the mainland of Nova Scotia.

I can only say in conclusion, honourable senators, that I thank the good Lord that he caused to be among us a man of the calibre of the Honourable Ike Smith. He did fine and great work over the years.

There is so little that one can say to comfort another at a time like this, but I do want to express to his wife, Sally, my most sincere sympathy. I trust that God will give her the health and strength to come through these trying days. My sympathy also goes out to the other members of the family.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, out of respect for the memory of our colleague, the late Senator Smith, I move that the Senate do now adjourn, to resume at the call of the bell.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned.

• (1600)

CANADA AGRICULTURAL PRODUCTS STANDARDS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-98, to amend the Canada Agricultural Products Standards Act.

Bill read first time.

Hon. H. A. Olson (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-647, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF SAINT-MICHEL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-647, to change the name of the electoral district of Saint-Michel.

Bill read first time.

Hon. Azellus Denis moved that the bill be placed on the Orders of the Day for second reading later this day.

Hon. Paul C. Lafond: Next sitting.

Motion agreed to.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-620, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF MISSISQUOI—FIRST READING

The Hon. The Speaker informed the Senate that a message had been received from the House of Commons with Bill C-620, to change the name of the electoral district of Missisquoi.

Bill read first time.

Hon. Azellus Denis moved that the bill be placed on the Orders of the Day for second reading later this day.

Hon. Paul C. Lafond: Next sitting.

Motion agreed to.

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Lewis be substituted for that of the Honourable Senator Cottreau on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, for reasons I have already explained, in connection with the funeral of our colleague, Senator Smith, I move, with leave of the Senate and notwithstanding Rule 45(1)(g): That when the Senate adjourns today, it do stand adjourned until tomorrow, Tuesday, 21st December, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, perhaps I may ask Senator Frith whether the committees have scheduled sittings for tomorrow during the day, because we might have to make certain arrangements for representation on those committees. Perhaps Senator Lafond would have some information on that aspect.

Hon. Paul C. Lafond: Honourable senators, I have had no notice of any change in schedule.

Senator Frith: Honourable senators, as far as the committee on Foreign Affairs is concerned, it seems that the scheduled meeting will probably not be held, because it is quite possible that Mr. MacEachen will be attending the funeral in person.

As far as the Committee on Legal and Constitutional Affairs is concerned, I have the impression that this sitting will be cancelled. In any case, I shall find out today, before the Senate adjourns.

Motion agreed to.

QUESTION PERIOD

[*English*]

LEGISLATION

BILL S-31—STATUS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government which stems from an exchange that took place last Thursday between the minister and Senator Deschatelets in connection with Bill S-31.

Hon. Royce Frith (Deputy Leader of the Government): On what page of *Hansard* does the exchange appear?

Senator Flynn: It is page 5196. Senator Deschatelets asked:

> —is it the intention of the Leader of the Government to take this bill to third reading before the adjournment?

Senator Olson replied:

> No, it is not. The government does not intend to proceed with Bill S-31 past second reading in this session.

My question is: Why would the government insist on getting second reading before the adjournment? What would be the advantage, because later the Leader of the Government mentioned that there would be amendments proposed by the government. We know also that the federal minister, Mr. Ouellet, said that he was going to meet ministers representing the objecting provinces, other than Quebec, before we resume in January. I was wondering whether there was any advantage in forcing the Senate to take a stand on second reading of this bill when obviously there are going to be amendments, perhaps substantial ones, depending on the outcome of the meetings of the minister with representatives of those provinces which object to the bill.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe that further down the page referred to I answered that question. I now enter this discussion with some trepidation, particularly with the Leader of the Opposition who is, of course, a former Minister of Justice. We have had some advice and there is some legal question involved here. Not everyone is in agreement with the principle of the matter. Of course, that is not unusual. Consequently, it is our intention to maintain between sessions the status of the November 3 date with respect to which voting rights can be purchased through equity by provinces or provincial agencies. I made that argument then, and it still remains. We do not intend to proceed to third reading or complete passage of this bill into law.

● (1610)

We think it important that the Senate take some assertive action on this second reading agreement in principle so that there is no question that, when the bill is re-introduced in the subsequent session, the date of November 3 can be maintained, thereby eliminating any distortion of the market situation between prorogation and the re-introduction of the bill.

Senator Flynn: The Leader of the Government has made this argument with me privately.

Senator Olson: It is here in *Hansard*.

Senator Flynn: Yes, it is in Thursday's *Hansard*. However, I do not see why the bill cannot stand on the order paper as it now stands and as it would remain if we were to give second reading before adjourning. That is, if the date is preserved up to this time it will be preserved if we adjourn the debate or the consideration of the bill until we come back in January.

Senator Olson: I understand now, and that is a different question.

[Senator Flynn.]

Senator Flynn: After all, if the date is preserved at this time, for instance, the Caisse de dépôt de placement du Québec cannot acquire more than 10 per cent, or, if it did, it could be nullified by the adoption of the bill. I suggest that giving second reading to it would not change the situation at all. If there are reasons other than the argument just put forward for the second reading of the bill, I would like to know what they are.

Senator Olson: Honourable senators, I think I understand what the Leader of the Opposition is saying. He is suggesting that during the Christmas adjournment the bill should remain in the position it is in now. I shall take that view into account. At first, I thought the honourable senator was talking about what will happen from the date of prorogation to when the bill is re-introduced, and the argument I made would apply in that instance. But we shall take his viewpoint into account.

There is, of course, the matter of getting on with this legislation. After all, we were extremely accommodating to the Leader of the Opposition in his suggestion that the bill be referred to a committee prior to second reading, which is quite a departure from parliamentary practice, where you decide on the principle first and then study and debate the matter. However, we will take the senator's views into account.

Senator Flynn: I appreciate the Leader of the Government's good intentions in allowing the bill to go to committee because of the views of the opposition, but it seems to me that these views should also be considered in light of giving protection to the government and not forcing the Senate to take a stand on a bill that may never come back or may come back in another session in such a different form that we would look rather silly having approved it at second reading stage.

Senator Olson: Without repeating much of what the Leader of the Opposition has just said, I will simply repeat what I said that we will take the views of the Leader of the Opposition into account. However, there may be some good opportunities to establish the principle of this bill before December 22.

TRANSPORT

GROUNDING OF CN MARINE FERRY *ABEGWEIT*

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. This morning I notified his office that I would be asking him to report on the grounding of the CN marine ferry *Abegweit*. I now ask him whether he has any information to give the chamber on that matter?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have some information on the matter. As we understood the thrust of Senator Phillips' question from his notice, he wanted to know whether or not there would be an inquiry into the temporary grounding of this vessel. I am advised that the grounding occurred on the evening of December 19 at Borden, Prince Edward Island. *Abegweit* was grounded 300 feet off its berth due to an apparent propeller control failure.

A fishing vessel removed the 80 passengers and the tug boat *Irving Birch* floated *Abegweit* around midnight the same night, and removed the cargo. The vessel steamed back to Cape Tormentine, New Brunswick, where it is still undergoing inspection.

There is no apparent damage to the vessel and it will probably miss ten sailings. Because it was a straightforward incident where there does not seem to be any damage or great mystery involved, the view at the moment is that there will be no official investigation.

LEGAL AND CONSTITUTIONAL AFFAIRS

CANCELLATION OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have been in touch with Senator Neiman and she tells me that she will cancel tomorrow's meeting of the Legal and Constitutional Affairs Committee. I shall try to find out about the meeting of the Foreign Affairs Committee.

REFORM OF THE SENATE

MOTION FOR APPOINTMENT OF SPECIAL JOINT COMMITTEE—DEBATE ADJOURNED

Leave having been given to proceed to Motion No. 2:

Hon. H. A. Olson (Leader of the Government), pursuant to notice of Thursday, December 16, 1982, moved:

That a Special Joint Committee of the Senate and the House of Commons be appointed to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;

That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

That 8 Senators, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada;

That the quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;

That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen;

That the Committee present its final report no later than December 1, 1983; and

That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose and to select, if the House of Commons deems advisable, members to act on the proposed Special Joint Committee.

He said: Honourable senators, as has just been indicated, I have already given notice of the government's intention to move to establish a special joint committee on Senate reform. We are asking this committee to carry out an intensive study of possible changes to the Senate. In the process, we hope that it will consult widely with members of both houses and with Canadians from all regions. We expect the committee to make its final report to Parliament by December 1, 1983.

Before I comment further on the committee's purpose, I want to say that I feel this initiative complements the government's current emphasis on economic renewal and follows from other parts of its recent program. First, it seems clear that if we as Canadians are to overcome the present economic difficulties and prosper in the future, we must reaffirm our confidence in our own ability to contribute to the effort that must be made by all sectors of the economy and by our political institutions. The federal government's policies will help lead the way, but economic renewal will come sooner and last longer if we are confident that the institutions of government can respond to the needs of all Canadians and allow those needs to be reflected in policy making. If the Senate's effectiveness as a forum for the expression of regional viewpoints is improved—and I think that it needs to be—I am sure that confidence in our national institutions will be raised.

● (1620)

We have recently appointed what has become known as the Macdonald Commission to examine medium and longer term economic prospects and to consider changes to the institutions of the national government that will encourage the further development of the economic union. I hope it will recommend ways of strengthening the role of the federal government and Parliament in managing the national economy.

Senate reform is linked to both the short term and the longer term efforts to aid economic renewal, because the federal government must be better equipped to provide the necessary leadership for economic growth and development. Its

capacity to give economic leadership will be enhanced if, along with Parliament, it possesses the necessary authority to speak and to act on behalf of all parts of Canada.

In the last two years or so we have participated in an important constitutional debate. Those efforts were necessary so that we might have an amending formula and a strengthened charter protecting our fundamental rights and freedoms. That has been achieved, and since April 17 this year we have been able to amend all parts of our Constitution in Canada.

We are a fully mature nation and must now begin some work that is long overdue. We must try to fulfil our commitment to renew our national institutions so that they will be effective and responsive to the wishes of all Canadians. Already we can see Parliament reforming itself to some extent. For example, in the new year the other place will experiment with new rules of procedure that it adopted a couple of weeks ago. I hope that we will also be able to see some changes in the Senate.

Of course, constitutional change will ultimately require the approval of a number of provincial governments—

Hon. Jacques Flynn (Leader of the Opposition): Legislatures.

Senator Olson: Legislatures, all right, if you would rather have it that way.

Hon. Duff Roblin (Deputy Leader of the Opposition): Legislatures.

Senator Olson: In any event, all senators are aware of what the proposed amending formula is at the moment. However, I think the first step is for Parliament itself to look at the matter in consultation with Canadians and to come to some kind of consensus about the reforms it would like to propose. The proposed special joint committee on Senate reform is thus very much part of the government's present program. We have recently seen a strong interest in the question in western Canada. This interest is not confined to any one region. However, I feel that Canadians everywhere are interested in ensuring that all parts of the country are fully and effectively represented in the Parliament of Canada and will agree that the proposed parliamentary study of the Senate and its role in our federation is timely and important.

The proposed order of reference emphasizes the goal of improving regional representation at the national level through reform of the Senate.

The Speech from the Throne at the beginning of this Parliament—it seems almost unbelievable that nearly three years have passed since then—did refer to the need to examine the representativeness of parliamentary institutions and to strengthen the confidence that Canadians have in them. Many have already looked at the Senate. The Pepin-Robarts task force and the 1972 joint committee of the Senate and the House of Commons proposed some reforms, as did the governments of British Columbia and Alberta. Those reports and others have presented various solutions to a problem that all of them recognize in one way or another—the need to ensure that the interests of Canadians from all regions can be expressed and possibly reconciled in a national forum.

Hon. Martial Asselin: What about the Lamontagne report?

Senator Olson: I will refer to that report in a few minutes. It is of paramount importance because it was produced by the Senate itself. Well, since Senator Asselin is anticipating me, let me say to him directly, and to other honourable senators, that we have helped encourage public discussion of reform of this chamber in the last couple of years, and we did so even before that. The Standing Senate Committee on Legal and Constitutional Affairs produced a clear, well-informed report in 1980. Unfortunately, what was referred to then as the Goldenberg-Lamontagne report was rather lost in the hurly-burly of the patriation debate. In my view, it has not received sufficient attention. Senator Lamontagne started an inquiry on the report, and on several occasions other senators added their comments. I think we should give credit where credit is due and thank those honourable senators who, in presenting their views on several sorts of possible reform, helped to push forward this issue. Perhaps with the benefit of those various debates we can institute some internal reforms in the shorter term. Certainly, there are important things we can do even before any specific constitutional reform is agreed to under the strict terms of the amending formula.

Some of the recommendations in the Goldenberg-Lamontagne report, for example, could be implemented without constitutional amendments. I hope that in the coming months we will consider these and perhaps even experiment with some changes that could be made short of actually implementing constitutional amendments. By that I mean changes that could be put into effect even while this special joint committee is looking at the longer term aspects, particularly those requiring constitutional amendments.

Although the Order of Reference asks the committee to focus on regional representation in the Senate, the government is not in any way proposing that this chamber abandon any of the other functions that it now carries out so effectively. Most people acknowledge that we play a valuable role in reviewing legislation from the House of Commons and in examining regulations and statutory instruments. Our standing and special committees have contributed significantly to the consideration and development of national policies. Although those activities are not often given enough credit, the government hopes that they will continue to be done as well in a reformed Senate. But the government also feels that it is time to consider how the Senate's role in representing people from all regions of Canada can be strengthened. We do speak for our regions now, but we could do so more effectively. A reformed Senate could become the centre of public debate on regional differences, and could contribute significantly to their reconciliation. It might then become easier to define the true national interests on major questions. In the process, the authority of Parliament, as a whole, to act and to speak on behalf of all Canadians would, in my view, be enhanced.

Therefore, honourable senators, we ask the committee to consult widely and to tell us what changes to the Senate will

help ensure that it will be clearly seen as a place where the views of Canadians from all regions may be effectively represented. So I urge the committee to be bold, to lead the way and to try to create a national consensus on Senate reform. I hope that many honourable senators will help the committee in its task. I wish its future members well and hope its work will ultimately help lead Canadians to the necessary constitutional amendments and to renewed confidence in our national political institutions.

• (1630)

There are one or two other things I should like to suggest. I think that we ought to deal with this motion as quickly as possible to enable the House of Commons to deal with it before it adjourns for the Christmas recess. I should like the Senate to send this message to the House of Commons inviting its members to join with members of the Senate in addressing the important matters I have just talked about.

I think the Senate should take—and it is doing so now—a leading role with respect to a number of important matters. First of all, I think that there is a lack of accurate understanding on the part of the public as to what the Senate does, and a lack of understanding of the important work it does when it reviews and amends legislation sent to it from the House of Commons. There is also a lack of accurate understanding of other functions the Senate performs.

Members of the Senate from time to time hear about the investigatory role the Senate and its committees play. Honourable senators have heard a great deal about investigation carried out by Senate committees, but have and do others? Few outside of this chamber follow the debates of the Senate with interest. Nevertheless, my impression is that in many regions of Canada—and here I include the other place—people believe much of the committee work the Senate does in terms of investigation and examination of bills is superior to the work done by committees of the other place. In fact, I have been told this is the case. Perhaps that is because of the manner in which our committees function, but, as I say, that is certainly the view of many people.

I think we should take this opportunity not only to describe the important work done in this place, but also to advise and inform the public of the work done by the Senate.

Honourable senators may ask what the hurry is, or why the government wants this motion passed later this day. The fact of the matter is that there have been such references on the Order Paper for months now. There have been two inquiries in which members could participate and, of course, a number of senators were deeply and actively involved in the two earlier committees, particularly the committee which reported in 1980.

I have read the Goldenberg-Lamontagne report rather carefully on more than one occasion. It is an excellent report. Most of the recommendations found in that report relate to reforms we can make without seeking constitutional amendment, but there are others which require constitutional amendment. They are all worthy of consideration by the proposed committee and ought to be considered by that committee.

As I said earlier, honourable senators, I should like the members of the House of Commons to have this motion and invitation before them prior to the Christmas recess so that they may have reasonable time to consider the motion. I say that because there will probably be a four- to five-week period during which a great deal of organization work could be done by the members of the committee. That organizational work could be undertaken between now and either January 17 or January 24. Honourable senators should also bear in mind that there is a requirement that some consideration be given to constitutional matters some time before April 17, 1983—perhaps a few days earlier, but that is the requirement.

So, honourable senators, I hope that you will all join with the government in taking the lead that has been initiated and is now under way in this chamber.

Senator Flynn: Honourable senators, it is not our intention to delay the consideration of this motion too long, but at this point I should like to adjourn the debate. I shall inform the Senate tomorrow or later this evening as to where we stand on this motion.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if that is acceptable, in the meantime could we adjourn the debate until later this day, on the understanding that Senator Flynn may wish to ask for a further adjournment to consider the matter? That being the case, we could now proceed with a couple of bills. I ask that on the understanding that Senator Flynn will take advantage of the opportunity to consult with his colleagues, but may not have an answer for the Senate today, but hopefully will.

Senator Flynn: Later this day, then.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

On motion of Senator Flynn, debate adjourned.

CANADA AGRICULTURAL PRODUCTS STANDARDS ACT

BILL TO AMEND—SECOND READING

Hon. Daniel Riley moved the second reading of Bill C-98, to amend the Canada Agricultural Products Standards Act.

He said: Honourable senators, the bill before us today, Bill C-98, is essentially a bill to amend the Canada Agricultural Products Standards Act. It is a significant piece of legislation for the fruit and vegetable industry in Canada—significant because it will tighten up the regulations governing the fruit and vegetable trade in this country.

At present, the Canadian horticultural industry is a $3-billion-a-year business, and the goods it is concerned with are highly perishable. To ensure that costly interruptions do not occur in the delivery of fresh fruits and vegetables from producer to consumer, tighter regulations are required for the industry.

Members of the industry, including growers, wholesalers and retailers of fresh fruits and vegetables, support the proposed amendments to the act, often known as the CAPS Act. Within the past month, the proposed legislation has received first, second and third readings in the House of Commons. It has also passed quickly through the Standing Committee on Agriculture of the House of Commons—where the Canadian Fruit Wholesalers Association and the Canadian Horticultural Council spoke in favour of the proposed amendments. It is now up to the Senate to consider the merits of the bill.

The amendments contained in Bill C-98 concern a board of arbitration, and the bonding and licensing of dealers of fresh produce. Probably the most significant of these is the amendment that would establish, under the CAPS Act, proper authority to operate a board of arbitration. Such a board would give dealers an avenue of recourse when disputes arise between buyers and sellers of fresh produce, such as when a buyer is unhappy with the arrival condition of a shipment of tomatoes. A board of arbitration would be able to hear complaints about quality, packaging, storage, preservation and transportation of fruits and vegetables on the basis of standards and regulations made pursuant to the amendment of the Canada Agricultural Products Standards Act.

From 1934 until 1974, such a board did operate, first under the Fruit, Vegetable and Honey Act, and later under the CAPS Act. The board of arbitration has continued to operate on a voluntary basis, settling disputes since the previous legislation was declared invalid in 1974.

For the past eight years, however, the board has not had the legal power to enforce its decisions. Consequently, there have been cases in which parties have refused to pay the compensation deemed appropriate by the board.

● (1640)

This bill would clearly establish the board's legal authority, and would improve some aspects of its operations. Other amendments to the act, as set out in Bill C-98, would provide for the licensing and bonding of dealers. It would also provide for regulations governing dealer licences including the terms and conditions under which a licence may be issued, renewed, suspended or cancelled. These terms would also include rules of practice that must be followed, fees to be paid, the keeping of records and compliance with arbitration procedures.

I should point out that these regulations are currently being drawn up by a working committee consisting of members of the Canadian Fruit Wholesalers Association and the Canadian Horticultural Council, as well as officials of Agriculture Canada. The only people required to be licensed by Agriculture Canada would be those individuals or firms who ship fresh produce—other than produce they grow themselves—from one province to another, or import into or export from Canada. Individuals who grow and sell their own products, would not need dealer licences, nor would processors of fresh fruits and vegetables. I should also point out that shipments made within a province are subject to the laws of that province, and are not under federal jurisdiction.

All licencees must agree to obey a code of practice which incorporates normal trading procedures. If all dealers follow a code of ethics and have access to an abitration procedure, there will be a higher level of confidence among industry members shipping perishable goods long distances, and reduction in the element of risk.

The other amendment to the CAPS Act, which was approved by the Commons committee for inclusion in Bill C-98 and passed in third reading, would require that all firms and individuals post a bond in order to obtain a dealer licence. This bond would be used in the event that a licencee failed to pay an order or decision of the board of arbitration. A sum of $100,000 for the bond has been suggested, but not finalized. However, it should be noted that this amendment was prepared after discussions with officials of the fruit wholesalers and horticultural organizations whose members would be most affected by such legislation.

I should like to point out that the United States government has an arbitration system to handle complaints where Canadian shippers are involved. Members of Canada's horticultural industry believe that Canada should offer a similar service to settle disputes involving American fresh fruit and vegetable dealers. After all, the United States is this country's major trading partner in fresh fruits and vegetables.

Finally, I cannot emphasize enough the urgency that is involved in the handling of fresh produce. Whether it is grown in Canada or imported from the other side of the globe, it will perish quickly if not handled properly. The results can be costly for members of the industry involved in the transaction and disappointing for consumers who do not receive the high quality produce they expect.

With an increase in the demand for fresh produce in Canada, we are seeing more and more movement of perishable goods across the country. Thus, the need for a more tightly-regulated fruit and vegetable industry is greater than ever before.

Those necessary regulations would be provided by Bill C-98, a bill to amend the Canadian Agricultural Products Standards Act.

Hon. Martha P. Bielish: Honourable senators, Bill C-98, to amend the Canada Agricultural Products Standards Act, is a good piece of legislation. When a good piece of legislation is put forward by the government it receives almost total support without question by the agricultural community and their representatives in both houses.

Some Hon. Senators: Hear, hear.

Senator Bielish: Perhaps I should temper this a little bit—

Hon. Royce Frith (Deputy Leader of the Government): Now the bad news.

Senator Bielish: —with the fact that this legislation has been long overdue—at least since 1974. My only criticism would be the manner in which it was handled, namely, the third amendment. The matter of posting the $100,000 bond by the people who go into business had not been clearly put

forward in order that the people concerned would have had the opportunity to examine it. We, on this side support this bill and would not want to delay its passage.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask the sponsor of the bill a question? Of course, I am not an expert on this matter—by nature I am a skeptic—

Senator Frith: You are an expert on skepticism.

Senator Flynn: —because I have been facing the same government for approximately 20 years now.

My question is with respect to the proposed new section b of the act, which reads as follows:

> No dealer shall engage in the importation into or the exportation from Canada of, or in interprovincial trade in, any agricultural product prescribed by the Governor in Council pursuant to paragraph 6.7(1)(a) unless he holds a licence issued to him by the Minister for that purpose.

Could the sponsor tell me what the present provision is which is repealed and replaced by this one?

Senator Riley: The explanatory note which is found in the first reading print of Bill C-98 reads as follows:

> Section 6 of the said Act at present reads as follows:
>
> "6. (1) The Governor in Council may make regulations for the licensing of dealers to deal in any agricultural product shipped from or to a place outside the province in which such dealer carries on business, and for the issue, cancellation and suspension of licences including the prescribing of fees for the issue thereof.
>
> (2) No dealer, who is by the regulations made under subsection (1) required to be licensed to deal in an agricultural product in any manner, shall so deal in such product unless he is so licensed.
>
> (3) For the purposes of this section, "dealer" means a person who
>
> (a) is engaged in the business of selling a prescribed agricultural product,
>
> (b) negotiates consignments, sales or purchases of a prescribed agricultural product for or on behalf of a vendor or purchaser, or
>
> (c) receives or handles for purchase or sale a prescribed agricultural product on commission."

● (1650)

Senator Flynn: Is it likely that this bill will be referred to committee? Since we are to have Royal Assent on Wednesday afternoon, perhaps the committee could meet on Wednesday morning. I am not too clear on the difference between the present situation and what this bill is going to accomplish, and I know it may be difficult to have a committee meeting tomorrow morning.

Senator Frith: I asked whether provision should be made for the Standing Senate Committee on Agriculture to consider this bill. Senator Sparrow commenced arrangements for the minister to appear before the committee at 6 o'clock tomorrow afternoon. However, we then heard about the funeral arrangements for the late Senator Smith.

I asked Senator Macdonald and Senator Bielish whether they felt this bill should go to committee because I wanted to know whether Senator Sparrow should return in time for the meeting. I have now sent word that a committee meeting will not be necessary.

Since we are not going to ask for third reading now, may I suggest that Senator Riley try to get that information before third reading? Perhaps by tomorrow evening he will have an answer which would be satisfactory to Senator Flynn. If the answer is not sufficient, then we will try to arrange a committee meeting with an official from the department who can furnish a satisfactory answer.

Senator Flynn: I suppose, if Senator Bielish and Senator Macdonald are satisfied, I should support their position.

Senator Frith: I do not want to misrepresent anything Senator Bielish and Senator Macdonald may have said to me. They certainly, at no point, said, "We do not think it is necessary that any question Senator Flynn asks be answered."

I am suggesting an interim way of answering the question without referring the bill to committee. Perhaps Senator Riley could get that information and have it available before third reading tomorrow evening.

Senator Riley: Honourable senators, when I was explaining the bill, I pointed out that from 1934 until 1974, this board, which will now be re-constituted, first operated under the Fruit, Vegetable and Honey Act, and later under the CAPS Act.

The board has continued to arbitrate on a voluntary basis, settling disputes since the previous legislation was declared invalid in 1974. Does that answer the honourable senator's question?

Hon. H. A. Olson (Leader of the Government): That is a perfectly clear answer.

Senator Flynn: It was clear, but are the decisions of the board valid?

Senator Riley: For the past eight years the board has not had the legal power to enforce its decisions.

Senator Flynn: Will they be valid under this legislation?

Senator Riley: Apparently they are satisfied it will have the power henceforth.

Senator Olson: Is that satisfactory?

Senator Flynn: I have operated on faith on previous occasions.

Senator Riley: I hope you will continue to have the utmost faith in us.

Senator Flynn: I will wait for third reading tomorrow evening.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Riley moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

• (1700)

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-647, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF SAINT-MICHEL—SECOND READING

Hon. Azellus Denis moved the second reading of Bill C-647, to change the name of the electoral district of Saint-Michel.

He said: Honourable senators, I am sure you will be pleased to hear that I shall be very brief. In fact, it would be almost impossible to do otherwise, since the bill is so straightforward.

The purpose of the bill is, quite simply, to change the name of an electoral district, now called Saint-Michel, by adding the name Ahuntsic, an area that represents about half of the present electoral district. Ahuntsic was a separate district originally, but the commissions added Ahuntsic to Saint-Michel; they are two different areas but equal in size. Consequently, since the people of Ahuntsic feel so strongly that the name of their area should be included in the name of the riding, I move that the second reading of this bill be agreed to, and that the name of the electoral district read Saint-Michel—Ahuntsic instead of Saint-Michel alone.

Hon. Martial Asselin: Honourable senators, when this bill was introduced in the Senate on first reading, I looked at *Hansard* for the other House to find out whether any reasons had been given for the proposed name change. Names of ridings should not be changed on a whim of a Member of Parliament. This is a matter that should be left to the people who live in the district to decide.

Senator Denis: Honourable senators, I never said it was the Member who wanted the change. I even said that the people themselves wanted the name changed.

Senator Asselin: Well, if the people want to change, we in the Opposition ought to know how they made their wishes known.

Looking at *Hansard* of the other House, I noticed that only Mrs. Killens, the Member for Saint-Michel, rose and said: "I move that this bill be read the second time". She then rose again and said: "I move that the bill be referred to a committee of the whole". She then moved for third reading. Honourable senators, no reason was given in the other place for wanting to change the name. Why? I think that we should not give in to the whims of a Member of Parliament, and that before we change an Act, we should find out why people want to change it.

I would like to see a petition from the people of the riding, resolutions from municipal councils or mayors of municipalities asking their Member to have the name changed.

I, for one, am not prepared to approve this bill merely to satisfy the whims of a Member of Parliament or some of his constituents. I want to know whether the people are generally in favour of the change.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps I may comment on what was said by Senator Asselin. In a different situation, I would be inclined to agree with Senator Asselin.

However, in the present case, I only want to say that I read the appropriate passages in *Hansard* for the other place. Apparently, no evidence was given in support of the bill being proposed, but it does not necessarily follow that the proposal itself is capricious. In other words, there may very well be other reasons.

In this particular instance, where a bill is concerned solely with the name of an electoral district for the other place, I wonder, with all due respect, whether in such cases we should not take the Member's word for it, because of the very limited impact of this bill. Therefore, it may be and at least to me, it is preferable not to conclude right off that this is merely a whim of a Member of Parliament. I think we should accept the opinion of the elected representative of the people of the riding.

For this reason, I shall support the bill. I am prepared to take Mrs. Thérèse Killens at her word, so that if she wants a change in the name of the riding, I am prepared to go along with that.

Hon. Jacques Flynn (Leader of the Opposition): Of course, the reasons given by Senator Frith, when the issue is one that almost exclusively affects the House of Commons, may be acceptable. However, we know perfectly well that in the other place, there is a kind of you-scratch-my-back-and-I-will-scratch-yours policy whenever a Member wants to change the name of his riding. Usually it is done for political reasons, and that I can understand. According to my information, in this particular case, the Electoral Boundary Commission's proposal, which the public now has a chance to consider, is to change the name from Saint-Michel to Ahuntsic so that the present member would have to be willing to run in a riding bearing only the name of Ahuntsic.

It has always been my view—and Senator Lafond has often expressed similar views—that the indiscriminate adding on of names and changing them after general legislation has been passed under which the riding is to bear such and such a name, should not be encouraged.

In any case, I do not think we shall be able to prevent passage of this bill. Otherwise, the House of Commons would tell us in no uncertain terms that we should keep our nose out of business that hardly concerns us. I think Senator Asselin is right in saying that we should at least let the people in the other place know that when they ask for such changes, they should prove that it is not just a caprice.

Senator Asselin: Honourable senators, by tomorrow, perhaps the sponsor of this bill will have been able to meet the Member in the other place and find out what the basic reasons

were for requesting the change. He could let us know what these reasons were tomorrow and we could then reach a decision.

Senator Denis: Honourable senators, I do not think it will be necessary to take steps to find out what those reasons were. Of course the Member received requests—

Senator Asselin: Then she should give them to us.

Senator Denis: —from both sides. However, being from the Montreal area, I happen to know that Ahuntsic is a large town in the northern part of the Montreal area. Saint-Michel is entirely separate from Ahuntsic.

The population of Saint-Michel is now 54,000. Consequently, half of the riding is in Ahuntsic. Before the new boundaries, the riding existed as such and was called Ahuntsic. As the Honourable Leader of the Opposition said, independent commissions are assigned to look at population figures and adjust boundaries so as to have more or less the same number of people in each riding.

In ths case, however, Saint-Michel and Ahuntsic are two separate towns which are asking for reunification. I know the Honourable Leader of the Opposition does not like these compound names. I remember answering once that he was nevertheless fond of the compound name Progressive Conservative—

Senator Flynn: That is not one of your best arguments.

Senator Denis: It is the same thing, it is a compound name.

Senator Asselin: Well, I hope you realize this is going to make me vote against the bill.

Senator Denis: It is the same thing, it is a compound name, and it prevents the Progressive Conservative Party from being a very honourable institution.

Hon. Gildas L. Molgat: Honourable senators, is Senator Asselin correct in believing that objections have been raised by people in the riding? Has anyone—

Senator Asselin: I do not have to prove this. It is up to the sponsor of the bill.

Senator Molgat: I wonder, since Senator Asselin raised the question, whether he had any feedback or whether people came to see him to make their objections known?

Senator Asselin: I have not divulged my sources to my colleague, Senator Molgat. If the senator wants to know, I shall just refer the Bill to the Committee on Legal and Constitutional Affairs and he can get the information there.

Senator Flynn: I would like to ask the sponsor of the bill whether, considering the proposals made by the Electoral Commission, which seems to be in favour of giving the riding just the name Ahuntsic, we shall eventually have a bill to name the riding Ahuntsic—Saint-Michel?

Senator Denis: No. I understand that the present bill has no connection with the new boundaries. No connection at all. And in addition—

Senator Asselin: So what is the hurry?

Senator Denis: It has no connection with the new boundaries that were established recently.

Senator Flynn: Certainly not.

Senator Asselin: No.

Motion agreed to and bill read second time, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Azellus Denis: Honourable senators, I move that this bill be read the third time at the next sitting of the Senate.

Hon. Senators: Agreed.

Motion agreed to.

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-620, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF MISSISQUOI—SECOND READING

Hon. Azellus Denis moved the second reading of Bill C-620, to change the name of the electoral district of Missisquoi.

Hon. Martial Asselin: Some explanations, please.

Senator Denis: The purpose of the bill is to make a change similar to that proposed in the bill we have just considered. The bill proposes to change the name Missisquoi to read Brome-Missisquoi, since these are the two provincial counties which together form the present riding of Missisquoi.

I may add that Brome is an old county that is mainly English-speaking. In the present riding of Missisquoi, Brome tends to be the English-speaking area. It is at their request that we are asking to have the riding's name changed to Brome-Missisquoi.

Senator Asselin: Honourable senators, my comments are the same as for the previous bill. Could Senator Denis perhaps asks the bill's sponsor in the other place what the real reasons were for introducing this bill, whether there were resolutions by municipal councils or county councils or pressure groups in his riding. Once he has given us the real reasons, then we will decide.

Senator Denis: The name Brome-Missisquoi has existed from as far back as 1924, I believe. Until 1976, it was the name of the federal riding. Subsequently, for what reason I do not know, the commission changed the name, dropping the name Brome.

Senator Asselin: Why?

Senator Denis: Well, if you lived in the county of Brome, I think one way or another, you would approve this perfectly normal change.

Senator Asselin: The commission has been known to turn down lesser requests than that.

Senator Denis: We are talking about that part of the riding of Missisquoi which is mainly English-speaking.

Senator Asselin: I hope the honourable senator realizes that what we are doing here is readjusting the electoral map. What is the hurry? Why do they not wait until the commission holds its public hearings, and then if a change is necessary, that will be taken care of. Why hurry this through?

Senator Denis: If I understand correctly, the bill was originally introduced a couple of years ago, and then we had the elections, and because of one thing and another, the two bills died on the order paper.

The Hon. the Speaker: The last speech by Senator Denis closes the debate.

Motion agreed to and bill read second time, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Azellus Denis: Honourable senators, I move that this bill be read the third time at the next sitting of the Senate.

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would suggest, that we now adjourn until 8 o'clock this evening, when Orders of the Day No. 1 and No. 2, Bills S-30 and S-31, will be called, and also Senator Olson's motion which was adjourned until later this day. I believe that all the other orders will stand.

The Hon. the Speaker: Is it agreed, honourable senators.

Hon. Senators: Agreed.

Senator Frith: Honourable senators, before we adjourn, I should state that I undertook to endeavour to find out whether the other of the two committee meetings scheduled for tomorrow would proceed. I have discussed the matter with Senator van Roggen, and I believe he now has an announcement to make.

Hon. George van Roggen: Honourable senators, I have just arrived from the west. Immediately upon my arrival I consulted with the Deputy Leader of the Government and I wish to advise the house that out of respect for the late Senator Smith, and for the convenience of those honourable senators who wish to attend his funeral, I have advised the Secretary of State for External Affairs that we shall not be proceeding with the meeting of the Standing Senate Committee on Foreign Affairs tomorrow afternoon.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

[Senator Denis.]

REFORM OF THE SENATE

MOTION FOR APPOINTMENT OF SPECIAL JOINT COMMITTEE AGREED TO

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith:

That a Special Joint Committee of the Senate and the House of Commons be appointed to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;

That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

That 8 Senators, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to adjourn from place to place within Canada;

That the quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;

That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen;

That the Committee present its final report no later than December 1, 1983; and

That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose and to select, if the House of Commons deems advisable, members to act on the proposed Special Joint Committee.

—(*Honourable Senator Flynn*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I yield to Senator Macquarrie.

Hon. Heath Macquarrie: Honourable senators, I thank Senator Flynn for his gracious and generous gesture, but I recall the story Abraham Lincoln once told about a certain American citizen who, being the recipient of the custom of the day, was being ridden out of town—it was a painful process, I understand, being ridden out of town on a rail—and said: "You know, if it were not for the honour of the thing, I could pass this up." I feel the same way; if it were not for the honour of the situation, I could forgo this opportunity to speak on this important measure.

I am a convivial man; I never thought there was much prospect of running counter to Santa Claus and using the rules of the Senate to try to anticipate Christmas by dealing with this in such haste. When one puts a ship under forced draft, as any sailor knows, one cannot be that sure of the direction, and how one encounters the prevailing winds. So, prenez garde!

Hon. Duff Roblin (Deputy Leader of the Opposition): We might spring a leak!

Senator Macquarrie: Senator Roblin says that we might spring a leak, and who knows what that would do to this institution. I have heard about leaks ever since I came into Parliament 25 years ago. No matter what the weather, there always seem to be leaks.

I was a little surprised on Thursday when the Leader of the Government in the Senate presented this motion. I was surprised because I thought it was somewhat superfluous. I was more than surprised and perhaps a little grieved as a member of the Senate—not personally, but as a member of the Senate—because it was supernumerary in that it presumed to pass over important efforts made by this body in dealing with much of its subject matter.

Of course, I am referring to items 3 and 4, as I was instructed to call them on Thursday, which indicate that the Senate itself, which has long been interested in the matter of Senate reform, was proceeding on the motion of Senator Roblin, and on the deliberations following the most excellent report of Senator Lamontagne, or as Senator Olson said this afternoon, the Goldenberg-Lamontagne committee report, which is an excellent report containing suggestions that are very much in line with much of what Senator Olson designated as being important this afternoon. It struck me on Thursday—and after a good Calvinist weekend I am more convinced than ever that I was right—that it would have been far wiser for this body to spend more time, give more thought and further debate, to the most excellent report of Senator Lamontagne. Many items in it have not yet been discussed fully let alone been experimented with as an exercise for the Senate to advance in the realm of self-improvement. Surely that is a motherhood word if ever there was one. No one will say that that is an unworthy motive.

There are other aspects of the motion which caused me not anguish—I am too old and too comfortable to have such an enormous response in my emotional structure as anguish—but a little concern. My wise, venerable whip, Senator Macdonald, saw it immediately when he stood up on Thursday and asked whether we would be invoked in any aspect of reform of the House of Commons. He then got into the element of the reciprocal. That caused me to wonder what had happened over the years that had caused Senator Olson and his advisers, or his colleagues, his associates, his motivaters—

Hon. Peter Bosa: His friends.

Senator Macquarrie: —his authorities, his friends, his what-have-you—

An Hon. Senator: His writers.

Senator Macquarrie: —to depart from what has been the custom, as far as I know, in this chamber and in other second chambers across the world. I mentioned it briefly on Thursday that one of the cardinal rules was that if you set up a chamber you put it in charge of its procedures, its forms and its structures. If someone has to be disciplined in the Senate of the United States, do they pass a resolution in the House of Representatives? Do they say we will make it a joint commission and then we will all get there and decide what to do with them? Imagine what the Senate of the United States would say if anyone suggested such a thing!

Senator Bosa: We have a different parliamentary system.

Senator Macquarrie: We are going to hear from Senator Bosa very shortly. We will be delighted to hear his views.

In this Parliament of Canada—this bicameral legislature—I do not have to instruct Senator Bosa or anyone else that in the lower house they have a document covering their procedures. It is called Standing Orders of the House of Commons. Senator Olson used to argue about these procedures quite well, as a matter of fact.

In the red chamber, we have something called *Rules of The Senate of Canada.* I like this one better because I think it is more realistic and more practical. But what would happen if a member of the House of Commons started producing our book and saying, "this is what we do"? I am sure that His Honour, who has served with distinction in both houses, would not accept from me any long-winded readings from the House of Commons document.

Honourable senators, we are masters of our own procedures. We are separate houses. We are distinct entities within the Parliament of Canada. That is why I wondered why this motion in this place should suggest that for the first time the structure, the inner workings, the goals, the procedures, the values, the representational competency of one chamber should all of sudden be examined by two.

We all know that a short while ago after very careful committee work, and if I may be permitted to say, very diligent committee work and very useful recommendations, the other place decided on important procedural changes. If I were in that house I would say they were very welcome ones. Did Senator Olson sit in on their committee? Did they ask him for his views? Did he get an opportunity for—I employ that ridiculous word that is so widely used—input? Did someone ask that a Senate committee study the matter with or without

them in order to hear their views? I would like someone to produce for me the documentation to that effect.

● (2010)

Of course, it did not take place; nor should it have taken place because they are the masters of their own procedure, and so they should be. They are wise in cherishing that. But why, in this chamber, the senior house, should we surrender our competency, our leadership, our appreciation of our own values and our structure? I do not know what the reason for that would be.

Another situation I find hard to resolve is not only that it must be done, but that it must be done quickly. Indeed, Senator Olson suggested this afternoon that we should get it all finished long before Santa Claus comes so that the other place may be able to move, function and get ready for this.

Is there something ominous about our present structure? Is the state really in danger? Are there egregious problems stemming from the present form of this Senate which really, whatever else it has not done, has not injured the country all that much since 1867? What is there explicit or implicit that requires that we must charge through—forget about "Jingle Bells", forget about "Silent Night", but get this done? To what end; for what purpose? What great national goal is suspended? What is held up there? What manner of people are we when we must get ready for great alterations—not great expectations—and we must do so within hours?

That alone causes me concern. Whenever I run across someone who says, "I want your agreement, and I want it now," I wonder, particularly, about the "now." I do not think I am such an ornery Highland Scot that I automatically like to disagree, but I am a little cold when I am supposed to answer immediately, "Yes." It causes me to wonder why. Why not let us think it over? Why not consult? Why not mull it over? Why not look to see if there are some alternatives? Why not look to see if it is necessary at all?

I am not as old as Confederation, although some people think I look that old, and that is too bad for it is long since past the time when it matters. However, down through the years, I have noted that a favourite topic in Canada, intermittent though it be, has been reform of the Senate.

Way back in 1887, the premiers of the provinces met and, instead of confining themselves to the economic problems which were pretty bad then, as they are now, they decided to talk about other things. Whether it was because they wanted diversion, I do not know; whether they wanted to take a crack at Ottawa, I do not know; but they met and decided that senators should be elected. That is not a subject that is unknown to this chamber in 1982. However, they had a slightly different cast to their recommendation. They said, definitely, that they should be elected by the provincial legislatures. They saw nothing wrong in the way things were being done except that they felt the wrong people were doing the doing, if I may put it that way.

A little while later, in 1893—and I likely would not have been invited to that gathering even had I been around—there was held the first political convention ever to take place in Canada; a meeting of the Dominion Liberal Convention. That is what it was called in those days—The Dominion Liberal Convention. "Dominion", yes, Senator Muir, "dominion;" they used that word a great deal. At that convention suggestions were made to improve the country, which was then in a very bad way, as they saw it, because in 1893 the Conservatives were in and someone else wanted to get in.

Hon. Royce Frith (Deputy Leader of the Government): It doesn't seem that long ago.

Senator Macquarrie: I would like Senator Frith to know that it probably seems much longer to some of us than it does to him.

Hon. Nathan Nurgitz: I was surprised it was that recent!

Senator Macquarrie: Honourable senators, at the age of 63, having been under a Conservative government for the first year and a quarter of my life—which I cannot recall that well—the odd snatch of a month or two under the great Arthur Meighen, five years under Mr. Bennett when I was a teenager, six years under Mr. Diefenbaker, and another far-too-short time under Mr. Clark, I feel that I may have had the quota for my entire life, but I don't know. If Senator Frith feels it is a long time ago, he should just think of us.

Hon. Henry D. Hicks: Don't despair; don't despair.

Senator Macquarrie: No, I do not believe we could go on if we did not love our country enough to keep hoping, and I am in that category. I believe that the time will come.

All I wanted to say is that, in 1893, the question of Senate reform arose. A great old Liberal, Richard Cartwright, stood up and said:

> —the Senate, as it at present exists, is a blot upon popular government and free institutions. I think we all agree that it is the duty of the Liberal Party to do our utmost to preserve the rights of the several provinces and to see that in their sphere the provincial authorities shall have the same rights accorded to them as the Constitution grants the Dominion Legislature in its larger sphere.

Honourable senators, I mention dear old Sir Richard Cartwright because he enjoyed a good many years in this very place that he found was such a blot in 1893. The Liberal Party, in all of the time it has been in office, has made one change: when appointed, instead of being here to eternity, we are here only until we reach the age of 75. That is not a very profound alteration since 1867.

Therefore, as an eager, red Tory given to reformist motivations, I do not have to defer to the Liberal Party when it comes to reforming the basic institutions of this country. I think perhaps we could have produced more in all those years than that particular alteration.

Honourable senators, I know that I am in a difficult situation. Perhaps that is why I am the first Conservative speaker. If I stand up to make an impassioned speech against this particular motion, those people who look at, care about, and follow the utterances of this place will say, "Oh, yes, he is a

reactionary; he doesn't want anything changed because he is in it." That is always the danger for any thoughtful Conservative in our modern, high-priced, consumerist society. The danger is that if any reform, however ill-conceived its foundation, is opposed by any rational, thoughtful, reasonable man, he will be said to be against progress for some vested interest—possibly for self-interest.

Honourable senators, I have no illusions of living forever, I have no illusions of being around here for a long time, but I do think it is my bounden duty, whether the initiative comes from the Liberal Party, from my own party, or from other less honourable parties in the country—and there are some—to try to present my best judgment when any idea comes up, whether it be half-baked, political, wise, reasonable, or just plain old hat.

• (2020)

Now I have struggled all weekend. I have consulted with some of the wise men in my party over one question in connection with this. This is a government initiative; this is a government move. What has the government in mind?

Senator Flynn: Ask Davey.

Senator Macquarrie: What is going on here? Is it solicitude for this chamber? Very few governments have been all that tender about the Senate. Some months ago I quoted the great Arthur Meighen who said that the treatment this place receives is that it gets legislation at the last minute, which has to be passed without amendment, without delay and without question. That has been going on for many years. So I cannot believe that there is, in the government of the day, some tender solicitude—"Well now, we would like to make that place better; we want them to be feeling more needed; we want them to think that they have a more meaningful role; that they are more a part of the nation; that they are more fully representational." If anyone believes that that is the motivation of the present government, they just might become a sort of second Lewis Carroll. They just might, because it would be very much a looking-glass world. That is not the motivation.

I read carefully the remarks of Senator Olson, and I am sorry that I was not present to hear them. I always like to hear everyone who takes part in the debate that I intrude upon. I did note that he mentioned that we had recently seen a strong interest in the question in western Canada. Is this suggested inquiry into the reform of the Senate a device to make it with the west? I cannot see any more cogent reason in the statement. I am not a westerner—

Senator Roblin: Almost.

Senator Macquarrie: Thank you, Senator Roblin. I had the privilege of living there for nine years, and I was smart enough to marry a girl from the west, so I am not totally incapable of making some judgments about that great part of the country. I believe they will not be fooled by this. They will not all of a sudden go back to the days of Premier Walter Scott and Jimmy Gardiner and say, "Because these people are promising to change the upper chamber, we are all for them. We will forget about the great contribution of John Diefenbaker; we will forget about all of the things that the Progessive Conservatives like Alvin Hamilton initiated." Revealing their sensitivity to the west, they will forget about great people like Peter Lougheed and Premier Devine. All of a sudden they will become patsy-patsy Grit lovers on the prairies.

Do we suppose that someone really believes that that is what is going to happen? I cannot believe that Senator Olson—whom I used to hear in the other place give some wise, learned and reasonable comments when he was a member of a party other than the one he is with now—would recommend this. Yet there are strange things done behind the closed doors of the hierarchy who run our country.

Perhaps someone suggested that is the way of doing it. I say that if that is what they are expecting, they will fail—they will fail miserably. I suppose if I were a mean, narrow-minded partisan I would say, "Go forward and let yourself get into that"; but I must transcend partisanship, and I must say that it is my job to give them warning that it will not work. I would like to talk for another hour or two—

Some Hon. Senators: Hear, hear.

Senator Macquarrie: Perhaps I should do it to my own party for putting me in this position. As the saying goes, "That would learn 'em"; they would never do it again.

Senator Frith: We are waiting for the "but".

Senator Macquarrie: I suppose, being realistic, that the motion will pass. I have a feeling that a majority is a majority is a majority, whether it be in this chamber or in other chambers, so I see a certain inevitability. But, surely, since this great chamber is noted for its capacity to be reasonable, as among members and as between parties, some careful second thought can go into this matter.

One suggestion is that the minister and his colleagues, his executive colleagues, abandon the idea of steamrollering this thing through in the next couple of days. It is an outrage. These next two days are broken days. We are thinking about our late colleague, Senator Smith; we have very limited hours; and on the final day we are looking forward to our last sitting before Christmas and, possibly, Royal Assent. At least, it would not be irrational and unreasonable for the Honourable Senator Olson to stand up and say, "There have been some observations made. People want to think this thing over, to discuss it and to look into precedents, so the idea of steamrollering it through should be abandoned."

There is one more very important point, which was alluded to by my colleagues on Thursday. They were all very sharp, I thought, in catching on to the possibilities of this motion very quickly. It is bad enough to have our procedures, structure, form and function made the object of review by another chamber, but you are piling Pelion on Ossa in not only making it a joint committee but giving the other chamber more members on the joint committee than we have. That is an insufferable situation.

In the first place, this matter is not the kind of thing that should go before a joint committee. Everybody knows that in this Parliament we have joint committees, but what are they

on? Some of us are members of these illustrious committees. One is on the Restaurant of Parliament. We all eat so that is a logical thing for a joint committee. We also have a joint committee on the Library of Parliament. Most of us read so that is very good.

Hon. John M. Godfrey: It never meets.

Senator Macquarrie: We have one on the Printing of Parliament. God knows, we are all deluged with paper.

Senator Godfrey: That one never meets either.

Senator Macquarrie: But do we even find it possible to have a joint committee on agriculture? Of course, we do not. We have a Foreign Affairs Committee and an External Affairs and National Defence Committee. We have a Banking, Trade and Commerce Committee. Do we have a joint committee on that? Of course not. Do we even have one on Health, Welfare and Science? One might say that that subject is kind of universal. We all grow old, we all get sick and we all die. Perhaps we should have a joint committee on that? Do we? Of course not. Try proposing that idea to the other house or to this one.

The point is, honourable senators, that this is not a suitable subject for a joint committee. By definition—and you only have to read the first few paragraphs—the subject matter concerns this chamber, not the two chambers. That is why a grave error was made. It is compounded by the suggestion that we have the other house swamp the membership and, if they should decide that this chamber should merely come here and recite the ABC once a month, by the power of majority which prevails, that could be it. It is *reductio ad absurdum*, of course, and I think there are a lot of far fetched, inadequately considered and, perhaps, hastily conceived suggestions in this motion. I am not suggesting that the passage of this motion would be the end of the world or the end of Canada. As my colleague Senator Nurgitz interposed, it would, of course, be the end of the Senate. That can be seen.

• (2030)

I think that that situation should first be considered by this house, which surely has a unique understanding of its own operations and of its motivations; it should have some concept of its purpose, and it should first make some suggestions.

If I were Senator Olson, imbued with the spirit of goodwill in this festive season, I would say, "Yes, honourable senators, we will withdraw this motion. We will hold it back. We will wait until this body comes to some decision on the two matters before it." The first of those is the Lamontagne report. Why cut off the Senate before it has expressed its view on that?

As I mentioned the other day, I have not made my speech, and I don't believe Senator Olson has made his. We waited for months to hear Senator Frith. He told us so much that we need a little more time to digest that and to fructify our thoughts after the stimulation that he gave us. I have not finished my cogitations on his first part, let alone the second and third parts, and now his seatmate, Senator Olson, has thrown at us an important new document with explosive suggestions. How can we possibly balance all these intellectual

[Senator Macquarrie.]

boomerangs at the one time? We need more time. We need more reflection. We need consultation.

Senator Frith: That is an interesting mixed metaphor, "balancing intellectual boomerangs."

Senator Roblin: You ought to try it some time.

Hon. David Walker: You are doing well!

Senator Macquarrie: Senator Walker is a wonderful man. He says I am doing well. I appreciate that. When one of the great lawyers of Canada says that to me, I should go on a little more, but I am full of kindness and goodwill and I will leave what I think further to another day.

I am appealing to the best instincts of the minister. God knows when the whole session will end, but we don't want the 1982 part of it to end in rancour or bitter argumentation. Let him be reasonable. Let him say, "We will hold this back. We will give it further thought. We will invite people to talk about the Lamontagne report. We will hear the views of the senators on their own future and on their own structure, and we will give more thought to this question of the mathematics."

I know that he, who has served in both houses, has enormous regard for this one, and I know he does not want us to become some diminuendo in some joint committee, where all the great thoughts that have been distilled in this chamber will just perish in the face of the onslaught from the other one. He does not want that. He wants us to enter into this seriously and carefully. He knows that the economic future of Canada is not dependent upon this house. No matter what Donald Macdonald says, you do not improve the economy of Canada by changing the basis of the Senate. That is one thing you do not do.

I am sure the minister will try to improve the Parliament of Canada, and we all want to do that. I do not think there is a senator here who is averse to reform, and even wide-ranging, far-reaching and deep-seated reform. We are not against that idea at all. We want that. But we want it entered into with care.

• (2040)

This body has a function, a purpose and a representational role. Don't forget that one does not need to be elected to be representative. I invite him to allow this chamber—his chamber—to play that role fully, and at some future date, after we have all had time to read, reflect, think, and consult, to take our place— and it should be the first place—in the reform which is mentioned in this illustrious motion.

Some Hon. Senators: Hear, hear.

Senator Godfrey: Would the honourable senator permit several questions?

The honourable senator emphasized that this motion seemed to be all about procedures, and that the Senate should govern its own procedures. I wonder if the honourable senator has read the actual terms of reference which state:

> That the Committee include in its final report recommendations concerning the method of selection, powers,

length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

Why do you put so much emphasis on procedures? They are simply rules of the Senate which we can adopt ourselves.

Senator Flynn: Why don't you make a speech? After all, you know what you want to say.

Senator Godfrey: I should also like to point out that the committee on reform in the House of Commons recommended—and it has been adopted—that extensive questioning at the end of a speech should be permitted for ten minutes. I am asking the honourable senator a question, and if he does not care to answer it I will ask him the next question.

Senator Macquarrie: I am shocked that Senator Godfrey would think for a moment, or even suggest for a second, that I would speak on any motion which I had not read carefully and fully.

Senator Godfrey: The honourable senator referred to the United States and said that there was no way the House of Representatives would ever suggest reform to the United States Senate.

Is the honourable senator aware of the fact that up until 1912 the United States Senate was appointed by a vote of the state legislatures, and by constitutional amendment, which the House of Representatives had to pass, as well as the Senate and three-quarters of the states, that was changed to an election by direct vote of the people? So the House of Representatives in the United States actually did have an important input into making the United States Senate an elected body. Is the honourable senator aware of that?

Hon. Robert Muir: Does he know that? Why, he taught that subject in university!

Senator Flynn: If you told us what you know, it would not form a long speech.

Senator Macquarrie: Honourable senators, I wish to point out that in the House of Representatives and the United States Senate it would be presumptuous—indeed, preposterous—for a committee of privileges in one house to be passing judgment on the members of the other house.

I am fully aware of the events that took place up to and including 1912. I was well aware of that before I met Senator Godfrey. I might just throw in a *non sequitur* and ask him if he knows who the second president of the United States was. It was John Adams, but so what? I am aware of all those things.

Senator Godfrey: Are you aware of the fact that all joint committees, so far as I am aware, usually have a membership ratio of two-thirds members of the House of Commons to one-third members of the Senate, or something along those lines?

There was a Special Joint Committee on the Constitution—

Hon. Martial Asselin: That was not on the reform of the Senate.

Senator Godfrey: That certainly affected the Senate. I am asking Senator Macquarrie, who did not point that out, whether he is aware of that fact.

Senator Asselin: That's an easy question!

Senator Flynn: I suppose you know everything.

Senator Macquarrie: This is prolonging my speech. I thought I had sense enough to cut it short, but if the honourable senator wants it prolonged that is what he is going to have to suffer.

I first served on joint committees of the Canadian Parliament in 1958, so I am aware of most of the things to which he has alluded.

Senator Godfrey: Are you aware of any joint committee on which the Senate had equal representation with the House of Commons?

Senator Macquarrie: If the honourable senator can tell me of any joint committee which had as its terms of reference the structure and future of one of them, then I could give him a good answer.

Senator Muir: Any more questions?

Senator Walker: Too bad!

Hon. Jean-Paul Deschatelets: Honourable senators, Senator Macquarrie is a speaker we enjoy listening to, not only because of the substance of his speeches but also because he is always so colourful and convincing, but unfortunately, he has failed to convince me as far as this motion is concerned.

[*Translation*]

Honourable senators, I simply want to say a few words. Following the submission of the Lamontagne report recently and the Goldenberg report on certain aspects of the Canadian Constitution in November 1980, many honourable senators have expressed their views on the various options offered to us for a reform of the Senate.

In the last two years, several provinces have also suggested various texts for Senate reform. We now have on the Orders of the Day two items, including one on the Lamontagne report for which I adjourned the debate following the intervention of Senator Frith some time ago.

Senator Asselin: Are you continuing the debate on the Lamontagne report this evening?

Senator Deschatelets: I shall speak about it. We also have on the order a very specific motion introduced by Senator Roblin. This is indeed a motion which I myself seconded on the principle of an elected Senate.

Honourable senators, in views of the motion introduced today proposing the creation of a joint committee of both houses, I do not intend to give the speech I had begun to prepare on the two parts of the remarkable exposé given by Senator Frith because, as many senators have offered their solutions and their views on this issue in the last two years, I am convinced, unlike Senator Macquarrie, that this motion to create a joint committee is quite welcome in the present situation.

I hope that the honourable senators will forgive me if I single out among all the work which has been done the speeches delivered by Senator Roblin and Senator Frith which undoubtedly required many hours of thought and research. I even believe that it would be right to suggest in the circumstances that certain senators be asked to appear before the joint committee which will be created so that they may explain their ideas and opinions; two names which come to my mind are those of Senator Roblin and Senator Frith.

Therefore I support the principle of the motion. It seems to me that it comes at a time following a period of nearly two years when we had an opportunity to make our views known. The government will finally have to take a step forward and come up with some kind of measure. It is my feeling that this joint committee will be instrumental in getting a final decision from the government regarding the changes in this house which may be deemed necessary.

At this point I have a reservation. As was mentioned by several other senators, I deplore the fact that the Senate and House membership on this committee will not be the same. I am quite aware of the fact that numerical equality in itself is no guarantee for us in the Senate. Since this motion is going to be introduced first here in the Senate, I feel that by restricting to eight the Senate membership, we are placing ourselves right from the start in a weaker, perhaps inferior position. However, I do not consider this as a fundamental issue. This is an important aspect, but it is more important still that a joint committee be now struck. I think the present conditions are conducive to an elaborate study that could end in December 1983. We shall still be able to follow the work of that joint committee.

In conclusion, I will say this: As far as I am concerned, I am still convinced, on the basis of my experience over a number of years in this house, that there is a definite need for a second chamber especially in view of the fast changing constitutional process taking place before our eyes. I came to the conclusion that an elected Senate is desirable. According to Senator Frith, an elected Senate would give more teeth to the upper chamber. When I say teeth I mean credibility.

All commentators and newspapermen who followed the Senate proceedings gave due credit to the Upper Chamber for a job well done. Our only deficiency would reside in the fact we do not have a popular mandate. I am now convinced of that.

If we pass that resolution, that joint committee will have to assume its responsibilities. It will report to the government after which, the government will have to assume its own responsibilities. Then the consultation process with the provinces will follow. Under these circumstances, I will support the motion. Concerning the item which appears on the Order Paper under my name, I have no intention of proceeding with it as a result of this resolution.

Senator Asselin: You would be perfect to sit on that committee.

[Senator Deschatelets.]

• (2050)

[*English*]

Senator Olson: Honourable senators—

Senator Flynn: Are you closing the debate?

Senator Olson: I guess so if I am recognized now, but in the event that any other senator—

Senator Flynn: I am wondering if there is someone on the government side who would support you. I suppose their silence is the best indication, but I heard Senator Guay grumbling at one point. He appeared to be very much in agreement with Senator Macquarrie, and I thought that he would intervene. In any event, if no other senator wishes to speak, not even the very learned Senator Godfrey who knows everything about everything, I will move the adjournment of the debate.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt Senator Flynn's motion for the adjournment of the debate?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (2200)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before the motion is put, I rise on a question of privilege arising out of the delay in calling the vote. I wish to refer honourable senators to the debate which took place this afternoon. I have a copy of the unrevised report of this afternoon's proceedings in front of me. After Senator Olson spoke on the motion for the appointment of a special joint committee, I said:

> Honourable senators, it is not our intention to delay the consideration of this motion too long, but at this point I should like to adjourn the debate. I shall inform the Senate tomorrow or later this evening as to where we stand on this motion.

Senator Frith replied:

> Honourable senators, if that is acceptable—

I think he said "that is acceptable" but even if he said; "if that is acceptable", he went on to say:

> —in the meantime could we adjourn the debate until later this day on the understanding that Senator Flynn may wish to ask for a further adjournment to consider the

matter? That being the case, we could now proceed with a couple of bills. I ask that on the understanding that Senator Flynn will take advantage of the opportunity to consult with his colleagues, but may not have an answer for the Senate today, but hopefully will.

I suggest that the position taken by the Leader of the Government is entirely contrary to what his deputy had agreed to this afternoon, and that refusing the motion to adjourn this evening is absolutely a trick which is unacceptable and is a blow to the understanding and co-operation that is required in this place.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I heard what was read, and I remember what I said. I am sorry if there is a misunderstanding, and I certainly—

Senator Flynn: There is no misunderstanding.

Senator Frith: I am certainly not pleased to have Senator Flynn think that anything tricky was being pulled. My intention was to say that I did not want to refuse the motion for adjournment at that time, but I wanted to give Senator Flynn a chance to consult, and that he could then, as I said, ask for an adjournment later. I at no time said that that request for an adjournment would be granted.

Senator Flynn: Gee whiz!

Hon. H. A. Olson (Leader of the Government): Honourable senators, on the point of order, I shall be prepared to say a few words about it in a few minutes. However, I have to say this: To interrupt a vote while it is proceeding, even to raise a question of privilege or a point of order, is not in order and, therefore, I shall wait for the vote to be taken and will then have some comments to make.

Hon. Duff Roblin (Deputy Leader of the Opposition): You had better look at the rules.

Hon. Martial Asselin: Look at the book.

Senator Olson: I have been over that a thousand times.

Senator Asselin: I have been over it, too, in the other place.

The Hon. the Speaker: Honourable senators, I do not have to consider the point of order.

All those in favour of the motion—

Senator Flynn: It is not a point of order but a question of privilege.

The Hon. the Speaker: There is no point of order.

Senator Flynn: I did not raise a point of order.

Motion of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Muir
Bielish	Nurgitz
Flynn	Roblin
Macdonald	Tremblay—9.
Macquarrie	

NAYS

THE HONOURABLE SENATORS

Argue	Lapointe
Austin	Lawson
Barrow	Lewis
Bird	McElman
Bosa	Molgat
Buckwold	Neiman
Cottreau	Olson
Davey	Perrault
Deschatelets	Petten
Frith	Riley
Godfrey	Robichaud
Graham	Rousseau
Guay	Rowe
Hastings	Stanbury
Hicks	Thériault
Langlois	van Roggen—32.

[*Translation*]

Senator Flynn: Honourable senators, I already explained that I would have liked to have more time to clearly establish the position of our group on the resolution presented by the Leader of the Government.

This was not possible because of the dictatorial attitude of the Leader of the Government and the majority in this house, which has just disgraced itself by supporting this failure to keep a promise. The opposition is being forced to cut short debate on a very important motion which would merit far more detailed consideration.

If that is how you wish to proceed, honourable senators, lackeys of the government, that is your responsibility.

● (2210)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I rise to speak, since it is obvious that if I do I will close the debate.

The Hon. the Speaker: Honourable senators, I have to inform the Senate that if the Honourable Senator Olson speaks now, his speech will have the effect of closing the debate on the motion.

Senator Olson: Honourable senators, there are two or three things I should like to say to clear the air with respect to a breaking of some word that the Leader of the Opposition has alleged. If he very carefully reads again what is in front of him, he will come to the conclusion that Senator Frith did acquiesce, on behalf of this side, to an adjournment of the debate until later this day.

Senator Flynn: You have to read the context; don't distort the context.

Senator Olson: I am not trying to distort the context.

Hon. Martial Asselin: You are.

Senator Flynn: You are.

Senator Olson: Perhaps Senator Flynn would like to recall that, while he was making his argument, I sat very quietly and made no interruptions at all.

Senator Flynn: Did you approve by your silence?

Senator Olson: I believe that one has a responsibility to listen to an argument. That is why I was listening so attentively, without interruption, to what the Leader of the Opposition had to say. In fact, I listened so carefully that it now appears I understood what he said better than he understood it himself.

Senator Flynn: Gee whiz, that's a definite lie.

Senator Olson: It is not.

Senator Flynn: It is a lie.

Senator Olson: It is an interpretation.

Senator Flynn: Perhaps Senator Godfrey will rise on a point of order.

Senator Olson: In any event, there is no mystery in any way, shape or form about why this motion should be passed this evening.

I will explain it again to Senator Flynn so that he understands. I am not going to bring up private conversations, but he knows very well what happened in those private conversations. The fact of the matter—

Senator Flynn: I know better than you do.

Senator Olson: —is that we were to start to deal with this motion this afternoon and, due to very sad unforeseen circumstances, that was not possible. Due to those same circumstances, we have forgone the Senate's sitting tomorrow afternoon.

Senator Flynn needs to recall or to reflect on the consequences of postponing until tomorrow evening, for whatever reasons he may have, the adoption of this motion.

I do not want to go back over the arguments I made during the course of my participation in the debate, but the scenario was something like this: If we do not deal with this motion and pass it this evening, so that we can send the invitation to the House of Commons, they cannot deal with the matter until tomorrow evening. That has already been determined. Therefore, it would probably not be dealt with by the House of Commons until Wednesday. As the opposition knows, the House of Commons has already passed an order that it will adjourn at 6 o'clock on Wednesday.

Senator Asselin: And after that?

Senator Olson: Just a moment. The House of Commons meets at 2 o'clock, and at that time they will deal with motions under Standing Order 43, and then Question Period. This means they will not get to the business before that chamber until some time after 3 o'clock on Wednesday. That is a fact which every senator on both sides of this house knows very well.

This means that there is a period of something less than three hours—probably only a little more than two hours—during which the House of Commons will be able to debate the motion. Even if they were to set aside all of the other business for Wednesday, however important it may be, they would have less than two and a half hours to deal with this motion.

• (2220)

Therefore, in fairness, and for all the reasons I explained earlier, we should pass this motion tonight so that the House of Commons will receive it at the opening of their sitting tomorrow. That will enable them to have the day tomorrow and whatever time there is available on Wednesday.

To concede to what Senator Flynn has requested—that the motion not be passed tonight but that it be passed tomorrow night—would be driving us into that less than three-hour period on Wednesday. I do not believe that is a reasonable or responsible thing to do when asking the House of Commons to concur with us and to pass the motion so that the committee can be established before the mandatory adjournment at 6 o'clock on Wednesday.

What also follows from Senator Flynn's request is that, if the House of Commons did not pass the motion, the committee could not be struck for at least four weeks and possibly longer than that. The members of this chamber and the House of Commons who will be on the committee would lose valuable time—time which they need in order to organize what would be a good and effective job with respect to this entire matter, which is certainly of great importance to this chamber, and, indeed, to the whole of Canada. That is the explanation. Whether or not Senator Flynn accepts it, he cannot deny that that is the scenario which would follow insofar as the time frame is concerned.

Senator Flynn: The event will prove you wrong.

Senator Olson: I would now like to deal with one or two questions that were raised in the course of the debate by Senator Macquarrie.

Honourable senators, I have to say that I enjoyed Senator Macquarrie's comments immensely. I appreciate the fact that he, as he said a number of times in his discourse, had fairly short notice in which to prepare such an important speech on such an important matter. I think he did very well under the circumstances.

I also have to say, however, that in the course of his speech he answered almost all of the questions he raised. For example, he asked: What is the hurry before Christmas? He then went on to talk about a number of studies which have been conducted, particularly one that is commonly referred to as the Goldenberg-Lamontagne study, which was really a report of the Legal and Constitutional Affairs Committee. That report was brought before this house, and no action has been taken on it. I suggest to him that the motion that is now before this

chamber is appropriate follow-up action to what was contained in the recommendations of that good and useful committee report.

Senator Macquarrie made a great deal of the matter of procedure in this chamber and suggested that another chamber should not be involved in that procedure. I have to remind him, however, that the most important parts of the terms of reference do require positive action by both the House of Commons and this house before anything can be initiated. For example, the committee must include in its recommendations a number of things, among them the method of selection, the powers, the length of term for senators, the distribution of seats, and any other matters that the committee considers to be relevant. All of those things require joint action by both houses before they can be achieved or, I suppose, even before they can be proposed as an action taken under the amending formula. Therefore, I suggest to Senator Macquarrie that he made one of the better arguments for the concept that it is essential that the other house be involved in any constitutional amendments that may be made to those major terms of reference.

I have tried to give my point of view to the effect that there are some matters that do not require a constitutional amendment and that we can deal with in this house. These would be matters of our own internal procedure. I expressed the hope that we would indeed consider those kinds of things.

In reply to Senator Deschatelets, I agree with most of his argument with respect to the process of the joint committee's activities. I think he indicated that it was an opportune time and that that process would be a useful follow-up to the work that has been done by the committees in the Senate over the years, particularly the latest one reported in 1980.

Honourable senators, there is much more that I could say, but the hour is reasonably late. In conclusion, I simply want to say that I appreciate the contributions made by those who have participated in the debate.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Louis-J. Robichaud: Unanimously.

Senator Flynn: Abstentions.

Motion agreed to.

INTERPRETATION ACT
BILLS OF EXCHANGE ACT
CANADA LABOUR CODE

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Honourable Senator Marshall*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder whether this order can stand in the name of some other senator, since Senator Marshall will not be here for the balance of this week. I would be happy to have it stand in the name of someone who is prepared to deal with it tomorrow.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I give no undertaking that I will be prepared to deal with it tomorrow, but it may stand in my name.

Order stands.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Tuesday, December 21, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

THE ENVIRONMENT

MANITOBA—SHOAL LAKE INDIAN BAND—ALLEGED DUMPING OF SEWAGE

Hon. Nathan Nurgitz: Honourable senators, I have one or two questions for the Leader of the Government in the Senate.

The first question—and he may well wish to take it as notice—is: Can he confirm that in recent days the Shoal Lake Indian Band has dumped five truckloads of sewage waste into Shoal Lake near the intake which supplies water for the city of Winnipeg?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe I heard the question correctly, and, if the honourable senator is right, I shall have to take it as notice. I shall need time to check into the matter.

Senator Nurgitz: Honourable senators, while the minister is making his inquiries—and I confess that newspaper accounts relate to several matters connected with the Department of Indian Affairs and Northern Development—would he determine whether federal permission was given to the band for this dumping or any kind of dumping? Would he also ascertain whether the Federal Environmental Assessment Review Office has completed its study of the general problem of sewage disposal by the Shoal Lake Band, and, if not, why not? Perhaps the minister could bring us up to date on that matter, because it is an ongoing and brewing problem.

Senator Olson: Honourable senators, I am aware of the whole problem—if I may put it that way—with respect to a number of negotiations that have been going on but which have not been completed. I will certainly take the two additional questions as notice. However, I expect that before they can be answered with precision some further discussion and negotiation may be required. In other words, a final agreement has not been reached. That may prevent my giving the usual immediate response to the last two questions.

Senator Nurgitz: Honourable senators, I fully understand the minister's response. If he is unable to give a detailed reply, perhaps an update on the situation would be of some help.

Senator Olson: Honourable senators, I will get as much information as I can.

FOREIGN INVESTMENT REVIEW AGENCY

PURCHASE OF CANADIAN TRUCKING COMPANIES BY AMERICAN INTERESTS

Hon. Nathan Nurgitz: Honourable senators, I should like to ask the Leader of the Government a question concerning the Cabinet approval of a FIRA decision to allow the purchase by Roadway Express, the largest trucking company in the United States, of Harkema Express Incorporated of Ontario, in view of the fact that a similar, if not identical, application by IU International, in the United States, to buy Canadian Motorways was turned down about a year and a half ago.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall look into that matter also. To the extent that the question can be answered without revealing, in the economic sense, confidential information supplied to FIRA, I will certainly provide as much information as I can.

Senator Nurgitz: Honourable senators, I fully understand the fact that I shall not receive confidential cabinet information, but perhaps we can get a squaring of the two applications, as to whether one is good and the other is bad, and the reason for the proposed purchase. I raise the question in view of the decision to support, for example, the Maislin trucking firm with Canadian tax dollars. Did the government, in assessing the Roadways purchase, assess the serious damage that would be sustained by a company like Maislin and the rest of the industry in Canada?

Senator Olson: I shall also take that question as notice, but I would like to clarify, for the record, that the support given to Maislin Transport was in the nature of an underwritten guarantee rather than a direct subsidy.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. It is one that has been asked on a number of occasions. Since we are now approaching the Christmas recess and the end of the year, I would like the Leader of the Government to inform us of the status of the trans-Quebec and Maritimes pipeline and its proposed extension to the Altantic provinces.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe there was a fairly complete update given on this project several weeks ago. It was to the effect that a certain amount of the engineering as well as a number of other things would proceed as supported by the Department of Energy, Mines and Resources. I shall take the question as notice and find out whether there has been any change since

the updated report was given, approximately three months ago.

Senator Thériault: Honourable senators, I fully appreciate the fact that an update was given to a similar question a few months ago and perhaps even a few weeks ago. What bothers me however, and what I would like to know is whether the Government of Canada is still as committed to building a gas pipeline across the Atlantic Provinces from Quebec City to Halifax as it was, and whether or not that commitment stands regardless of what happens off Sable Island. I understand that the pipeline companies are now considering construction of a pipeline which would bring gas west from Nova Scotia rather than east from western Canada.

Senator Olson: Honourable senators, what has just been described is a possibility because of some very encouraging discoveries recently, in addition to a very active exploration and development program off the coast of Nova Scotia. The government commitment remains that certain areas, described earlier under the National Energy Program, are assured of having natural gas available. That commitment is still as valid as it ever was. The question, of course, is as to the area from which the gas should be supplied. That was described in the update prepared by the Minister of Energy, Mines and Resources some time ago. Another element that has changed is that some of the alternate fuels, such as residual oil and so on, have declined rather sharply in price since that time.

Senator Thériault: Honourable senators, that is the reason I am asking these questions. I would really like to know what is going on because the people in New Brunswick—and I suppose it comes as no surprise to the minister—were inclined, at least, over the past few months, to believe the Premier of New Brunswick, who was saying that there will never be a gas pipeline built through New Brunswick.

Senator Olson: I would not accept that kind of speculation as having any validity.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Martial Asselin: Honourable senators, as I have a few questions for the Minister of State for Fitness and Amateur Sport, could the Leader of the Government tell me whether he will be in the chamber tonight?

Hon. H. A. Olson (Leader of the Government): I do not believe that Senator Perrault will be here during the Question Period tonight. Senator Petten informs me that he will be here later.

Senator Asselin: After the Question Period?

Senator Olson: It depends on how long Question Period lasts.

• (2010)

TRANSPORT

QUEBECAIR—STATEMENT BY MINISTER

Hon. Martial Asselin: Honourable senators, can the Leader of the Government in the Senate tell us whether the Minister of Transport today released a report regarding the future of Quebecair?

Hon. H. A. Olson (Leader of the Government): I will have to inquire. I am not sure that he released a report on his interpretation of the future of Quebecair. However, I am advised by Senator Frith, who is usually well informed, that he believes the Minister of Transport made a statement in the other place today. If that is so, that statement will be available to Senator Asselin early in the morning.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for my leader in the Senate concerning the Garrison Dam project. Over recent months I have asked more or less the same question on numerous occasions, and a number of members of the opposition, including, in particular, Senator Roblin, have also asked questions concerning the Garrison Dam project. We ask these questions because we are concerned about what might happen to Manitoba's wildlife and game fish if the Garrison Dam project proceeds.

I have the feeling that the Government of Canada is not taking these questions seriously, and that may be because they do not, in essence, understand the problem.

Just about one month ago we were heartened to hear that the United States Senate had cancelled a $4 million program of financial aid for the Garrison Dam project; but just yesterday they did a turnabout and approved another $4 million so that the work that has been in progress for several years on the project can be continued once more. In my opinion, this amounts to nothing more than a repetition of their annual attempts to send their unwanted waters into Manitoba, infiltrating our waters, spoiling our wildlife sanctuaries and the fresh fish we prize so highly. Not only is this to the detriment of the people of Manitoba; it affects many people in the whole of Canada.

Honourable senators, it seems to me that the question I put in October remains essentially unanswered, and it is my firm impression that the Government of Canada cannot be making the appropriate representations to the Government of the United States with respect to this serious matter, when that government continues to make money available to that project. Frankly, the people of Manitoba find these things hard to believe. For myself, I can hardly find words strong enough to express the sense of urgency I feel with respect to representations—appropriate representations—being made to the American government to stop this project once and for all. They must be made to realize how seriously detrimental the Garri-

son Dam project will be to the people of Manitoba and even to the people of Canada as a whole. Moreover, if we allow them to go ahead unchecked in this matter, we will hardly be able to stop them doing anything else in respect of our fresh waters. I feel this question is urgent because we will be adjourning within a day or two and will not be returning until the middle of January.

Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I want to reassure Senator Guay—

Hon. Martial Asselin: It's about time.

• (2015)

Senator Olson: Honourable senators, I wish to reassure Senator Guay, as I have done on a number of previous occasions, that the Government of Canada takes the matter very seriously. Very intense and serious representations have been made, and continue to be made, to the United States Administration and Congress respecting this matter.

I think we understand the importance of this diversion—if it comes about—to those who will be directly affected, the residents of Manitoba. Senator Guay should not think that we are not taking this matter seriously. Many negotiations are carried on with respect to international matters, and in many cases, it is more fruitful and beneficial that a day-to-day commentary on such negotiations should not appear in the press. I hope that Senator Guay understands that.

I understand clearly Senator Guay's concern, and so do the other ministers who are directly involved. We understand how this is perceived by the residents of Manitoba. For this reason serious negotiations have been conducted and strong representations have been made.

Senator Guay: I appreciate the comments made by the leader, but speaking on behalf of the people of Manitoba, it seems that we are becoming affected slowly but surely every day, every year. Again, $4 million means a lot. The Garrison is already coming closer to the boundaries of Manitoba and is already infiltrating its waters. I think that it is urgent that we act now and not simply say that we are concerned and aware of the problem. I think something must be done, and done immediately.

Senator Olson: I accept Senator Guay's representations as being well founded and serious. I will ensure that they are conveyed to the appropriate ministers.

Hon. Louis-J. Robichaud: Honourable senators, I was not aware that this question was going to be asked this evening, so I did not prepare myself for this before attending this evening's sitting.

As a former Joint Chairman of the International Joint Commission I know where the commission stood when this question was originally raised. Would the Leader of the Government ascertain whether that position has changed since December 21, 1973? I will be satisfied if the question is taken as notice.

[Senator Guay.]

Senator Olson: I do not think that there has been a significant change in that position, but since you are asking a question regarding the position of the IJC as opposed to the United States administration, I shall take it as notice.

Hon. Martial Asselin: That's a good question.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to support as heartily as I can the interventions of Senator Guay and Senator Robichaud. Senator Guay has been zealous in raising this matter in the Senate on a regular basis, and Senator Robichaud made an important contribution to this matter when he was the Joint Chairman of the Interntional Joint Commission.

The point I wish to make to my honourable friend is this; I appreciate the orthodox reply he has given, namely, that the government is working quietly through channels and that something will be done to ameliorate the situation. But the unfortunate truth is that the orthodox system is simply not working. So I ask the Leader of the Government to give consideration to this approach.

Last year a parliamentary delegation representing the federal government and the Government of Manitoba visited the Congress of the United States to discuss the matter with members of the House of Representatives. I was pleased to note that it was the House of Representatives which deleted this amount of $4 million, which is the item which attracted attention in the appropriation bill when it was in that house.

While I am not certain that we can give the entire credit to the parliamentary delegation that went down from Canada to discuss this matter with the members of the House of Representatives, nevertheless good results followed, so I assume that something happened as a result of that visit.

What happened this time, however, was that the United States Senate restored the $4 million that gave rise to Senator Guay's observations. Will the government consider whether it would serve a valuable purpose to send a Canadian parliamentary delegation to the United States to visit with members of the United States Senate? If we have the same luck that we had when we visited with the members of the House of Representatives, perhaps we can advance the cause of those who think that the Garrison, as designed, presents a danger to the ecology of the province of Manitoba.

• (2020)

Senator Olson: Honourable senators, as Senator Roblin and, I think, Senator Guay pointed out, this project has been funded and then had the funds withdrawn several times in the past few years. I believe that there have been some positive signs from time to time from the administration, quite apart from either House of Congress in the United States, of a desire to accommodate the wishes of Canada and the people of Manitoba. I cannot give an undertaking that such a delegation will be set up, but I will take it as a representation with respect to that matter.

I am not sure that I would agree that what Senator Roblin has described as the orthodox method of diplomatic negotiations has been entirely unsuccessful. I know that there has

been a change in the last few days, which Senator Guay referred to, with some funding being restored. Nevertheless, it has been on and off—I am not sure I can remember how many times—a number of times.

Senator Roblin: I wish I could be as optimistic as my honourable friend. What happened as a result of the Senate vote in the United States is that we are back at square one. All the work that was done in the last few years by parliamentary delegations and others to persuade the House of Representatives as to the merits of our cause was reversed by the action of the Senate. The point I want to make to my honourable friend—

Senator Robichaud: You mean the Senate of the United States.

Senator Roblin: Yes, not this Senate but the Senate of the United States. This Senate is doing its level best to deal with the matter properly.

The point that I am trying to make is that the American system of government does not lend itself to dealing with the State Department and the executive alone. Canadians have been very slow to seize on that fact. Other countries—the Japanese in particular—keep a constant lobby in Washington, not to deal with the executive, but to deal with the Congress and to deal with senators and members of the House of Representatives because each one of those people, as my honourable friend knows very well, is an independent power centre. It is quite different from the party system we have here. If we want to influence American political opinion and we overlook the Congress, we are overlooking the people who have the final word in so many instances.

Therefore, I say to my honourable friend that that is what I mean when I say the orthodox system of approach does not fill the bill—it does not get the results we want, at least in this instance. I urge him to consider the advisability of taking a more direct approach to the American Congress, which is the master in this particular situation.

Senator Olson: I will be brief, but I do not think that Senator Roblin really ought to—perhaps the right word is "depreciate"—

Hon. David Walker: Deprecate.

Senator Olson: —deprecate—perhaps both words would apply—efforts that have been made by Canadians in making representations to the United States houses. I have been involved in some of them, and I know that Senator Roblin and several other senators have been party to that. In addition, I am also aware that the Canadian Embassy in Washington does, in fact, make representation from time to time, and perhaps almost all the time, to both of those power centres that Senator Roblin described. The difference, of course, is that it is not a high profile. I can understand that, if a delegation goes to Washington, that visit will get more press attention than will some representations made by officers of the Canadian Embassy.

I appreciate the difference but, again, I will take it under consideration. However the existence of the power centres and where they are located in Washington is well known to the Canadian Embassy and the representatives of the ministries who go there from time to time.

• (2025)

Senator Roblin: I do not know whether my honourable friend is deliberately missing the point, but he is certainly succeeding—he is missing the point.

I am quite sure the Canadian ambassador does the best job he can; he is a man of high reputation. I am quite sure that, when my honourable friend was a minister with responsibilities which took him to Washington, he did the best he could. However, neither he nor the Canadian ambassador made it a practice, as we did, to canvass the members of the House of Representatives; that has very seldom been done.

I will not say that the committee of which I speak, which went down last year, is the only body that has done this, but, so far as I know—and perhaps some of the Atlantic senators will correct me if I am wrong in this—with the exception of dealing with the Americans on the fisheries question, this is the first time that Canadian legislators have visited with American legislators; that is the point I am making. To make representation, at other levels in the case of the Garrison did not prove successful, sincere as they may have been.

In the case of the delegation of which I speak, I think they were successful in getting members of the House of Representatives to change their minds on the subject, and I want to do the same thing with the Senate.

Senator Olson: Honourable senators, I understand the honourable senator wants us to raise a higher profile.

Senator Roblin: No, it is not a question of a higher profile.

Senator Olson: I want the honourable senator to know that I have been to Washington on at least one occasion and have met with more than a dozen senators in one day. I know that other people were there doing the same thing on a particular issue. There have been several such meetings—not just one. I would not like my friend to leave the impression on the record here that that practice has not gone on in the past.

Senator Roblin: I think my honourable friend is not correct. I do not know when a delegation of Canadian parliamentarians went to visit American legislators except for, perhaps, two instances—one to do with fish and one to do with the Garrison. That is quite a different thing from ministerial and other representations. It is not a question of profile; it is question of contact between legislators.

Senator Olson: Honourable senators, I do not want to carry on the discussion. I have to tell Senator Roblin that I do know of some other delegations.

Senator Roblin: Well, good for you.

Senator Olson: There was one dealing with agriculture, for example.

Hon. Royce Frith (Deputy Leader of the Government): Is it not done every year by the Canada-U.S. Inter-Parliamentary group?

FOREIGN AFFAIRS

SUGGESTED ARMS REDUCTION BY U.S.S.R.

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate.

We heard some positive news this morning in that the new leader of the U.S.S.R. is reported to have made an overture to the United States to the effect that Russia is prepared to reduce its deployment of SS-20 missiles against western Europe provided that the United States does not go ahead with the deployment of the Pershing II series missiles.

Hon. Martial Asselin: It is blackmail on the part of the Soviets.

Senator Bosa: I am sorry, but I did not understand that interjection.

An Hon. Senator: Ask your question.

Senator Bosa: Is the Leader of the Government in the Senate in a position to share some information with other senators in connection with this matter?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have had no additional information from the Department of External Affairs in this regard. I heard the news, as mentioned by Senator Bosa, last night and again this morning. However, I have not had an opportunity to look into this matter.

I will take the question as notice and will ask the Secretary of State for External Affairs if he can, indeed, furnish more detail respecting the "offer," if that is what you want to call it, made by the leader of the Soviet Union.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Duff Roblin (Deputy Leader of the Opposition): Would the Leader of the Government tell us if we are to be deprived of the presence of Senator Argue this evening?

I have another report to give him in connection with the Argue proposal on the Crow. I am a little disappointed that he is not here to receive it.

An Hon. Senator: A non-proposal.

Senator Roblin: May we expect him?

Hon. H. A. Olson (Leader of the Government): I think Senator Argue will be here later this evening, but if Question Period is over perhaps Senator Roblin will have to wait until Question Period tomorrow to deliver his report. I am quite sure Senator Argue will be here tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): We could revert to Question Period.

[Senator Olson.]

INTERNATIONAL TRADE

LUMBER INDUSTRY—EFFECT OF DEVALUATION OF SWEDISH KRONA

Hon. Lowell Murray: Honourable senators, I should like to ask the Leader of the Government a question concerning the position of the Canadian lumber industry.

I am sure the minister is aware that the lumber industry is facing some uncertainty and difficult times, if only as a result of threatened legislative action in the United States. However, there is also a serious problem posed by the recent devaluation of the Swedish Krona. Has the government done a study to indicate what the impact of that action would be on the Canadian lumber industry, and what action does the government propose to take to offset those negative effects?

● (2030)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have a report with me. I do not know whether one has been prepared on the basis that Senator Murray has described, but I am sure that I can request a report and that there are people in the Ministry of International Trade who will be looking into this matter.

The Honourable Senator Murray and I are both aware that a somewhat analogous situation arose, at the time of a devaluation relative to the American dollar, in which the east coast fishing industry was adversely affected. We are conscious of the possible effects of such a situation.

I know that there are other actions being speculated upon in various parts of the United States respecting what has been a significant downturn in their overall lumber requirements. I have to say that we in Canada are extremely concerned about this matter. We hope that it will not lead to a lot of protectionist action. On a number of occasions we have seen that everybody loses once we start down that road.

[*Translation*]

EDUCATION

SITUATION OF POST-SECONDARY FINANCING

Hon. Arthur Tremblay: My question is for the Leader of the Government in the Senate and has to do with last February's conference on the economy. That conference turned out to be less successful than had been expected. The Prime Minister had announced a new approach on the part of his government with respect to federal participation in post-secondary education financing. A few days later, a document was sent to the provinces to explain this new position. Discussions were to be held in the following months with a view to reaching a conclusion in September because the existing agreements will end next March. Can the Leader of the Government give us a progress report on the discussions which are supposed to have been held? What conclusions were reached at the end of those discussions?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, perhaps the best thing I can do, in response to

Senator Tremblay's question, is to refer it to the Minister of Finance. He would have been profoundly involved in these discussions over the past few weeks.

As honourable senators are aware, only a few days ago there was a meeting of the Ministers of Finance and federal government officials. It may be that the minister can indicate whether there was any further progress made at that meeting.

[*Translation*]

Senator Tremblay: I have a supplementary. I may be wrong, but it seems to me that the discussions mentioned by the Prime Minister were supposed to involve the Secretary of State on behalf of the federal government and the provincial Ministers of Education. They were not necessarily to involve finance ministers of both levels of government. I believe that the Prime Minister referred to such discussions in his recent reply to the Nova Scotia premier who had suggested an economic conference on behalf of all premiers. The Prime Minister replied that such a conference was not necessary. He pointed out that sector-based discussions were now going on, including meetings between the Secretary of State and the ministers of education concerning financial arrangements for post-secondary education. In any case, my question still applies whether or not I am wrong about the identity of the ministers involved. These negotiations should be completed in the near future since the financial arrangements will expire at the end of next March. I would be very interested in obtaining as much information as possible about the progress made, so that we may exchange views in this regard, if only during the debate of Senator Macquarrie's motion concerning the future financing of post-secondary education.

[*English*]

Senator Olson: Honourable senators, I did understand the question. I want to say that, of course, the Secretary of State and the Ministers of Education would have been involved in some of these discussions. I believe, however, that the first part of the question was primarily a financial matter. That is why I gave that response.

I will take as notice the further explanation which Senator Tremblay is seeking.

[*Translation*]

Senator Tremblay: I have a supplementary. I want to point out to the Leader of the Government that the new approach suggested by the Prime Minister would make a simple matter of financing a question of defining jointly objectives for post-secondary education. He made such a definition something of a prerequisite for continued financing by the federal government. It is on this point that I wish to know how the discussions are proceeding.

[*English*]

Senator Olson: Honourable senators, I understood Senator Tremblay's interpretation. I am not quite sure, however, that that is the only interpretation that could be made.

• (2040)

VETERANS AFFAIRS

SUNNYBROOK HOSPITAL, TORONTO—SUPERANNUATION OF EMPLOYEES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Lang on November 16, 1982, concerning the superannuation benefits of Veterans Affairs employees who transferred with Sunnybrook Hospital to the jurisdiction of the University of Toronto on October 1, 1966.

It is a long and detailed answer, and, if it would be acceptable, I would ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The pension portion of the transfer agreement between the federal government and the university did not contain the commitment which Senator Lang indicates. In fact, the agreement required Sunnybrook Hospital to establish a pension plan for the employees transferring from Veterans Affairs, which would provide rights and benefits not less favourable than those that were provided under the terms of the pension plan of the federal government as they existed immediately prior to the date of the hospital transfer. Consequently, Sunnybrook Hospital set up a special pension plan at the time the hospital transferred, which contained those provisions, thereby meeting that commitment.

It was on this basis that monies were transferred from the federal pension fund to the special pension plan fund, in accordance with the terms of the reciprocal transfer agreement negotiated between the parties under the provisions of the Public Service Superannuation Act that were in effect at that time.

Over the years several changes have been made to the federal pension plan, the most notable of which was the introduction of legislation in 1970 which increased the contributions of the employees and provided pension adjustments related to increases in the cost of living. After a few years, as the value of these adjustments increased, former Veterans Affairs employees who had retired under the Sunnybrook special pension plan felt that they too should have their pensions adjusted. However, the special plan could not provide increases to those pensions as there were not sufficient funds in that plan to cover the additional cost. The Sunnybrook authorities appealed to the Minister of Veterans Affairs in 1979 to see if the federal government could offer some financial support to the special plan so that former federal employees who had retired, or would be retiring under the plan, could have their pensions adjusted.

As a consequence, the federal government has been considering whether the original reciprocal transfer agree-

ment should be amended, and whether any additional funds could be provided to the special plan. In the process of this deliberation, an analysis of the pension records of the approximately 700 former employees who had transferred into the special plan has been required. This is a time-consuming process since it involves the location and review of the records, followed by detailed actuarial calculations. Unfortunately, about one-third of these records are no longer available, given the lapse of time since 1966 and the fact that many of them were destroyed as they were no longer needed by the federal plan. It will now be necessary to contact the administrators of the special plan to see whether they can provide the missing information.

The Minister of Veterans Affairs has asked me to advise Senator Lang that he has been informed that the completion of the analysis of the pension records is proceeding with all possible dispatch. It is expected that by the end of March sufficient detail will be available to provide the Treasury Board ministers with the information they require in order to reach a decision on this matter.

CANADA AGRICULTURAL PRODUCTS STANDARDS ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Hon. Daniel Riley, moved the third reading of Bill C-98, to amend the Canada Agricultural Products Standards Act.

Motion agreed to and bill read third time and passed.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-647, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF SAINT-MICHEL—THIRD READING

Hon. Azellus Denis moved the third reading of Bill C-647, to change the name of the electoral district of Saint-Michel.

Hon. Martial Asselin: Honourable senators, before proceeding with third reading, I would like to remind you that when the bill received second reading, I asked my colleague to let us know at the third reading stage what the basic reasons were for passing the bill in the other place and for changing the name of the riding. Since we know that as a result of the latest revision of the electoral map, the name of the riding of Saint-Michel-Ahuntsic will be changed to Ahuntsic, can we expect another bill to be introduced in order to have the name proposed by the bill's sponsor? Did the bill's sponsor obtain first-hand information and can he give us any sensible reason for passing this bill on third reading?

Senator Denis: As I said yesterday, Ahuntsic is the largest part of the riding. The request originated in 1979, under my honourable friend Senator Asselin's Government. Unfortunately, that Government was defeated, and the bill died on the order paper.

[The Hon. the Speaker.]

Senator Asselin: Is that the only reason?

Senator Denis: I believe Mrs. Sauvé was the member for Ahuntsic until 1979. At that time, the riding was called Ahuntsic. That particular area has the largest business section in the riding. I may add that the Ahuntsic subway station is the terminal of our famous metro. Half of the riding is in this area. So people who were used to living and working in the riding of Ahuntsic would appreciate it if the riding could once again be called Ahuntsic.

Senator Asselin: We did not say that. My honourable colleague was supposed to find out from the other place whether a petition requesting the change had been submitted to the member, but none was made.

Senator Denis: That is not necessary, since the member in question represents the riding of Saint-Michel, and anything connected with the riding of Saint-Michel, including the Ahuntsic portion, concerns the member who represents his constituents.

Senator Asselin: It is just a whim.

Senator Denis: Perhaps.

Senator Asselin: He is wrong.

Motion agreed to and bill read the third time and passed, on division.

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-620, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF MISSISQUOI—THIRD READING

Hon. Azellus Denis moved the third reading of Bill C-620, to change the name of the electoral district of Missisquoi.

Motion agreed to and bill read the third time and passed, on division.

● (2050)

[*English*]

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Stand.

Hon. Royce Frith (Deputy Leader of the Government): No. We have been standing it for a month.

Senator Roblin: My honourable friend is unwilling to oblige. He is not in an obliging mood these days, judging from last night's performance.

Hon. Jacques Flynn (Leader of the Opposition): We had better make it clear where we stand now.

Senator Roblin: I believe the Deputy Leader of the Government wants to make it quite clear that he does not intend to become more obliging as the session comes to an end. I expect that tomorrow he will give us another demonstration of his inflexibility of purpose.

However, if that is the way he wants to approach this matter, then I suppose he has the numbers. As I am unable to persuade him by my eloquence to change his mind on this subject, I will save myself the trouble of trying to do so. I simply say that if this bill is considered further in this chamber, it should be dealt with in such a way as to make it more complete in its approach to the problem that it attempts to solve.

[*Translation*]

Senator Flynn: Honourable senators, it is my view that this bill should be referred to the Standing Committee on Legal and Constitutional Affairs, to ascertain the difference between it and the first one introduced by the government. The Speaker explained to us that this legislation was quite different from the first one, in that it included the totally new aspects as compared to the amendments I moved to Bill 201 on second reading. The only way to check this is to refer the bill to the Committee on Legal and Constitutional Affairs. In that connection, I would like to have the advice of the Senate's legal counsel. He originally pointed to some defects that were of a minor nature, in my view. But if indeed this affects the substance of the bill, as the Speaker so decided, it is all the more important that we scrutinize the changes and amend the bill accordingly.

The bill as it now stands leaves in the statutes the title "Dominion Day" instead of "Canada Day", or "Jour du Dominion" rather than "Jour du Canada". This has not been changed. It is an omission that had been pointed out by the Senate's legal counsel; even though it is not substantial, it should be amended in my view. If it is substantial, as the Speaker suggested, it is all the more important to make a change. I would appreciate having the sponsor of the bill tell us if he agrees that, when the bill receives second reading, it should be referred to the Committee on Legal and Constitutional Affairs, as I proposed earlier.

[*English*]

Senator Frith: Honourable senators, I do not believe that the bill should be referred to committee. The bill was introduced in explicit compliance with an undertaking given at the time of the passage of the bill changing the name from "Dominion Day" to "Canada Day".

Senator Flynn: False.

Senator Frith: The undertaking was then given that the consequential amendments to the Bills of Exchange Act and other acts that were not part of the bill that changed the name from "Dominion Day" to "Canada Day" would be introduced, and Senator Olson, the Leader of the Government in the Senate, introduced the bill in compliance with that undertaking. The bill now before us is one that makes the whole operation complete.

Senator Flynn: No.

Senator Frith: It is purely routine and is consequential housekeeping. It amends other acts in order to make them comply with the change in the name from "Dominion Day" to "Canada Day". For that reason I consider it unnecessary for the bill to go to committee.

Concerning the question of any previous ruling by the Speaker, I do not think that is relevant to whether or not the bill should go to committee.

Senator Flynn: I did not say that.

Senator Frith: I said it.

Motion agreed to and bill read second time.

MOTION TO REFER BILL TO COMMITTEE DEFEATED

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C. that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (2100)

Motion of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Murray
Bélisle	Roblin
Bielish	Tremblay
Doody	Walker—9.
Flynn	

NAYS

THE HONOURABLE SENATORS

Adams	Langlois
Barrow	Lapointe
Bird	Leblanc
Bonnell	Lewis
Bosa	Lucier
Buckwold	McElman
Cottreau	Neiman
Denis	Olson
Deschatelets	Petten
Frith	Riel
Graham	Rizzuto
Guay	Robichaud
Haidasz	Rousseau
Hastings	Rowe
Hicks	Stanbury
Lafond	van Roggen—32.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. The Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Olson, bill placed on the Orders of the Day for third reading at the next sitting.

[*Translation*]

CORPORATE SHAREHOLDING LIMITATION BILL

SECOND READING

The Senate resumed from Monday, November 8, the debate on the motion of Senator Olson for second reading of Bill S-31, to limit shareholding in certain corporations.

Hon. Jacques Flynn (Leader of the Opposition): I do not know whether the Leader of the Government is now in a position to inform us what he intends to do with this bill; does he insist on proceeding with it now, in the circumstances?

[*English*]

Hon. H. A. Olson (Leader of the Government): Well, honourable senators, tonight is the second last sitting of this chamber before the recess and we will be sitting for a while tomorrow. There is a possibility that Bill C-141, dealing with certain human rights matters, will come to us in time for us to deal with it tomorrow. Apart from that, Bill S-31 is the last item of legislation on our Order Paper and we would like to have it pass second reading, which is the stage it has now reached, and send it to committee as opposed to moving that it be given third reading. In my view it would not proceed further than that in this session of Parliament. As a matter of fact, I doubt that there would even be any sittings of the committee, which, incidentally, would probably be the Standing Senate Committee on Banking, Trade and Commerce. That would mean that it would have to be dealt with again in the new session. I cannot give you a precise date for prorogation and the beginning of a new session, but it would probably be some days after January 17.

If we were to follow that course, that would leave us in a position where we would have disposed of all the business on the Order Paper. We could therefore adjourn tomorrow until the 24th of January, subject to recall because the other place, after returning on January 17, might pass some bills to us during that week.

Just to reiterate, I can assure Honourable Senator Flynn with respect to Bill S-31 that second reading stage and reference to committee is as far as that bill will go. I could go into the reasons behind that decision, but I believe Senator Flynn knows the argument I would make, even though he may not agree with it.

Hon. Henry D. Hicks: The Honourable Leader of the Government mentioned that we would return on the 24th. That is a Monday. Why would we not return on Tuesday, January 25, which would be our normal practice?

Senator Olson: I have no particular objection to either the 24th or the 25th, but I have to caution senators that there are at least three bills, C-131, C-132 and C-133, which we should attempt to deal with reasonably expenditiously if they come from the House of Commons. As they have not yet been passed, I do not think we can anticipate what day they will receive third reading in the other place.

Hon. Martial Asselin: Well, they will not be passed before tomorrow.

Senator Olson: They could be.

Senator Asselin: That will not happen.

Senator Olson: If my honourable friend were to use all of his persuasive powers on the opposition in the other place, I am sure he could get them to pass those bills tomorrow.

Senator Flynn: Not if we are as successful with them as we are with you.

Senator Olson: At any rate, my feeling at the moment is that they will not be passed in the other place before we adjourn, and I doubt that they will be passed there during the first two or three days after their return on January 17. However, I think we should be in a position shortly after that to receive those bills. I do not want to outline the difficulties or problems involved with respect to the limitation on the indexing contained in those three bills, but it is a fact that later on in January a problem could develop.

• (2110)

The computer that issues the cheques must know which rule is to be applied with respect to the indexing for at least the month of January. That is why the caveat is there.

I think I have been open and frank, and if it were preferable, I suppose that we could adjourn tomorrow until January 25, which is a Tuesday, again subject to recall with the usual notice if there is legislation to deal with.

To get back to where I started, this is the last piece of legislation on the Order Paper and I hope that all honourable senators join with us in passing it so that we can adhere to the possible timetable I have just described.

Senator Flynn: My understanding is that Senator Langlois wishes to speak on this, so I am prepared to yield to him if he wishes to speak at this point.

Hon. Léopold Langlois: I must leave now.

[*Translation*]

Senator Flynn: Honourable senators, since the Leader of the Government is using brute force and his majority as well as traditional subservience—

Hon. Louis-J. Robichaud: Conservative!

Senator Flynn: And one of the best examples is that of Senator Robichaud.

He reminds me of the member who said to the Speaker of the House of Commons, "It is quite difficult to vote when the Prime Minister is not here to tell us how." Here, as soon as the Leader of the Government rises, Senator Robichaud knows precisely how he should vote.

Senator Robichaud: As on capital punishment—

Senator Flynn: At any rate that bill was referred to the Standing Committee on Legal and Constitutional Affairs.

[*English*]

Would I be interested in what you are saying, Senator Guay?

Hon. Joseph-Philippe Guay: I would be pleased to repeat what I said. I said that in our case we are pleased to follow our leader, but in the other place and here the opposition have a hell of a time following their leaders because they don't know where they are.

Senator Flynn: I don't think that that is very revelant.

[*Translation*]

As a matter of fact, Senator Guay reminds me of Panurge's sheep. My good friend Senator Guay behaves exactly like them. He does not mind telling the government off good and proper once in a while, but when the time comes for him to toe the line, he does it.

Senator Guay: Once again, honourable senators, since the Leader of the Opposition has asked me to state my case, I am glad to do so. He has just accused us of behaving like sheep. We have principles and we are ready to stand behind them. If honourable senators opposite are using the word "sheep" so often, it is because they do not know how to speak any other way. They think that they are very clever and witty when they are using it. We are people of principles and we are ready to stand behind them. We know we are right and we are ready to answer to the Canadian people for our action. I hope that the Leader of the Opposition will reconsider his position and stop calling us "sheep", seeing in us principled people like our forefathers were.

Senator Flynn: If Senator Guay is as convinced as he says, it is even worse.

Senator Guay: We know how to take a joke.

Senator Flynn: Try and smile. Coming back to what I was saying, Bill S-31 was referred to the Standing Senate Committee on Legal and Constitutional Affairs which has tabled its report. Everybody has read this report with considerable attention. It is clear that this bill leaves much to be desired both as to its basic principles as well as its practical application.

What I have urged the Leader of the Government and the Senate, alas again to no avail, is not to force us to vote on this on second reading. As long as we do not know what final shape and form the government will give to this bill, what would be the use for the Senate to support its subject matter. The Leader of the Government has just indicated that this bill, following second reading, would be referred to the Standing Senate Committee on Banking, Trade and Commerce. He also tells us that this bill will die on the order paper. He tells us that another bill will be introduced next session.

Indeed, why should we vote on a bill which will never be passed? The only explanation given by the Leader of the Government is that he wants to retain the date of November 2 to determine the legality or illegality of the purchase of shares by the government of a province or an agency of a provincial government in a company covered by this bill, that is a company directly or indirectly involved in interprovincial or international transport.

We are well aware that this date is retained because as long as this bill is before Parliament, it will be retained by the mere fact that the bill is before us. Nothing is changed by the fact that the bill is at the first rather than at the second reading stage. If the bill must die, the government will obviously have to reintroduce it later on. But until this session ends and a new one begins, this date of November 2 is fully retained.

[*English*]

Senator Olson: May I ask the Leader of the Opposition a question? I have never questioned whether or not the validity of that stays at any stage from the day it was introduced insofar as this session is concerned. What I did have some problem with was the period between prorogation and the beginning of a new session. I wonder if you could address that, because that is really the important part of it.

[*Translation*]

Senator Flynn: I am quite willing to do so. I do not understand what difference it makes whether the bill gets second reading or not if the session ends before it is passed, not only by the Senate, but also by the House of Commons. Some

time will elapse between the end of this session and the beginning of the next one. The bill has the same value as long as the session continues, whether we are at the first, the second or the third reading stage, as long as the bill has not been passed by the House of Commons. That is quite clear.

What you want us to do is to pass a bill which is clearly defective, about which basic objections have been made and to which the minister has told us that he will make some changes. We do not know the extent or the substance of these changes. They might be very extensive and significant.

The minister has already met a representative from Ontario. He will also be meeting people from Alberta, British Columbia, Saskatchewan, Newfoundland and perhaps even Manitoba. As a matter of fact only New Brunswick, Nova Scotia and Prince Edward Island made no representations. Why should we be asked to commit ourselves at this stage? Indeed, we know there is but one problem. The minister refused to recognize this the first time he appeared before the committee. It has been proved before the committee that the only purpose of this legislation is to prevent the purchase of Canadian Pacific Limited shares by La Caisse de dépôt et de placement du Québec. Truly, what the minister had in mind was a bill that would read as follows: La Caisse de dépôt et de placement du Québec cannot buy more than ten per cent of the capital stock of Canadian Pacific Limited. This bill will come into force as of the day it receives Royal Assent. This is the only justification for this bill. As I said, the minister would not admit it, but it has been proven that a letter was sent by Mr. Burbidge to the Prime Minister. This is a fact. We asked for that letter to be tabled. We have not had it yet.

Mr. Burbidge's concern with Canadian Pacific's subsidiaries, CP Air and CP Rail, was that the Caisse de dépôt et de placement would acquire effective control of the company by holding more than ten per cent of the stock. We had the same concern with Power Corporation, whose involvement had reached 15 per cent. In fact he had made an agreement with Mr. Paul Desmarais in the hope that he would not buy more than 15 per cent, or go above his 15 per cent unless another group or person or institution should acquire more than 10 per cent. In fact, that is the purpose of this bill and it is very restrictive. The interprovincial or international transport problem was only an excuse to step in.

Mr. Ouellet does not like the Caisse de dépôt. The investment policy of the Caisse de dépôt du Québec is a matter which primarily concerns the Quebec National Assembly, and no one else. It is of no concern to this Parliament. Would the Canadian government's main concern be the investment policy of the Caisse de dépôt? However, there again we never had any proof that there was real concern of a company takeover in the area of transport. This does not change at all my point of view. It has never been shown—and the minister could never prove the opposite—that the holding of shares in a corporation dealing in transport and coming under federal jurisdiction, could create a problem. Regulatory agencies such as the Transport Commission or the National Energy Board, carry on their operations whoever is the owner of the shares.

[Senator Flynn.]

That was proven following the problem created by Alberta's purchase of Pacific Western. Indeed, in that respect the bill does not change anything about Pacific Western. Mr. Ouellet has even told us that he is prepared to make an exception in the case of Quebecair.

• (2120)

It becomes obvious that this bill was not introduced to deal with a transportation problem. It was found out in the committee for instance—and this is very significant—that this bill goes much farther than was originally intended. Should a company be involved in an issue of interprovincial or international transportation through one of its subsidiaries, even a taxi company operating between Hull and Ottawa, that company would fall within the ambit of this legislation.

Alcan was given as an example because the Saguenay Terminal Company which ships bauxite to Arvida holds 3 per cent of Alcan shares. The mere fact that Alcan has a subsidiary which is involved in maritime transportation brings Alcan under the jurisdiction of the law. They may not like the investment policies of the Caisse de dépôt, but once again that is a question which primarily concerns Quebec's National Assembly.

That is another problem. If it is also a problem related to the investment of pension funds with respect to the entire pension plan system, that cannot be the solution at all. This bill has nothing whatsoever to do with that question which becomes very important as we gain experience and as the number of contributors decreases as compared to the number of people who draw benefits. That is another matter.

In fact, this bill is almost nonsensical. It does not make any sense at all. Again, no one has shown that the national interest was involved. Speaking on television the other night, Mr. Trudeau came up with a rather fanciful explanation on the nature of Bill S-31.

He said: Imagine if the federal government were to purchase 50 per cent of the shares of a university or some CEGEP. Just imagine! Trying to compare the problem of Canadian Pacific Limited shares being bought by the Caisse de dépôt or by an agency of another provincial government, with the idea that the federal government could gain control of a university or a high school!

This clearly demonstrates that this legislation has been hastily put together. I believe it is the first time, at least in the 25 years I have been here, that I have seen a bill of such scope being introduced simply on the request of a person who happens to be the chairman of a large corporation. Obviously, it is simply intended to solve the problem of that particular company.

I am keenly interested in this problem of concerned managers who want to protect themselves. It happens all the time, in mutual funds companies as well.

Hon. Gildas L. Molgat: You did not discuss it with your colleague?

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): It is me he is talking about.

[*Translation*]

Senator Flynn: Well, he was at one time, but he is not any longer. There is no problem there.

[*English*]

Senator Roblin: I never managed Canadian Pacific Limited. He gives me the credit for it, but I decline.

[*Translation*]

Hon. Martial Asselin: Well, personally, I deal with mutual funds companies.

Senator Flynn: This notion that management is supposed to be in a better position to serve a company's interests than a majority shareholder is a theory that has always seemed quite esoteric to me and hard to understand. In my opinion, the owner finds it more to his advantage to see to it that his company is profitable than the managers who, in most cases, hold very few shares and have only their positions to protect—

Hon. Royce Frith (Deputy Leader of the Government): And their salaries!

Senator Flynn: And their salaries indeed! Yet, their interests are far more limited, in my opinion, than those of the company shareholders.

For those reasons, it seems to me that the Leader of the Government should agree that debate on this bill be deferred, all the more so in view of the specific objections to the report of the Committee on Legal and Constitutional Affairs.

I would now like to draw your attention—to a rather amusing paragraph that makes fun of the government. It reads:

> By virtue of the *Motor Vehicle Transport Act (1954)*, the Federal Government delegated its regulatory powers in the field of extra-provincial motor vehicle transportation to the provinces. However, the present Bill applies to companies engaged in such motor vehicle transportation. In addition, the Bill extends to companies engaged in transportation by air and water.

It appears there was no problem in handing over that area of jurisdiction to the provinces. I do not see why that should create any problems so far as transportation by air and water are concerned, if the government retains its regulatory agencies. In any event, Pacific Western has been told to carry on its partnership with the Government of Alberta. Quebecair will do the same with the Quebec government. I believe the Government of Newfoundland holds shares in Eastern Provincial Airlines. I may be wrong, but I believe that the provincial government has a substantial interest in that company.

In fact, that situation applied, as I said, to an individual case. This can be and shall be to a large extent corrected by the National Assembly. The latter is now considering a bill which will impose on the Caisse de dépôt et de placement du Québec all restrictions regarding disclosure of its operations like any other person acting on the securities market. It has even been said that we would go further. It may be that the percentage of shares that the Caisse de dépôt will be able to purchase in a given company will be reduced from 30 to 20 or even to 10 per cent. That is the problem of the National Assembly.

Can you imagine that we, the federal government, are going to amend, indirectly but efficiently, a legislation passed by the National Assembly which, to date, has not created any problem and which is being considered by Quebec parliamentarians? As I said often, Mr. Ouellet always seems to be saying: "This is a PQ organization". That is what he told me when I questioned him in committee. He said to me: If you wish to go along with PQ members—

This legislation has been passed in 1965 under Mr. Jean Lesage's government. This legislation was maintained under the government of Daniel Johnson, Jean-Jacques Bertrand, Mr. Bourassa and the present administration. Ironically, the Caisse de dépôt makes investments throughout Canada. We seem to be saying to them: Get back to Quebec, try to be a bit more separatist, a bit less pro-Canadian.

This situation is ridiculous. It is in the interest of the present government as well as the Senate, I believe, and also in the general interest not to ask us to accept the principle of this bill at this stage. We must wait and see how the situation will evolve when the Minister of Consumer and Corporate Affairs has met with officials from other provinces. The National Assembly, on the other hand, may be able to come up with solutions and will not take a position that creates problems, promotes confrontation and brings about undue squabbles.

Under these circumstances, I should like the Leader of the Government to tell me that he agrees to postpone this debate until we resume sitting in January. If he accepts this suggestion, it would be useful to make a formal proposal in this regard. But if he refuses it, I will move, seconded by Senator Roblin—and I shall continue in English so that it is readily understood—

• (2130)

[*English*]

> That the debate on Bill S-31 be adjourned until January 25, 1983, or until such time as the Minister of Consumer and Corporate Affairs reports on the meetings he has undertaken to have with those provinces which have expressed objections to the Bill.

[*Translation*]

I am ready to withdraw the motion if the Leader of the Government agrees that the bill can stand till then.

Senator Robichaud: Honourable senators, if Senator Flynn is willing to withdraw the motion now and perhaps reintroduce it later, I would like to adjourn the debate on behalf of Senator Léopold Langlois.

Senator Asselin: He cannot speak, he is not here.

Senator Robichaud: I adjourn the debate on behalf of Senator Langlois.

Senator Flynn: I am willing to withdraw my motion if the motion to adjourn is agreed to.

Senator Robichaud: The motion can be reintroduced.

The Hon. the Speaker: Honourable senators, I find that situation somewhat confusing.

Senator Flynn: I will withdraw my motion. Senator Robichaud is moving the adjournment of the debate.

The Hon. the Speaker: Senator Flynn is withdrawing his motion and I understand that Senator Robichaud is introducing a motion to adjourn.

Senator Flynn: On behalf of Senator Langlois.

The Hon. the Speaker: On behalf of Senator Langlois, Senator Robichaud, seconded by Senator Denis, moved the adjournment of the debate on the second reading of this bill. Honourable senators, is it your pleasure to adopt that motion?

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the yeas have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

[*English*]

Motion for adjournment of debate negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Lapointe
Bielish	Robichaud
Denis	Roblin
Deschatelets	Rousseau
Doody	Tremblay
Flynn	Walker—13.
Hicks	

NAYS

THE HONOURABLE SENATORS

Adams	Cottreau
Barrow	Frith
Bonnell	Graham
Bosa	Guay
Buckwold	Haidasz
Hastings	Petten
Leblanc	Riel
Lewis	Rizzuto
McElman	Rowe
Molgat	Stanbury
Neiman	Thériault
Olson	van Roggen—24.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Senator Robichaud: Honourable senators, I do not wish to reflect on the vote that was taken tonight. I take full responsibility for the motion for adjournment of the debate that I made. I made that motion at the request of Senator Langlois, who told me that he had to take a plane at 10.20 this evening. He asked me to adjourn the debate on his behalf.

Senator Olson: Honourable senators—

The Hon. the Speaker: If Senator Olson speaks now, his speech will have the effect of closing the debate.

Senator Flynn: Oh, no; forget it.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, I just want to say a few words as a member of the Standing Committee on Legal and Constitutional Affairs. We have heard the president of the Montreal Stock Exchange as well as the president of the Chamber of Commerce of the district of Montreal tell us that this bill was ill-conceived and purposeless. They asked the government to withdraw this legislation. Then, before the committee or in public statements, the minister, Mr. Ouellet, indicated that he was considering introducing at some time in the future another legislation which would better meet certain needs.

I want to add briefly that the leader of the Quebec Liberal Party in the National Assembly also said that he had played a part in setting up the Caisse de dépôt du Québec. He added that he also was opposed to some aspects of this legislation. I also want to point out that the constitutionality of this legislation was seriously questioned when considered by the committee. In conclusion, I shall quote from an editorial published in *La Presse* of Saturday, December 18, under Mr. Michel Roy's signature:

> Overwhelming evidence is piling up. Bill S-31 has failed. The minister André Ouellet has failed to convince politicians, provincial governments and business circles. He has also failed to enlighten public opinion. This piece of legislation to limit provincial shareholding in tansportation companies is ill-conceived, unfair, unrealistic and imperialistic. The whole thing has to be thrown out and started from scratch.

Under the circumstances, I would have preferred that the legislation be left as is. Since the Government House Leader stated his intention to proceed with second reading, I will have to vote against this legislation.

• (2140)

Hon. Arthur Tremblay: Honourable senators, the question which for all practical purposes we must ask ourselves when we are invited to adopt the principle of this bill is as follows: Taking into account the fact that there will be amendments to this bill—the minister himself has already made a statement to that effect, and so did the Leader of the Government at one point, if I understood him correctly—we must wonder if these amendments will be of such a nature as to reasonably modify the principle of this bill.

In order to reply to this question, I shall first of all try to reply to the following one: Where, in this bill, is its principle expressed? I suggest that it is expressed in three separate places; I shall deal first of all with its form. It deals with the purchasing from a provincial agency of shares in an interprovincial or international corporation involved in the transportation of goods or passengers. I will come back later to this so-called interprovincial or international corporation. Clause 3 deals with the limitations on the purchasing of shares by provincial agencies. Clause 3 reads:

> Subject to section 6, no government shall hold or beneficially own more than ten per cent of the shares of any class of shares of a corporation.

From the way things are presented, it seems that a provincial agency would be allowed to hold 10 per cent of the shares of a corporation. We must seek elsewhere the extent of these limitations, more specifically in clause 5 which expresses the real principle. Clause 5 reads:

> Subject to section 6, where shares of a corporation that are held or beneficially owned by a government after November 3, 1982 were not held or beneficially owned by that government prior to that date, no person shall, in person or by proxy, exercise the voting rights pertaining to those shares.

Therein lies the true principle, for, so far as the principle is concerned, it is not the situation that prevailed as of November 3 that counts.

In this matter, as the minister stressed, there is no objection, there is no retroactivity, in the sense that a provincial agency holding shares as of November 2 does not lose its voting rights pertaining to its shares. In a matter such as this, the situation as of November 2 is not everlasting. Things will evolve. Those who manage securities buy, sell or buy back shares. Thus, over a period of many years, it is clause 5 that embodies precisely the principle.

The principle is that a provincial body is not entitled to acquire voting shares. The 10 per cent provided for in clause 3 is thus amended according to the actual principle.

So much for that angle, for that aspect of the principle contained in this bill, that is the voting right pertaining to shares. According to the principle, it is non-voting shares that may be acquired over a period of time under clause 3. Besides, that is what the minister expressed in his own way, which was very clear for that matter; we want in fact that the participation of provincial bodies be passive. This is a vivid description of the lack of voting right. So much for that aspect of the principle.

There is a second aspect to be considered. To what corporations does that principle embodied in clause 3 related to clause 5 apply? The situation seems to be presented from the viewpoint of a particular sector and in this connection, in the plain language he used before the committee or elsewhere, the minister has always pointed to the interprovincial or international transportation sector, but if one attempts to understand what it might mean in this bill, it is the definition of the word "corporation" that gives us the true meaning. And there, it can clearly be seen—the minister recognized it right away, and Senator Flynn mentioned it earlier,—that it is a group of transport companies which will in fact be affected, and their position in the overall economy is difficult to assess; according to the example given earlier by Senator Flynn all the companies involved probably represent half the economy. So, not only interprovincial or international transport is affected but a tremendous number of all economic activites in our country. This was a second aspect of the principle.

There is a third aspect which is not explicitly stated in the bill, but the minister, in its presentation to the committee said that this aspect reflected in fact the intent and the basic objective of the bill. The purpose of the bill is to protect federal jurisdictions over interprovincial or international transport, against any intrusion by provincial agencies or provinces, either directly or indirectly. It was pointed out by many people in committee, including Senator Langlois, that the purchase of shares in a company gives no jurisdiction, because if we are talking about jurisdiction between two levels of government, we mean legislative jurisdiction. The ownership of shares in a company confers no jurisdiction to a province. However, we have been told that the shareholders make important decisions. They may decide, for instance, to locate one of their plants in such and such a region. The Prime Minister himself has even mentioned the hypothetical situation where Aluminium Canada would decide to close Kitimak to concentrate all its operations in Quebec, which would go against the national interest, and when he gave this example, he supposed that the participation of the Caisse de dépôt could lead to such an action by Alcan. In addition, it should be pointed out that if the federal government believes that it has jurisdiction over the decisions of companies, it is because of its legislative jurisdiction that it believes it can use its powers to counter any provincial intervention which seems excessive. However, the government itself is faced with a very serious problem, namely, to what extent it can settle such issues. To take the example given by the Prime Minister himself of a company decision concerning the location of its plants which goes against the federal concept of national interest, what action should be taken in such a case? The federal government could simply say that, in the national interest, Alcan can no longer decide to locate its plants in such and such region. This is the logical conclusion in the example already mentioned. This involves the whole issue of regulatory powers concerning the decisions that

companies can make under the existing legislation as to where to locate.

The problem is not so much that a provincial agency would own any amount of shares in the company. It is a matter of knowing whether decision-making will remain with the company or should be transferred to the government. That is the logic of the example given by the Prime Minister.

In my view, the principle of the bill is set out in the three aspects I have just referred to. I am now in a position to answer the question I raised at the outset.

Assuming there will be amendments, will they actually affect the principle of the bill? I submit that if those amendments are purely technical and relate for example to the type of declarations to be made by the companies, which is defined in subsequent clauses, then those amendments can only relate to the clauses I mentioned and in which the principle of the bill is embodied.

I come back now to the problem stated by our leader. If, therefore, amendments cannot but affect the principle, how would you otherwise change the definition of a corporation—the principle being engraved in this definition—how would you amend sections 3 and 5 since they contain the restriction which is to be imposed without affecting the principle at the same time? If, then, conceivable amendments will necessarily affect the principle, how could we be asked to agree to that principle? We take for granted that those amendments are coming. There is, I suggest, a kind of nonsense, of inconsistency in these terms.

I would like to make a last remark. The leader of the government told us why, in his opinion, we should agree to second reading of this bill. In fact, this is to maintain November 3 as a date. Considering how serious it is, from a logical viewpoint, as I said earlier, to agree to second reading of a bill, we must ask ourselves: Is there another way to achieve the desired results, maintaining November 3 as a date, so as to protect November 2? It seems to me that this is at least worth considering and the proposal made earlier by Senator Flynn, I suggest, applies to both sides of the coin in this case. It seems clear that postponing the second reading in January will protect that November 2 date since there will not be a new session. This is only an adjournment, and the present session will continue.

On the other hand, I believe that this will give us enough time to examine alternative means to get the same results the Leader of the Government wants to achieve. I extend that suggestion to him along the lines of what Senator Flynn said when he warned us not to get bogged down in such a way that the Senate would have to be inconsistent in future amendments if the principle had been accepted already. We should rather make good use of this period of time to examine other alternatives. Such is my suggestion to the Leader of the Government.

[Senator Tremblay.]

• (2150)

[*English*]

Hon. Henry D. Hicks: Honourable senators, I propose to vote for this bill on second reading because I agree with its generally stated principle, but I am also very concerned about some aspects of the bill which were referred to in the report of the Standing Senate Committee on Legal and Constitutional Affairs, of which I am a participating member. If the bill should come back from committee for third reading in its present form, I would vote against it. By the same token, if the bill should be re-introduced in the other place and then come to us in its present form, I would vote against it.

I do not think it is necessary, under the present circumstances and in view of the long study given to the bill by the Legal and Constitutional Affairs Committee, for me to elaborate on my objections now. But, to give an example, I am deeply concerned about the abrogation of voting rights of holders of shares whose holdings amount to less than 10 per cent. I do not object to the limitation of 10 per cent under the circumstances envisaged in the bill—namely, the limitation of the holding of 10 per cent of the shares. However, I do say that if we permit anyone to buy shares up to the 10 per cent level, they ought to have voting rights attached to them. I know that I am not alone among the members of the Legal and Constitutional Affairs Committee in expressing these views.

So I hope that, if the bill comes back to us, careful attention will be given to this aspect of it and to one or two other aspects which have been referred to in the debate that has taken place here, including some of the things referred to by Senator Tremblay; though, obviously, my view of the bill does not coincide with his view of it. So I wanted to make this qualification, to say that while I vote for the general principle of the bill on second reading, I would not want to see it come into law without some significant changes.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, what Senator Hicks just said is, more or less, what I have in mind. I must say, honestly, that having read thoroughly the report of the committee submitted by the chairman, Senator Neiman, it is my opinion that the committee went a bit far when it warned the Senate that this piece of legislation is too broad.

Nevertheless, I accept with reservations the explanations given by the Leader of the Government in the Senate that the date might be of importance. I still have my doubts on this matter, but I accept his point of view. It seems that he has information I do not have. I must say, along with Senator Hicks, that if a bill like this one ever comes before us again for third reading, I would have no choice but to vote against such legislation.

Hon. Pietro Rizzuto: Honourable senators, given the explanations of the Leader of the Government I will also vote in favour of second reading. I see that Senator Flynn is laughing, as he is wont to do. Even if he calls us a bunch of sheep, I think that Liberals have very often shown objectivity. We did in committee and again here, in this chamber. Taking into

consideration the explanations given, if ever Bill S-31 comes before us again in its present form, I will also be voting against it.

Senator Flynn: Why not now?

Senator Rizzuto: I am not voting against it now because I consider that the Leader of the Government was quite clear. I disagree with him on only one point. That is when he says that we are going to vote second reading and that the bill will die on the order paper.

Personally, I believe that the session will end upon our return and that we will not have time to study the bill in committee. However, if we have time to refer the bill to the committee after the second reading, the committee could review those serious amendments which would make this piece of legislation a valuable measure in keeping with the interests of all Canadians.

So, if we have time during this session, that is what we should do. At the same time, I suggest to the Government Leader to see whether the minister concerned has met and consulted the premiers, or whether the people involved could appear again before the committee. In the meantime, if the committee found some valuable amendments, would those be carried out after consultation with Mr. Ouellet? Amendments could be made and the bill could come back here if time permits before the new session. That depends on the government. Why not pass this bill if it meets the expectations of a majority of senators.

I doubt that it could be passed as it stands, but if serious amendments are put forward, it could be approved. Why wait for the new session and have the bill introduced once more in the House of Commons and then referred back to us?

The Senate should take its responsibilities, consider this bill, make good amendments acceptable to the majority of Canadians and to our provincial government. After it is passed here, we could send it back to the House of Commons.

● (2200)

Therefore, I personally suggest that second reading of the bill be proceeded with so that it be referred to the committee which—as soon as we return from Christmas recess, be it on the 24th or the 25th of January,—will resume its work and prepare the amendments. We will know by then if the minister has consulted with everybody and will have him appear before that committee to have him make all the necessary amendments before third reading if possible.

Then, it is what I suggest to the government leader. I am quite surprised to see the leader telling us that we should proceed with second reading of the bill, before letting it die on the Order Paper. On this point I disagree with the leader.

Senator Asselin: Honourable senators, it is really interesting to see how honourable senators across the way recognize the significance of the principle that we defend in this bill.

I am grateful to our liberal colleagues for mentioning tonight that unless the bill is amended, they intend to vote against it.

We could spend the night debating the principle of that bill. A moment ago, I went to see the Leader and the Deputy Leader of the government to find out why they were forcing us to adopt this bill on second reading tonight.

Of course, a majority government can easily steam-roll the opposition and wear us down, considering our small numbers. Of course, it has the right to do it. We could spend the night discussing the principle of this bill, for what counts in a bill is its principle.

As soon as you accept its principle, you must have very serious reasons if you want to vote against it later on. When I consider that a motion was put before the Committee on Legal and Constitutional Affairs to the effect that this bill should not be sent back to the Senate because its a bad place of legislation and that this motion was defeated by only one vote, I think that the members of that committee who heard the witnesses and discussed the principle of that bill realized that it was such an important matter that they did not even want to report the bill back to the Senate.

Of course the senators from Quebec have quite a few things to say about the principle of the bill.

The minister, Mr. Ouellet, may have claimed that in committee, the senators from Quebec were defending the Quebec government, but he was wrong. We were defending the people of Quebec, all those Quebecers who put their savings in an investment fund. Those are the Quebecers we were defending.

We are not here to defend the Government of Quebec. We are defending Quebecers. We have quite a few things to say. But since the government does not seem to be willing to give us a chance to discuss the bill in detail,—in fact, I must admit that this evening, I do not have the stamina after the day's events, since a number of opposition senators went to Truro today to attend the funeral of our colleague, Senator Smith. I think that in order to restate the principle that this bill should not be read immediately, I am going to take up the motion withdrawn by Senator Flynn and move:

● (2200)

[*English*]

> That debate on Bill S-31 be adjourned until January 25, 1983, or until such date as the Minister of Consumer and Corporate Affairs reports on the meetings which he has undertaken to have with those provinces which have expressed objections to the bill.

The Hon. the Speaker: Before the motion is put, does any honourable senator wish to speak to the amendment?

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I find it strange that no one on the government side is interested enough in the substance of this amendment to speak to it. I rise in the hope that I may encourage them to expound to this chamber why they consider it inadvisable to wait until we have had some further information about the opinions of the provinces of Canada and of their meetings with the minister in charge of this bill in the other place. If there is anything that comes through clearly to me it is that, if you want a case history of how not to go about a proposition

that affects a constitutional area of our political life in respect of the relations between the provinces and the federal government, the way in which this matter has been handled must convince any impartial person that the government has a positive gift for treating an issue of the sensitivity of this one in a clumsy and unbelievably inept manner.

● (2210)

The government has persisted with this stubborn view in spite of the fact that it has heard from many of its supporters, who have couched their criticisms in a very gentle and political way, pointing out to the Senate that they would not be prepared to support the motion if it were to come back to the Senate without considerable change at another time. This ought to be clear warning that the way in which this matter is being handled is not acceptable.

I do not think that this is a very good bill. I do not think that there are many honourable senators who think it is a good bill, and I would not be surprised to learn that many members of the government caucus of the other place do not think it is a very good bill. Why, then, should we be asked to deal with it at this particular time of the year? Why are we being asked to have this matter proceeded with without regard to its political and constitutional implications when the minister in charge of the bill has expressed sufficient concern that he will consult with the provinces which have an interest in this matter before he deals with it further in the other place? That was the clear indication we received from him.

We are not paying any attention to that warning; we are not paying any attention to that statement of government view, as I believe it to be. We are being asked to proceed with the principle of this bill in spite of the fact that it is calculated, it seems to me, to produce unsatisfactory responses on the part of provincial authorities which may be concerned with this matter.

Surely the report of the Senate committee which studied the subject matter of this bill has given ample warrant for the reservations that some members of this chamber have expressed with respect to this matter. The report gave ample warrant, and indeed warning, that this bill is one that should not be proceeded with at this time.

That committee, the Standing Senate Committee on Legal and Constitutional Affairs, was asked to consider the constitutionality of the bill, and what did it find? It found that the constitutionality of the bill in certain respects was in question, and indeed it is in question. If that is the case, why we are being asked to approve the principle of a bill of which the constitutionality is in question is a proposition that defeats me. I really cannot agree that this is a sensible or proper thing to do.

How could the government confuse the issues in the way they have been confused in this piece of legislation? We are told that the principle of the bill is to prevent a province from exercising undue influence or carrying undue weight in the decisions of interprovincial transportation companies. But is that the only principle that is in this bill? Not at all. The bill goes a great deal further than that. If this were a bill to simply prevent somebody from owning 10 per cent of Canadian Pacific Limited, that is one thing, but this bill covers a degree of interest in transportation that far transcends anything like that.

Any company—and this has been said by honourable senators before, but it bears repeating—that has an interprovincial transport interest, no matter how small, is caught in the net. That is the principle of the bill, yet we are being asked to support it.

When I say that, what do I mean? I mean that even a company such as Alcan—which was the favourite example of a company having a minor subsidiary transportation interest—is caught in this bill. But there is worse than that. What is covered by the definition of "interprovincial transportation"?

Well, we know what that is because we asked legal authorities to provide a definition, and if one examines the document—and I have it in my hand—it defines interprovincial transportation companies as—and this has been set out in cases before the courts—companies that have 1.6 per cent of their trips related to interprovincial affairs. If it is a large company with a transportation subsidiary having 1.6 per cent of its business in interprovincial affairs, then the larger company is caught by the bill. That is the principle of the bill. How can we be asked to support such a stupid, senseless, purposeless, badly drafted, ill-conceived piece of legislation as the piece of legislation that is before us now?

I could go through the other points the committee raised besides constitutionality and besides the unnecessary exercise of federal authority to interfere in innocent activities on the part of the people all over this country. I could deal with the other aspects of the committee's report if it were not so late in the evening. I could point out to honourable senators the reservations the committee had regarding some of the important principles of this bill.

What about the principle of voting rights? Where should we draw the line? The committee was not united on that issue. Half of the committee members, I suggest, thought that the bill was wrong. One can take other aspects ofthe bill on which the committee members were divided, such as whether the government has enough control through its federal regulatory authorities to handle the matter of transportation in this country or not. The members of the committee were divided on that.

The best reason that has been given to us in the course of this debate as to why we should not approve second reading of this bill was given by the Leader of the Government in the Senate, because he was candid enough to tell us—and I thank him for that—that he was not going to proceed with the bill; he was candid enough to tell us that he was going to allow the bill to die on the Order Paper, and I think that that is the best thing that could be done with this bill. If the government wants a bill that will deal with whether or not quasi-public corporations are going to be created by the exercise of provincial pension funds, or matters of that sort, then it is entitled to

have a bill that deals with that matter, but this bill goes so far beyond that, and is so doubtfully based, and so indifferently supported by members of the government, that my honourable friend knows he should not proceed with this bill, and he doesn't intend to. He intends to have the bill die on the Order Paper.

If that is the case, why should we be compelled, as we are going to be compelled in a few minutes, I suspect, to deal with the principle of a half-baked, ill-conceived piece of legislation which the government itself knows is not worthy of support?

We are being asked to vote for second reading of an defective piece of legislation which the government itself says it intends to see die on the Order Paper. It seems to me, honourable senators, that this is really too much. We should not be asked to do that. I think we should be quite content to let the matter of approval in principle stand on the Order Paper of this house, and let the matter come to its natural end, as it should do, by being allowed to expire on the Order Paper in due course. That would be the proper policy.

Honourable senators, if there are amendments—and frankly, I think that this piece of legislation is so defective and the principle involved in it extends so far that no amendment could really improve it to my satisfaction—let the government get busy and draft a new bill. The government should drop this bill and come back with something that is more sensible, more fair, more equitable, and something that would commend itself to government supporters. The bill before us does not commend itself to many government supporters who have spoken in this house, and I suspect some who have not.

I want to make it quite clear that if this bill comes to second reading this evening, it is not going to get my support, and I advise the government to follow its own advice and let the matter die on the Order Paper and not proceed with second reading at this time.

Hon. Sidney L. Buckwold: Honourable senators, as one who has been wavering on this bill, I must tell you that I have been very much impressed by Senator Roblin's explanation, and those of other honourable senators.

Without going into a long speech on this, could I ask the Leader of the Government whether the November 2 date—and that is the only thing, in my opinion, that will influence me to support the government—is important from the point of view of what might happen in the future? Are we in fact protecting the position of the Government of Canada if it proceeds with further legislation by approving in principle second reading of this bill? If that is the case, then I can understand the position of the government. I personally support—perhaps not the principles as expounded by Senator Tremblay—the principle of restrictions on how far provincial agencies can go in a variety of fields, in this case transportation, and possibly other things. I am one of those who believe that there should be some kind of ceiling placed on holdings of that type.

Could the Leader of the Government in the Senate assure me that it is important that the bill receive approval in principle because of the November 2 date? I believe he said that that is important to the Government of Canada.

● (2220)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am very pleased to reply on the motion in amendment that was moved by Senator Asselin, because I want to deal, although very briefly, with some constructive speeches that have been made by a number of honourable senators.

To get back to Senator Buckwold's point as to whether or not it is important, I have said several times in this chamber that there is a question and the legal advice we have obtained is not consistent with respect to maintaining the effective date at which matters in this bill would apply, that date being November 3, from prorogation to when a bill is introduced in a new session. There is no question in my mind that Senator Flynn raised the matter for the rest of this session. The argument was made, again by Senator Asselin, that we will probably still be in this session on January 24.

To answer very directly Senator Buckwold's question, it is extremely important that we do not have a situation where we have an attempt—perhaps a successful attempt—to change the situation from what was announced when this bill was introduced on November 2, after the stock markets closed, which could result in a distortion in the market because some of the agencies that we are dealing with are very large purchasers of stock. That is the reason why I am asking that we give it second reading this evening or before we adjourn for the recess so that is established.

I do not think I should go much further at this stage, because I want to reply, as I said, to a number of speeches, indeed, some of the recommendations that are in the committee's report, as soon as we reach the stage of closing the debate on second reading.

Senator Flynn: Why do you not adjourn the debate until tomorrow and give us the advice?

Senator Olson: We know, and I want to say this as kindly and as gently as I can—I hope it comes out that way—that this is the last evening that we can deal with it. We can bring it up again tomorrow and we will have another bill, but we know that at approximately 5.30 p.m. it is over.

Senator Flynn: No.

Senator Olson: Yes, it is.

Senator Flynn: No, it is not.

Senator Olson: There is going to be Royal Assent and an adjournment of the House of Commons. They already have a house order for that adjournment, and I believe we are going to adjourn at that time as well.

Senator Flynn: The leader is well aware that we have no set time for adjournment. The proof of that is that now he is keeping us here and he could keep us here all evening, which is completely unfair.

Senator Frith: Imagine how happy you will be to be kept here tomorrow evening!

Senator Flynn: Even if the House of Commons adjourns at 6 o'clock, the Senate can sit all evening tomorrow. What I am trying to explain to the Leader of the Government is that if he wants to adjourn this evening, he can certainly finish this matter tomorrow. I think it is unfair to keep us here at this time.

Senator Olson: Let us call a spade a spade, for a change. We know very well that what Senator Flynn has just suggested is legally and technically possible. As far as the practicality of the Senate's sitting tomorrow evening past 6 o'clock and into the next day, and all the rest of it, that is right.

Senator Flynn: I did not suggest all the next day.

Senator Olson: I think that we have to be fair about this. This bill has been before us for many days and we have put it off, adjourned it, stood it whatever the right word is from one day to the next until we have come to the last day. I want to emphasize that we have been as accommodating as possible. I do not want to repeat all of the arguments about why it is important that it move through this one stage. I will give all the assurances that I can on the rest of it, but what we have come to now is that we have run out of time. For Senator Flynn to drag us another step into tomorrow and to suggest what is going to happen after 6 o'clock tomorrow is a very impractical, although perhaps a legally proper situation.

Senator Roblin: I want to follow up on Senator Buckwold's question because I am not sure I understood the answer. I think the question was—

Senator Frith: Are you speaking on the motion?

Senator Roblin: No, I am asking a question. I can speak on any motion I want to.

Senator Flynn: It is on the motion to adjourn.

Senator Olson: You can only speak once on that motion.

Senator Flynn: No, no, no, not on that motion.

Senator Frith: Go ahead.

Senator Roblin: I have not spoken on the main motion yet. I merely want to ask him a question, if my honourable friend will allow me to.

Senator Olson: Go ahead.

Senator Roblin: I believe Senator Buckwold asked what we have to do in order to keep alive that date of November 3 in respect of the application of this bill. I am not quite sure what answer the minister gave. Is he saying to us that this date of November 3 can only be preserved if we have a second reading? If so, I would like to know on what authority he makes that statement because, even if it did get second reading in this house, it is not the law of the land. It is simply a warning flag to people.

Senator Flynn: That's all.

Senator Roblin: It means that you are staking out your ground; you are saying you are going to go back to November 3; and it is a warning flag. That is fair game. I ask my honourable friend is the warning flag not just as effective, just as red, if this bill is on our order paper regardless of its state of progress? If he is telling me that second reading is necessary to keep that flag red, I am asking him to prove it.

[Senator Frith.]

Senator Olson: Honourable senators, I have explained this two or three times already, but I will try again for the sake of Senator Roblin. I have told him very openly and frankly that there are almost no precedents for what is attempted to be achieved with this and, indeed, including maintaining the dates between sessions.

I want to remind him that we, in this chamber, where the bill was introduced, have not taken any legislative action on it. It is highly unusual, but in order to accommodate all honourable senators, we took this bill out of the process of second reading and referred it to committee in order to hear witnesses to assist honourable senators in considering second reading. That is very, very unusual, but it is not completely unprecedented. Bill C-201 is the only other bill I can recall where the subject matter of a bill was referred to committee when we were in legal and formal possession of it. It is done many times in other cases where a bill is before the House of Commons. We did that, too, to accommodate honourable senators, including particularly the opposition.

What I am saying is that there was no action taken. Some hearings were held and legal advice was sought from people who were interested in the bill, including representatives from some of the provincial governments. We have not taken that advice, and I am advised that our position of maintaining that date—I do not want to go into all the reasons why it is so important to maintain that date—would be substantially strengthened if we had taken some action. All we are asking for is second reading. I have already indicated that there are going to be all kinds of opportunities for amendments and even more committee hearings and so on, but I am suggesting that we need to take some legislative action—

Senator Asselin: Answer the question.

Senator Olson: —and second reading is that step.

• (2230)

Senator Asselin: Answer the question.

Senator Olson: That is the answer.

Senator Frith: Though it may not be satisfactory to you.

Senator Roblin: I think one could safely maintain that first reading is, legally, the beginning of the legislative process. We cannot dispute that fact. I want to know if my honourable friend is telling us that, if we give this bill second reading now and allow it to expire on the order paper, as he says, it will have any effect at all in a court of law in Canada.

Senator Frith: That is the opinion.

Senator Roblin: I do not believe it. It is not a law.

Senator Frith: I am not asking you to believe it; you are asking us why that is the opinion.

Senator Flynn: That is not true. You did not get that opinion. Produce it.

Senator Roblin: I would like to have my honourable friend show us that opinion.

Senator Frith: We are not going to do it.

Senator Roblin: It is safe to sit behind the bench and say, "We have a legal opinion." All one has to do is think for a minute about how laws are made in this country. We know perfectly well that, if it is not passed by Parliament, it is not a law. You must introduce a new bill after a new session if it is to have any legal effect at all.

To come to us and say, "We must have second reading now to preserve that date," in my opinion, is a thoroughly fraudulent argument.

Senator Olson: I do not see any point in constantly repeating the reply.

Senator Flynn: Not if you repeat the same thing; only if you have anything to add.

Senator Frith: Let's go, then.

Senator Buckwold: I am not quite satisfied that my question has been answered.

Senator Flynn: You cannot be.

Senator Buckwold: To me, this is a key point as far as my own personal position on this bill is concerned. I am wondering if the Leader of the Government can give us a little more information on the sanctity of that particular date.

Again, I emphasize, if I can be convinced that that has, in any way, some bearing on what happens in the future, I am prepared to support him all the way, as I have, but I want to be convinced. As yet, I am not quite sure. I would like to know who gave that legal opinion.

Senator Asselin: Produce it.

Senator Buckwold: I do not think he has to produce it; I am willing to believe him. He is not going to mislead the house, since he certainly never has before.

Could there be some more information in that regard so that some of us, who are wavering on this bill, might have the satisfaction of knowing that they are voting for what they think is right?

Senator Olson: Honourable senators, I have said several times—and as Senator Buckwold has just indicated—that there is a question, and that it would be a strengthening position insofar as maintaining that date is concerned. I do not know how many more times I should say it.

I have to draw attention to one other matter, and that is that one of the reasons there is some division of opinion with respect to this is that we are dealing with a situation where it would be the Crown versus the Crown. I do not think there would be much division of opinion with respect to that.

Hon. Arthur Tremblay: What does it mean?

Senator Olson: The Crown in the name of the province and the Crown in the name of the Government of Canada.

Senator Asselin: It is a bad bill.

Senator Tremblay: It has been debated many times.

Senator Olson: At the moment, I am replying to Senator Buckwold who is asking legitimate questions with respect to this matter. I am trying to indicate to him the uncertainty with respect to this if no legislative action has been taken. I do not think there need be a question in any senator's mind that we have not taken any action yet. There is no determination of this house on first reading—the bill is just introduced. Second reading is the first legislative action where there is an expression of senators' views, and that is all we are asking be done with respect to this.

I want to reply to some of the other comments that have been made as soon as we reach the point of dealing with the motion for second reading.

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Asselin, seconded by the Honourable Senator Flynn:

> That debate on Bill S-31 be adjourned until January 25, 1983, or until such date as the Minister of Consumer and Corporate Affairs reports on the meetings which he has undertaken to have with those provinces which have expressed objections to the Bill.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (2240)

Motion in amendment of Senator Asselin negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Lapointe
Bielish	Roblin
Deschatelets	Rousseau
Doody	Tremblay
Flynn	Walker—11.
Hicks	

NAYS

THE HONOURABLE SENATORS

Argue	McElman
Barrow	Molgat
Bonnell	Neiman
Bosa	Olson
Buckwold	Perrault
Cottreau	Petten
Frith	Riel
Graham	Rizzuto
Guay	Robichaud
Haidasz	Rowe
Hastings	Stanbury
Leblanc	Thériault
Lewis	van Roggen—26.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Senator Flynn: Honourable senators, I rise on a point of order. I have no doubt that the other side would be happy if I said that we are prepared to have the vote on second reading at this point, without the necessity of ringing the bell again.

The Hon. the Speaker: Does Senator Olson agree not to speak at this stage?

Senator Flynn: I did not make that a condition, but it is a wish.

Senator Olson: Honourable senators, I am prepared not to speak due to the lateness of the hour. I must say in fairness, however, that Senators Flynn, Tremblay, Hicks, Thériault, Rizzuto and several others raised some questions. If all of those honourable senators unanimously agree that they do not wish to have me respond to any of the questions they raised, then it is fine with me that we proceed with the vote.

Senator Asselin: We are not satisfied.

Senator Olson: I have waived my right of reply, but if any honourable senator would like me to respond to the questions they have raised, I will do so.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be now read the second time.

Is it your pleasure, honourable senators, to adopt that motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

[The Hon. the Speaker.]

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

Senator Flynn: It is not necessary to ring the bell. We are satisfied that the vote can be taken at this time.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Argue	Lewis
Barrow	Molgat
Bonnell	Neiman
Bosa	Olson
Buckwold	Perrault
Cottreau	Petten
Frith	Riel
Graham	Rizzuto
Guay	Robichaud
Haidasz	Rowe
Hastings	Stanbury
Hicks	Thériault
Leblanc	van Roggen—26.

NAYS

THE HONOURABLE SENATORS

Asselin	Lapointe
Bielish	Roblin
Deschatelets	Rousseau
Doody	Tremblay
Flynn	Walker—10.

ABSTENTIONS

THE HONOURABLE SENATORS

McElman—1.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

Senator Olson moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 22, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 25th January, 1983, at eight o'clock in the evening.

[*English*]

Hon. Heath Macquarrie: January 25 is Robert Burns Day, a great day.

Senator Frith: Yes, and we will expect an appropriate address from our leading Scot, Senator Macquarrie.

Hon. Jacques Flynn (Leader of the Opposition): His speeches are always appropriate, whatever the topic.

Senator Frith: That is true.

Honourable senators, I want to remind you that under House order and according to the new rules of procedure, the other place will return on January 17. January 24 is one week later and January 25 is a Tuesday. Honourable senators will remember that our rules provide for earlier recall. There is a real possibility of recall this time, depending on what happens to particular bills during the week of January 17. Normally, such a recall would not be issued, for example, to deal with bills on a Wednesday that the House of Commons passed on a Monday. But in this case there may be legislation involving the six-and-five program where the dates of cheques to be issued and that sort of thing may be critical. So we may be required to come back earlier than January 25. At the moment, however, the adjournment is until January 25 and the caveat that I have just added is to remind honourable senators that this time there might be a slightly greater chance of recall than is normally the case. In the meantime, Merry Christmas!

Senator Flynn: Is there the possibility of any bills reaching us today from the other place, in which case we would be subject to the order of this house that we waive all rules and allow ourselves to be pushed?

Senator Frith: Honourable senators, I thought that we might receive Bill C-141, providing for amendments to human rights legislation, and I had hoped that I would not be pushing the opposition but would be giving it the opportunity to support that worthy bill. I do not now believe we will receive Bill C-141 this afternoon. So the House order referred to by the Leader of the Opposition is likely "épuisé".

Motion agreed to.

THE HONOURABLE FLORENCE B. BIRD

TRIBUTES ON RETIREMENT FROM SENATE

Hon. David Walker: Honourable senators, it may seem an unusual role for me to be paying tribute to a member of the Liberal caucus, but it is with great pleasure that, on behalf of every member of the Tory caucus, I extend to Senator Florence Bird our sincere best wishes upon her imminent retirement after her distinguished years in the Senate.

Hon. Senators: Hear, hear.

Senator Walker: When I acted as counsel for the *Star* in its libel cases, Senator Bird's husband was that paper's head man in Ottawa and I knew him well. He was a fine journalist and I knew through him that his wife was a marvellous support to him over the years.

Florence Bird was born in Philadelphia of American parents, and went to that famous school Bryn Mawr. That may help to explain the many excellent aptitudes she has displayed over the years. In the course of her life Senator Bird has been a journalist, a broadcaster and an author, and has been successful in each venture, but, to my mind, her particularly outstanding achievement was her chairmanship of the Royal Commission on the Status of Women. I would suggest to honourable senators that if ever anyone is required to help women, Senator Bird is the recognized authority in Canada on that subject.

Hon. Senators: Hear, hear.

Senator Walker: Senator Bird is the author of several books. She is a charming, cheerful and friendly lady of great intellect and ability.

Senator Bird, I hope you will permit me to say that today you retire with the goodwill of every member of this house. I speak for all members in telling you that you will be sorely missed. It is a pity that "ye will no come back again."

Hon. H. A. Olson (Leader of the Government): Honourable senators, we all realize that members of the Senate appointed after June 2, 1965 hold office until age 75. Unfortunately, Senator Florence Bird falls into that category and will be changing careers next month, on her birthday, January 15. It is most likely that that change will take place before we return.

Retirement is a term that is sometimes used, but Senator Bird's series of highly successful careers indicates to me that hers will not be a retirement but simply a change of career.

Senator Bird takes away with her the best wishes of every one of her colleagues on both sides of this place, as Senator Walker has indicated. I suggest that in addition to that she takes away the best wishes of an amazing number of associates, friends and admirers throughout the government and across the nation.

What a stimulating life she has led, when you consider her record of achievement. She has had a number of careers and has been extremely successful in all of them: in journalism; in broadcasting during and after the war; as Chairman of the Royal Commission on the Status of Women and as a consultant to the task force; as a CIDA consultant to Commonwealth countries; and, latterly, as a member of the Senate of Canada. Throughout her life she has used her very special talents for the benefit of Canadians in all walks of life.

Most honourable senators will remember the wonderful broadcasts Anne Francis made for several years on the program "Behind the Headlines." They will recall her newspaper columns on the contribution of women to the war effort. Spurred on by her late husband, the beloved John Bird, she proved to be highly popular with audiences across Canada and was soon involved in assignments that landed her in what are termed "hot spots" around the world.

As Chairman of the Royal Commission on the Status of Women and as a consultant to the task force, Senator Bird ensured that her name will go down in Canadian history. The commission's report demanded radical changes which would affect communities and work places right across this country. It led to changes in social attitudes, reform of laws, and the re-writing of textbooks to eliminate sexual discrimination. The commission made 122 recommendations for federal government action, and some 45 recommendations related to provincial jurisdiction. I am sure that it is a matter of great satisfaction to Senator Bird to know that over 50 per cent of the recommendations have been implemented, with many of the balance being partially implemented. That is a tribute to the excellent groundwork laid by the honourable senator and her colleagues on the royal commission.

• (1410)

Senator Bird, I can say with great sincerity that you will be missed in this place because you have always managed to communicate an enormous sense of exhilaration and enthusiasm for the tasks which you have undertaken. You have been an inspiration to all of us, and I know that I speak for your colleagues on all sides of the chamber when I express the hope that your rich career of service will not be allowed to come to an end—and I know that it will not. I am sure that your keen social conscience will not allow you to retire, as I pointed out at the opening of my remarks.

To paraphrase a great American, William Allen White: I know you are not afraid of tomorrow for you have seen yesterday and you love today.

We all hope that you will have a full program that will keep your talents at comfortable stretch and that will bring you great personal satisfaction and fulfilment. We hope that your days will be spent in good health and happiness. I suppose that you will also be working on volume II of your autobiography, if you have any spare time.

I do not think I shall say any more, though there is a great deal more that could be said regarding the friendship and warmth that all members of this chamber feel for Senator Bird on this her last sitting day in this chamber. We have all been inspired by her.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, it has been a pleasure to listen to the well-deserved words of praise spoken today in tribute to the Honourable Florence Bird. During a relatively short stay in the Senate, Senator Bird fully lived up to the impressive reputation she had acquired throughout Canada before joining us.

I was able to appreciate Senator Bird's work in the course of the study conducted by Senator Croll, which took nearly two years. I was impressed by her tremendous talent and her dedication to the cause of improving the well-being of her fellow citizens. You may be sure she played a major role in the investigation itself and in the drafting of the Croll report.

Honourable senators, in referring to Senator Bird, we always mention her competence, her diligence and many other professional qualifications.

Why not say a few words about Florence Bird, the woman, and the elegance and charm she radiates?

Hon. Senators: Hear, hear.

Senator Deschatelets: If I were a poet, I would end on the following note:

Far happier are we, honourable senators,

For having had a truly remarkable woman in our midst.

Hon. Renaude Lapointe: Honourable senators, it is with infinite regret that we bid farewell to one of the strongest personalities that has graced the Senate with her presence, charm, intelligence and remarkable speaking ability, which she shared with us for so short a time—hardly five years.

Senator Bird defended brilliantly the bills she was asked to introduce in this house. She was extremely effective on the committees of which she was a member, especially the Committee on Health, Welfare and Science, which produced some remarkable reports. She always represented the Senate in a truly splendid manner and her absence will create a large void in a house that has already lost many of its most competent and active members.

I am sure that other organizations will want to benefit from her vast experience and her numerous talents as an announcer and lecturer. In fact, that would only be fair. Unfortunately, her short stay in the Senate does not entitle her to any pension at all.

• (1415)

[*English*]

I wish you, dear Senator Bird, many years of happiness and good health. I thank you sincerely for having represented us so

well and for having fought with such eargerness in favour of women's rights. We will miss you terribly.

Hon. B. Alasdair Graham: Honourable senators, I first knew of Senator Bird when she was a well known and respected professional broadcaster across Canada, and I was a fledgling broadcaster in Nova Scotia. I was one of her fans, and I still remember the words: "This is Anne Francis reporting from Ottawa."

I speak today not only as a friend, admirer and colleague but also as Chairman of the Standing Committee on Internal Economy, Budgets and Administration, of which Senator Bird has been a most valuable member. She not only served on the main committee but also as a member of the Subcommittee on Classifications and Salaries. To both committees Senator Bird brought reason, common sense, sensitivity, charm and, at all times, a good sense of humour.

I have also heard Senator Bird speak intelligently, forcefully, with conviction and with great eloquence on a variety of important subjects in this chamber. The work of this chamber has benefited immensely from her presence. I join with my colleagues in expressing gratitude to her for her work and friendship, and wish her continued good health and happiness in the future.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to add one dimension to the end of the chapter in this great life book of Anne Francis. It is a dimension of her fame that perhaps some honourable senators are not aware of, but that the amateur ornithologists of Canada are—I am not making a pun. When the life, in effect, becomes larger than life, as it has for Senator Bird for the many reasons described here, its montage would not be complete without mentioning that her husband, John Bird, whom many of us knew as a journalist, was also for years the columnist for the Ottawa *Journal* on bird watching. Before I met Florence she was a personage in my life because John used to refer in his column to her and to the frog pond. I do not think any tribute—though this is a small part of it—to Anne Francis—as John always called her in his column—our same dear friend and colleague, Florence Bird, would be complete without that additional perspective and the resulting just description of her as a *rara avis*.

Hon. M. Lorne Bonnell: Honourable senators, as Chairman of the Standing Senate Committee on Health, Welfare and Science, I extend my best wishes to my deputy chairman, Senator Bird, whom I am going to miss. She has been a tremendous help to me and to the committee. I could go on and repeat all the nice things that have been said but, instead, I want to associate myself with them. After her retirement on January 15, 1983, I hope she will visit us often. She will always be welcome to sit at my table in the Parliamentary Restaurant. We wish her well, and after January 15 we will all become "Bird" watchers.

Hon. Paul C. Lafond: Honourable senators, Senator Bird has been a delightful colleague and companion to many of us. She has pursued—and is still pursuing and will, I am sure, continue to pursue—a great career in public affairs for a number of years.

• (1420)

I should like to underline that her career, as well as that of her late husband, was founded not only on intellect but on hard work and diligence.

During a cold January week in 1958, a national convention of the Liberal Party of Canada was held. It ended on the Saturday evening. Of course, I had been working quite hard for a number of months, and, as soon as the selection was made, I told my staff we had to be out of the building by the following night, to pack everything up in boxes and to move them down to the office on Cooper Street. I told them, once they had done that, they could take Monday off.

On Monday morning, shortly before 9 o'clock, in order to see if what I had asked had been done, I arrived at my office. The janitor had already unlocked the door and although, at first glance, there did not appear to be a soul at the office, I noticed two bodies digging in the boxes, which had been laid out and piled up on tables, trying to find some papers and copies of resolutions. They were John and Florence Bird. That was my first acquaintance with Senator Bird. She has delighted me ever since, and I hope we will all continue to be delighted by her for many years to come.

Hon. Senators: Hear, hear.

Hon. Joan Neiman: Honourable senators, may I just add a word or two to the many already uttered in praise of our friend and colleague, Senator Bird.

I, particularly, will miss Florence Bird when she leaves. However, as Senator Bonnell has said, I know that she will be back around our table with us. She has already indicated that she would be happy to write the speeches of any of us—or am I putting that a little too broadly, Senator Bird? I am certainly going to call on her in that regard myself.

I just want to reiterate that I, particularly, will miss her. She has been a confidante and a person who has given me good advice. She is a friend and a lady who is warm, witty and wise, and I will miss her very much.

I should like to express a hope to the Prime Minister. I know this will be a daunting challenge, but I hope he will try to fill the void that her leaving will create with someone her equal.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin: With your leave, honourable senators, I would like to say a few words of farewell to our colleague, Senator Bird, who is leaving us all too soon. I have always admired her extensive knowledge and her respect for the French language. On many occasions, when speaking in the Senate, she spoke in French. It was my impression that in doing so, she wished to stress the existence of that other majority group in this country, namely, francophones throughout Canada. She is a very talented woman and she has excellent judgment. I wish her anglophone colleagues would

try to follow her example and speak to us in French from time to time.

[*English*]

Hon. Florence B. Bird: Honourable senators—

Hon. Senators: Hear, hear.

Senator Bird: Honourable senators, chers collègues and friends, I am tremendously moved by the gracious and kind things you have been saying about me. I do not deserve them, but they are very heart-warming and encouraging.

I also want to thank those of you who mentioned John Bird. He died soon after I came to this chamber, after 50 years of comradeship, companionship and love. At that time, many of you understood what I was going through. You were generous; you kept me busy; you made me feel that you accepted me as an equal; you listened to me when I talked, and I am grateful for that. Some of you even kidded me along and taught me how to laugh again.

● (1425)

[*Translation*]

I also wish to thank you for your patience in letting me speak in French. I think it is the more beautiful of our two official languages. It reminds me of the happiest years of my life, those I spent in the Province of Quebec.

[*English*]

There is, as the Latin poet Catullus wrote, some place, some small place, that smiles for me as no other in the world, and that is a small frog pond which I no longer own but which is always in my heart.

I would like to say one last word, honourable senators. I think it is a great privilege to be in the Senate of Canada. I think that Canada needs a Senate. I am glad that you are going to reconsider how to deal with it.

I suppose that I am not really a very good senator because I have lived for so long in Quebec, for a decade in Manitoba, and for over 30 years in Ontario. It always seems to me that the important thing about our work is that we consent to and improve upon laws which affect all of the people of our great country. I think that it is our job to see that this great country remains strong and undivided for all its people.

Thank you, dear senators.

The Hon. the Speaker: Honourable senators, I do not wish to say anything at this stage, knowing that early in 1983 I will provoke a situation in which we will have the opportunity to meet again with Senator Bird. I will wait until that time to tell her all of the good things I want to say about her.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*Translation*]

SPORTS

FINANCIAL ASSISTANCE TO FRANCOPHONES

Hon. Martial Asselin: My question is directed to the Minister of State for Fitness and Amateur Sport. I could not put this question to him yesterday, when it seems, from what he told me, he was practising his jogging and could not get to the Senate. An important question was directed to the minister or to his office, which had been raised by the francophones hors-Québec. It seems it is very difficult for francophone athletes to carry out their activities in French. Although this is supposed to be a bilingual country, and we are spending over $30 million on amateur sport in Canada, it seems francophones across Canada cannot play at or practise their sports in French. The minister's secretary said that the Minister of State for Fitness and Amateur Sport would make an important official statement before Christmas on bilingualism in amateur sport in Canada. I should like to know whether this official statement, which is important to francophones who want to participate in amateur sports in Canada, will be made before Christmas.

[*English*]

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, on December 7 I met with representatives of the Federation of Francophones outside the Province of Quebec and discussed with them their concerns about the alleged lack of availability of certain sports services in the French language in many of the provinces of Canada.

I told them at that time that, in my portfolio, I was determined to make sure that there would be equitable treatment of all Canadians, regardless of whether their mother tongue was French or English. I committed myself to surveying the department to determine how well we are performing our job with respect to both the anglophone and francophone communities. I said that I would call for an unvarnished report in this regard and that, when the facts were made known to me, I would move as quickly as possible to correct any possible injustices or inequities. I said that I would meet with that organization within two weeks, and I have kept my commitment.

● (1430)

Yesterday I met with representatives of the Federation of Francophones, principally with Madame Seguin. It was a good meeting. I believe that in the area of certain of our national sports organizations there is an insufficient representation of the French fact in Canada; that we must improve, insofar as we are able, our federal sports delivery system. I outlined to representatives of the francophone community one difficulty which exists, which is that at the grass-roots delivery level sports organizations are not within the control of the federal government. The fact is that the Department of Fitness and

Amateur Sport and national sports bodies, in almost all cases, have no say with respect to the way in which those services are delivered.

In a sense there are three tiers of athletic activity in this country. We have the federal level, which includes to a substantial extent the Department of Fitness and Amateur Sport. Honourable senators know of the National Sports and Recreation Centre at which 59 sports are represented. We can move to try to improve the francophone capacity in those national sports organizations, which we fund in part. We hope to do that. The French-speaking services available in the department and associated bodies should be greatly assisted by virtue of the fact that I have approved the appointment of a language consultant to make certain that the Department of Fitness and Amateur Sport monitors, on a continuing basis, the availability of services in both official languages and undertakes initiatives to improve the situation.

I have sent letters to the National Sports and Recreation Centre asking them to follow the language guidelines that we are establishing in consultation with the Treasury Board and the Department of National Health and Welfare. A number of other commitments have been undertaken. Time does not permit me to review all of those commitments, but I am prepared to bring a statement to the Senate as soon as possible, perhaps when Parliament resumes after the New Year. Madame Seguin and I agreed to convene a meeting of representatives of the Federation of Francophones and government representatives, which is being held today. I hope and believe we are well on the way to resolving most of the problems and misunderstandings which may have existed.

I repeat my determination to ensure that this department will observe meticulously the language guidelines which have been approved by Parliament.

Senator Asselin: Thank you very much.

[*Translation*]

Hon. Joseph-Philippe Guay: If I may, honourable senators, I should like to thank the minister for the announcement he made today and which will make it possible for all Francophones outside Quebec to enjoy it, although I realize that Quebecers will benefit from this just as much as we will. On my behalf and on behalf of those who have made representations, and have written to you, I say thank you, Mr. Minister!

Some Hon. Senators: Hear, hear.

[*English*]

PARLIAMENT BUILDINGS

CENTRE BLOCK—EAST BLOCK TUNNEL

Hon. Louis-J. Robichaud: Honourable senators, I should like to make a brief comment and then ask a question of the Leader of the Government.

Hon. Martial Asselin: Is it on the same subject?

Senator Robichaud: No, it is on an entirely different subject.

There is a sizeable number of senators who have offices in the East Block—

[Senator Perrault.]

Senator Asselin: I am there.

Senator Robichaud: —as well as many ministers and members of the other place. Communications, particularly during the winter months and on rainy days, are difficult because the tunnel connecting the East Block with the Centre Block is not what one might call particularly graceful.

Hon. Joseph-Philippe Guay: You don't have to bend down!

Some Hon. Senators: Hear, hear.

Senator Robichaud: Perhaps the Leader of the Government could approach the Minister of Public Works, who is my constituency member in the other place, and ask him whether he could organize some sort of winter works project so that we might have better communication between the East Block and the Centre Block, almost equivalent to the facilities that exist between the Centre Block and the West Block.

Some Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take that question as notice and will endeavour to reply soon after we reconvene.

Senator Robichaud: It would be a terrific Christmas gift.

THE ECONOMY

NOVA SCOTIA—GLACE BAY AND PORT HAWKESBURY—RUMOURED CLOSING OF HEAVY WATER PLANTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Donahoe on November 24, concerning the rumoured closing of the Glace Bay and Port Hawkesbury heavy water plants.

If it is agreed, perhaps the answer could be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> In further response to questions raised on November 24 regarding the heavy water plants at Glace Bay and Port Hawkesbury (Senate debates, pages 5039-40), I wish to assure honourable senators that the future of these plants is a matter under very active consideration by the government. As I have pointed out in the past, the economics of continuing to operate the plants are questionable in view of the poor marketing prospects for heavy water. To continue to stockpile the product under such conditions is not an acceptable economic solution.
>
> On November 24 I referred to the financial underwriting provided by the government to maintain the Nova Scotia heavy water industry. I would like to point out that this assistance has been very considerable. It amounted to some $113 million in fiscal 1981-82 and will be at least at that level in 1982-83. The government has, accordingly, been making a very major effort to keep these heavy water plants in operation.

The government is, of course, very keenly aware of the employment situation in the Cape Breton region and of the difficulties that would be associated with the laying off of the 800 workers employed in the two plants. For this reason, every possible consideration is being given to ways of dealing with the situation from an employment point of view.

• (1440)

ENERGY

NATIONAL ENERGY PROGRAM—EFFECT ON CANADIAN-OWNED SECTOR OF PETROLEUM INDUSTRY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Charbonneau on December 7, concerning profits in the oil industry for the first half of 1982.

Perhaps the reply can be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The operations of all petroleum companies were affected, to a greater or lesser degree, in the first half of 1982 by slow economic growth, declining demand for petroleum products, and high interest rates. Because Canadian-controlled companies financed much of their acquisition activity through debt, they were particularly hard hit when interest rates escalated. The recent dramatic fall in interest rates, coupled with changes in pricing, royalty, and taxation schedules recently announced by federal and provincial governments, should improve profits considerably in the second half of 1982.

FISHERIES AND OCEANS

SMALL CRAFT HARBOURS—BUDGET FOR CONSTRUCTION AND MAINTENANCE

Question No. 88 on the Order Paper—**By Hon. Jack Marshall:**

1. What is the total budget for the construction and maintenance of the small craft harbours branch of the Department of Fisheries and Oceans?

2. Does the budget include installation and expansion of marinas and, if so, what is the breakdown by province of the monies allocated for construction, expansion and maintenance of small craft harbours for the year 1981-82 and 1982-83?

Reply by the Minister of Fisheries and Oceans:

1. The Small Craft Harbours budget for 1982/83 is $52,700,000.

2. The Small Craft Harbours budget does include funds for the expansion of marinas.

The allocated funds by province are as follows:

Province	1981/82	1982/83 (estimates)
British Columbia	$ 5,300,000	$ 5,650,000
Western	830,000	1,102,000
Ontario	3,900,000	3,900,000
Quebec	15,000,000	10,159,000
Nova Scotia	6,800,000	8,100,000
New Brunswick	5,700,000	8,800,000
Prince Edward Island	2,500,000	3,500,000
Newfoundland	7,600,000	10,500,000
Headquarters	670,000	989,000
TOTAL	$48,300,000	$52,700,000

VETERANS AFFAIRS

AGING VETERANS PROGRAM—RECEIPT AND APPROVAL OF APPLICATIONS

Question No. 91 on the Order Paper—**By Hon. Jack Marshall:**

With regard to the Aging Veterans Program of the Department of Veterans Affairs, by province, how many applications have been (i) received and (ii) approved?

Reply by the Minister of Veterans Affairs:

The number of veterans who applied for, and the number directly assisted under the Aging Veterans Program from its inception to the end of October 1982 were:

	Number of applications	Number of applications approved
Newfoundland	40	7
Prince Edward Island	29	12
Nova Scotia	211	102
New Brunswick	81	56
Quebec	112	68
Ontario	298	289
Manitoba	95	75
Saskatchewan	62	30
Alberta	49	40
British Columbia	167	146
Total for Canada	1,144	825

FARM CREDIT CORPORATION

INTEREST RATES—PAPERS TABLED

Hon. Gildas L. Molgat: Honourable senators, on December 14, when I moved third reading of Bill C-134, involving amendments to the Farm Credit Act, Senator Phillips asked some questions regarding interest rates. I undertook to provide the honourable senator with the information as a condition of the bill's receiving third reading. I now have the information, but unfortunately the senator is not present.

I ask leave to table it, or I can give him the information when the Senate next meets.

Hon. Jacques Flynn (Leader of the Opposition): Table it!

The Hon. the Speaker: Is it agreed, honourable senators, that the information be tabled?

Hon. Senators: Agreed.

INTERPRETATION ACT
BILLS OF EXCHANGE ACT
CANADA LABOUR CODE

BILL TO AMEND—THIRD READING

Hon. H. A. Olson (Leader of the Government) moved the third reading of Bill S-30, to amend certain acts in relation to Canada Day.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have no intention of delaying unduly the adjournment of the Senate today, because of all of you I am probably the most anxious to get away from here. I have had it up to here! Anyway, since I have to discharge my responsabilities to the end, I wish to point out that this bill is intended to amend Bill C-201, which our excellent colleague Senator Bird had the honour to pilot through the Senate. Knowing Senator Bird as well as I do and in view of all the tributes that have been paid to her earlier, with which I agree whole heartedly, I am sure that she would be very happy to see this bill passed, a bill which changes the name "Dominion Day" to "Canada Day", or "Fête du Dominion" to "Fête du Canada". However, she will want that legislation to be perfect rather than half-baked, and in her heart—as in the case of the majority of honourable senators—she would like us to pass a really adequate piece of legislation.

As you know, Bill C-201 was drawn up by Mr. Herbert, a member in the other place, but it was faulty. I attempted to have it corrected, but for tactical reasons dictated by the deep-rooted partisanship of the government leadership here in the Senate, my amendments were defeated. Finally, Bill S-30 was introduced in the Senate. This bill essentially aims at making the corrections I had proposed, but which were automatically turned down for purely tactical and partisan reasons. However, with this corrected version, this Bill S-30, we still have an opportunity to do a thorough job.

As I have already pointed out, in Bill S-30 they omitted to change the title of the paragraph where it is provided that henceforth the name "Dominion Day" would be changed to "Canada Day". However, within the title it still says "Dominion Day" or "Fête du Dominion" which does not make any sense because after giving such a title to a section, we come to the description under which, from now on, July 1 will be called Canada Day. This is contradictory and somewhat ridiculous.

When I proposed this change the Chair stated that it was completely different from the one I had moved on October 25. A lot could be said about that decision. So today I offer you an opportunity to remedy the situation. This changes absolutely nothing. You can agree to it right away. The bill will go to the other place and you will not have the embarrassment of a second about-face of having voted today against something you will have to support later. The change I am proposing will come either through a third bill, or if there is no objection through that famous bill that comes every year and corrects all annual errors. However, this will be done.

That is the first proposition contained in the motion which I will introduce in a few minutes.

My second point is that in Bill C-201, which was passed and which you refused to correct, it is stipulated that the first day of July is Canada Day, unless it falls on Sunday. If it does fall on Sunday, the following Monday is Canada Day. Such is not the case at all. The first day of July is always Canada Day, or "Dominion Day" as it used to be called. If that holiday falls on Sunday, then of course the following day is a holiday, but July 1 remains Canada Day.

But Bill C-201 says no, it is not the first day of July if it falls on Sunday, but the day after. That is not true. Once again, you will eventually have to correct that with another bill. Once again I am giving you an opportunity to be consistent without undue complications. If we send these amendments back to the Commons, they will receive the bill and the amendments. Whether these amendments are included in Bill S-30 or in another bill, it will not make any difference to the House of Commons. Another small problem which stems from Bill C-201 is that the holiday must be a Monday if July 1 falls either on Sunday or Saturday. If it falls on Saturday or Sunday, Monday is the legal holiday. July 1 is always the first day of July and the former "Dominion Day", now called Canada Day, is always the first day of July.

Bill S-30 only perpetuates a discrepancy in the drafting of Mr. Herbert's bill. I am simply proposing now to adopt Bill S-30 with those amendments. You will send to the House of Commons a bill which will correct all discrepancies, not only those referred to in Bill S-30 which you have already turned down, but also those which you are being asked to correct today. If you want to be consistent, the simple thing to do is to adopt those amendments. That will not delay or complicate anything. Perhaps the leader of the Government might even run to the telephone right now and ask Mr. Joyal whether he is prepared to accept that without any reservation, or, once the leader has his instructions, he will be able to agree quite simply. When he has his instructions, he can repeat them word for word without having to justify them.

Then again, he could very well go and ask Mr. Joyal if by any chance he might not be very glad to have those amendments. So as to be clearly understood by everyone, I move:

• (1450)

[*English*]

That the Bill be not now read the third time but that it be amended as follows:

(a) by renumbering clauses 1, 2, 3, 4, as 3, 4, 5, 6, respectively,

(b) by inserting the following new clauses 1 and 2:

"1. The heading preceding section 2 and section 2 of the *Holidays Act* are repealed and the following substituted therefor:

"CANADA DAY"

[*Translation*]

The words "Dominion Day" should be replaced by "Canada Day", because we still have the designation "Dominion Day" in spite of what has been done up to now.

[*English*]

2.(1) In each year the first day of July shall be kept and observed throughout Canada under the name of "Canada Day"

Bill C-201 says that if July 1 falls on the Sunday Canada Day will be recognized on July 2. It is completely illogical, but that is what you decided.

(2) Canada Day is a holiday except when it falls on a Saturday or Sunday, in which case the following Monday is a holiday."

If honourable senators opposite want to do a good job and pay hommage to the Honourable Senator Bird on her last sitting day, they should accept this amendment and send to the House of Commons a complete and perfect bill.

Senator Olson: Honourable senators, I listened carefully—

Hon. Martial Asselin: You did not.

Senator Olson: Yes, I did. I listened carefully to the Leader of the Opposition and he is, in fact, introducing another element here.

Senator Flynn: No, no.

Senator Olson: He claims that it is the perfect bill—

[*Translation*]

Senator Flynn: In any case, he never understands anything.

[*English*]

Senator Olson: Bill S-30 is in compliance with an undertaking that was made—

Senator Flynn: Not completely.

Senator Olson: —by the Secretary of State and by me in the committee and in the Senate, that when we passed Bill C-201 we would bring in another bill dealing with the consequential amendments as outlined in Bill S-30.

I hope that the Leader of the Opposition will not regard it as dismissing his arguments if I do not make a long speech dealing with his amendment. However, I have to say that I am satisfied that Bill S-30, to this stage, does, in fact, comply with the undertakings that were given, and, indeed, with respect to the undertakings that were set forth in Bill C-201.

Senator Flynn: That is false.

Senator Olson: The honourable senator says that what I said is false. That is his opinion.

Senator Flynn: You have been making false statements without interruption for about a week.

Hon. Royce Frith (Deputy Leader of the Government): Without interruption?

Senator Olson: I did not interrupt you once.

Senator Flynn: I would rather be interrupted and be clear on a matter than say things like you are saying that are false.

Senator Olson: Senator Flynn has a bad habit—

Senator Flynn: It is a good habit.

Senator Olson: —of calling anything that somebody else says that he does not agree with "false".

Senator Flynn: If it is not in accord with the truth, then it is false.

Senator Olson: In any event, let me state very clearly that Bill S-30 does, in fact, deal with the commitments given and provides for the consequential amendments that were undertaken. Therefore, I think that the bill should receive third reading in its present form.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it. I declare the motion in amendment defeated.

Motion in amendment negatived, on division.

• (1500)

The Hon. the Speaker: Dealing with the main motion, is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

[*Translation*]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that all the other items on the order paper should stand, including the inquiry in the name of Senators Leblanc and Hastings and the motion in the name of Senator Godfrey. Is it agreed?

Hon. Senators: Agreed.

SEASON'S GREETINGS

Senator Frith: According to our yearly tradition, I wish everyone fruitful holidays as well as a Merry Christmas and a Happy New Year.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, may I say that Senator Frith has done an excellent job on behalf of all sides of this house during these past few months.

Hon. Senators: Hear, hear.

Senator Olson: Just briefly, I wanted to join with him in extending our very best wishes to all senators for a happy Christmas and a prosperous year in 1983.

Hon. Jean-Paul Deschatelets: Honourable senators, Senator Frith has told us he likes to follow tradition. Is he also aware that there is a tradition that at this time of the year, before senators leave for their vacation, the Deputy Leader of the Government invites them to a reception in his office?

[*Translation*]

Senator Frith: Honourable senators, I was not aware of that tradition. However, I shall take the word of our former distinguished Speaker for it. I can assure you that if you are willing to provide the refreshments, I am quite willing to lend you my office.

Hon. Martial Asselin: Honourable senators, in spite of trying times of late for the opposition, because we had difficult debates recently, we are happy to follow the tradition and wish all our colleagues a Merry Christmas and a Happy New Year. I shall simply ask them to use this short vacation as a time of reflection and to come back in a better frame of mind.

The Hon. the Speaker: If I may, I should also like to express my best wishes and say that I hope 1983 will be a great year—

[*English*]

—not only for the Senate but for the country as a whole, because I think that the great majority of senators here have only one desire: to work for their fellow citizens and for their country. With that in mind, there is no doubt that there will be much for this institution to discuss next year.

I wish you all a Merry Christmas and a Happy New Year.

The Senate adjourned until Tuesday, January 25, 1983, at 8 p.m.

THE SENATE

Tuesday, January 25, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Peter Michael Pitfield

Jean Le Moyne

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons, which were read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk; and were seated:

Hon. Peter Michael Pitfield, of Ottawa, Ontario, introduced between Hon. H. A. Olson, P.C. and Hon. Hartland de M. Molson.

Hon. Jean Le Moyne, of Ottawa, Ontario, introduced between Hon. H. A. Olson, P.C. and Hon. Renaude Lapointe, P.C.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Senators: Hear, hear.

[*Translation*]

The Hon. the Speaker: It is my pleasure and honour to acknowledge, on behalf of all members of this chamber, the first senatorial steps of the Honourable Senators Pitfield and Le Moyne. I look forward to the opportunity to express these same sentiments, next week, on Senator Kelly's behalf.

May I voice the wish that they all find here comradeship and friendship as well as a sense of excitement in the duties which it is our lot to perform for the greater good of our country.

Welcome, and best wishes.

[*English*]

REFORM OF THE SENATE

SPECIAL JOINT COMMITTEE—COMMONS CONCURRENCE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the following message has been received from the House of Commons:

> ORDERED,—That a Message be sent to the Senate informing their Honours that this House doth unite with the Senate in the appointment of a Special Joint Committee of the Senate and of the House of Commons to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;
>
> That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;
>
> That 10 Members of the House of Commons, to be designated at a later date, act on behalf of the House as members of the said Committee;
>
> That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;
>
> That the Committee have power to sit during sittings and adjournments of the House;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada;
>
> That the quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;
>
> That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen; and

That the Committee present its final report no later than December 1, 1983.

Attest

C. B. KOESTER
The Clerk of the House of Commons.

[*Translation*]

SUPPLEMENTARY RETIREMENT BENEFITS ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-133, to amend the Supplementary Retirement Benefits Act (No. 2).

Bill read first time.

The Hon. the Speaker: When shall the bill be read a second time?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): No. I do not say "no" definitely, but the Leader of the Government should tell us the reason why he is asking leave for the Senate to proceed with a bill that was passed by the House of Commons just two hours ago. It is a most important bill.

In any event, if we on this side of the house were to give leave—I am speaking only of the official opposition; I am not speaking for the group of independents, to which an important addition has just been made—what would be the scenario? When does the Leader of the Government expect that the Senate could dispose of this bill—in a few minutes, in a few days, or what?

Senator Olson: Honourable senators, I thank the Leader of the Opposition for his comments and for asking a number of questions to which I am not only willing but anxious to reply. The simple answer at the outset is: Any time before Monday.

Senator Flynn: On Sunday?

Senator Olson: Any time before Monday.

Senator Flynn: On Sunday?

Senator Olson: Not on Sunday. It can be done on Wednesday, Thursday, Friday, Saturday, or Sunday. All of those days come before Monday. I wish to reply seriously to the Leader of the Opposition who has raised the matter of the time frame that we would hope to follow in order to reach not only third reading in this place but also Royal Assent, which is a requirement for the passage of a law. I would be very happy to give a brief explanation of the time requirements.

The Leader of the Opposition, and all honourable senators, will be aware that we, as a government, are, under statute, required to make a payment for the month of January by the end of January. The last day of January is Monday. That is the date that I mentioned, January 31.

My honourable friend knows that there is a regime calling for a certain escalation of the amounts of those pensions that are in effect now, and Bill C-133 does, in fact, make some amendment to the regime, particularly in the amount of the increase for the month of January over the level of payments that was made in the previous month, namely, December 1982. Therefore, we must make a decision so that we can pay the right amount for the month of January, and we think we are obliged to make a payment on or before the last day of the month. Normally, those payments are made a few days in advance of the last day of the month.

Hon. Martial Asselin: It is not our fault.

Senator Olson: It is no one's fault.

• (2010)

Senator Flynn: It is the government's fault.

Senator Olson: I am trying to give an objective explanation regarding what I said at the outset.

Senator Asselin: It is always the same story.

Senator Olson: It is well known that the cheque writing machinery, the computer, has to be put in motion to print the cheques. I am told that that takes—

Hon. C. William Doody: Three seconds.

Senator Olson: —a day or two. Perhaps it can be done before Monday; I am not arguing that. Perhaps even two sets of cheques could be printed, one with one set of figures and one with another set of figures.

Senator Asselin: We have been told that they have already been printed.

Senator Olson: The point is that the cheques have to be printed before they can be distributed. That is logical.

Senator Asselin: Can you give us more logic?

Senator Olson: I am sure the people across the floor would like to listen to the explanation, because it is very reasonable.

Hon. Royce Frith (Deputy Leader of the Government): That is what they don't like about it.

Senator Olson: No, I think that the Leader of the Opposition generally likes to listen to reasoned arguments—

Senator Flynn: But very seldom do I hear any from you.

Senator Olson: Let me follow through on what I said a moment ago. The cheques have to be printed. Somebody says they are already printed.

Senator Asselin: You know that.

Senator Olson: I am not sure they are printed. In any event, there is one other thing that must happen. If the cheques are to be distributed from the post offices across the country on Monday, they have to be sent out to those post offices before Monday. That is also reasonably logical. That means that the cheques have to be printed and distributed to various distribution post offices across the country. Furthermore, even if what

my friend is alleging is so—that there could be two sets of cheques—

Senator Flynn: There may be three, for all you know.

Senator Olson: —the fact remains that authority is actually required to put them in the mail boxes on Monday.

Senator Asselin: They are already printed.

Senator Olson: If they are already printed, do you want to hold them up? I am just putting an argument in response to the Leader of the Opposition's argument. What is the critical date? As I said, we need the authority by Monday if we are going to fulfil the obligation we feel we have to these people. Therefore, we are asking the Leader of the Opposition, and, indeed, all honourable senators to pass the legislation, not particularly rapidly because we have from now until Monday. But if we do not give the bill third reading before Monday so that we can distribute the cheques on that date, then we will not be able to pay those pensions in the month of January, when the pensioners are entitled to them, in accordance with the wishes of the people and in accordance with the law. That is why I think we should try to negotiate and work out an arrangement.

I have asked for leave to move second reading of this bill later this day. That is my argument. Surely we can work out some way to give due and proper consideration to Bill C-133, and at the same time comply with the obligation, according to tradition, if not the law itself, and the expectations of all the people awaiting receipt of those cheques.

Hon. R. James Balfour: There is another tradition you are ignoring and you know it.

Hon. Jack Marshall: Evidently, some 18,000 employees of the federal government do not agree with the Leader of the Government in the Senate. In the letter of January 24 which they addressed to all honourable senators they even gave some credit to the Senate. I would like to quote from the second paragraph of that letter, which reads:

> Unlike some Canadians who question the very existence of the Senate, the Professional Institute recognizes that in its role of carefully scrutinizing legislation, it functions as a vital safeguard to the democratic process.

● (2015)

Does the Leader of the Government agree with this? Is this a democratic process, when the 18,000 employees affected are asking us to delay its passage and to have a good debate on it to see what their rights are?

Senator Olson: Well, we are hardly in a debate at the moment, because Senator Marshall has simply asked me a question. In my opinion, the democratic process does mean that there is reasonable debate and that a decision is made on the debate in the interests of the several thousands—many more than 18,000—who believe they are entitled to their cheques by January 31.

Senator Marshall: Evidently, the Leader of the Government in the Senate has not read this letter.

Senator Olson: I have.

Senator Marshall: He has? And he expounds on what he has to say for about 15 minutes simply to say that there is no democratic process?

Senator Olson: I did not say that. I said exactly the opposite.

Senator Marshall: Our job in the Senate, then, is completely disregarded, and so is the request these people are making to the Leader of the Government in the Senate, as well as to others, for serious consideration of this legislation, and a long and lively debate in the Senate on Bill C-133.

Surely they must have had some justification for writing that letter to all the members opposite. They are also pointing out what the Prime Minister said about their rights. If you read that paragraph on page 2 of the letter, you will recall that the Prime Minister committed the government to full indexation of public service pensions as a right. Could the Leader of the Government react to that statement?

Senator Olson: I am certainly reacting exactly and positively to what my honourable friend Senator Marshall is asking, when he asks for a debate, because I, in fact, have asked for leave to start the debate tonight so that we can have a long and lively debate on the matter.

Hon. Paul C. Lafond: Honourable senators, I have no objection to second reading of this bill being moved later this day. Incidentally, I am speaking on my own behalf, not on behalf of any group, independent or otherwise. As a member of the Senate who is a native of this area and who has always resided here, I am aware, as you are, that many people have been involved in discussions on this particular subject. For myself, I should like to say a few words on second reading tomorrow.

In the meantime, I would like the Leader of the Government to elaborate on one point. He suggested earlier that the cheques had to be issued for the "right" amount. What is the "right" amount?

Senator Olson: To answer Senator Lafond, when I said "the right amount," I meant the amount involved, whether there is an escalation of 6.5 per cent over the December payment, which is the bill that has now been sent to us by the Commons, or whether it is the regime in existence prior to the complete passage of that bill, which I think is an escalation in the amount of 11.5 per cent.

Senator Lafond: Well, the government may believe that it is the right amount, but some others may not believe that it is the right amount.

Senator Olson: Honourable senators, when we come to second reading, whether it is later today or not, I shall be happy to give a fairly detailed and reasoned explanation of the matter Senator Lafond is asking about.

[*Translation*]

Hon. Arthur Tremblay: My question is directed to the Leader of the Government. Supposing we do nothing, will the

people who are to receive the cheques to which the Leader of the Leader of the Government has been referring, receive those cheques or not? That is my first question. I shall wait for the answer and then ask a supplementary, depending on the kind of answer I get.

● (2020)

[*English*]

Senator Olson: I think we can get into that during the debate. At this stage I would have to say that we on this side are extremely interested in ensuring that the people get their cheques, and we will do whatever we can to ensure that they do.

[*Translation*]

Senator Tremblay: I shall rephrase my question. If we do nothing here in the Senate, will all cheques be put on hold or will people receive a cheque on the basis of the criteria currently in effect for determining the amounts they are supposed to receive? Is it the government's policy to freeze the cheques people are supposed to receive at the level prescribed under current legislation, until the new legislation being mentioned this evening has been passed?

The people concerned are expecting to receive cheques in amounts corresponding to the current legislation. My question is as follows: Will the legislation now in effect apply as long as it has not been amended? In other words, will the cheques to which the people concerned are entitled under the current legislation be sent out to them, pending the passage of new legislation that would change the amounts on those cheques? In other words, does the government intend to observe the rules now in effect and the right of the people concerned to receive cheques under the current legislation or, anticipating passage of the bill is it going to freeze the cheques issued under the current legislation, pending passage of the new legislation?

[*English*]

Senator Olson: That is a long question asked from four different angles but turning out to be the same question. Fortunately, the response is short.

The government wants to send a cheque for the right amount, at the right time, in accordance with the law.

If you look at the background of Bill C-133, you will note that notice was given, I believe on October 28, that the effective date would be January 1, 1983. Notice was given three or so months ago, and the government wants to ensure that a cheque in the right amount is sent out at the right time.

The question of freezing, holding, recovering, and so forth, does not become part of the administrative difficulty at all. Therefore, the government's position is that it wishes to do the right thing, and to do it on time.

[*Translation*]

Senator Tremblay: I have a supplementary. As we all know, the government's administrative procedures are computerized, and it is almost a foregone conclusion that the cheques for January 31 have already been printed, since that is how computerized procedures work. Which cheques have already been printed? What amounts appear on those cheques now that they have been printed? Today is January 25, not 31. Those cheques did not come out of the computer yesterday. Were the amounts printed on the cheques established on the basis of existing legislation or on the basis of the legislation we are being asked to consider today?

● (2025)

[*English*]

Senator Olson: Honourable senators, whether the cheques are printed under one regime, or one formula or another formula, or the old formula, my answer is very simple: So what?

Senator Flynn: You don't know.

Senator Olson: What difference does it make whether there is one, two or three sets of cheques, or none, at the moment?

Senator Flynn: You pretend you don't know.

Senator Balfour: Just answer the question.

Senator Olson: The answer to the question is that there is still a certain amount of time required for distribution to the Post Office so that people can get them on Monday in the right amount. Regardless of Senator Tremblay's assertions that this, that, or the other thing might have been done, if we are going to have these cheques in the right amounts in the hands of the people on the day that they are entitled to receive them, what I said in the first sentence in reply to the Leader of the Opposition is still valid.

Senator Tremblay: I have a supplementary question. I understand that there is an automatic cheque printing system. Can the government leader assure us that cheques dated January 31 are not printed now on January 25?

Senator Olson: There is no relevance to that question.

Senator Tremblay: Can you assure us of that?

Senator Balfour: He will not answer that question.

Senator Olson: The question is irrelevant.

Senator Tremblay: It is quite relevant because if the cheques—

The Hon. the Speaker: Order!

Senator Tremblay: —are already printed, they are printed with the amounts based on legislation in force now and before the Senate had decided to pass new legislation, or are they already printed on the basis of the new legislation. Can the leader answer that question?

Senator Asselin: He has already answered it.

Senator Tremblay: What amounts are indicated on the cheques that are already printed?

Senator Olson: My honourable friend seems to know that some cheques have been printed. I did not say that; he said that.

Senator Asselin: You said that.

Senator Olson: He can take responsibility for any other information that he seems to have about those cheques. What I can assure my honourable friend is that each pensioner is entitled to one cheque and he is entitled to it on Monday, and we are going to do what we can to see that he gets it.

Senator Balfour: In what amount?

Senator Tremblay: What is the amount? Is it under the new legislation which is put to us? I will not insist on an answer any longer, but I have not received a clear answer from the Leader of the Government.

An Hon. Senator: Answer yes or no.

• (2030)

Hon. Orville H. Phillips: Honourable senators, I would ask the Leader of the Government if he can give us any information regarding plans for committee meetings respecting this legislation. Will this legislation, which affects hundreds of thousands of Canadians, be referred to committee? If so, when will the invitations to various interested groups be issued?

Senator Olson: Honourable senators, Senator Phillips is asking a question in anticipation of certain procedures that might be followed by this chamber. It may be that the Senate would wish to send this bill to committee, or it may be that it may not wish to send it to committee. We will get to that stage after we have had second reading, which is the normal procedure.

Senator Asselin: What is your order to your troops?

Senator Flynn: What are your orders from the other side?

Senator Phillips: I would ask the Leader of the Government what the difference is between the bill dealing with Canagrex, which is now before committee, and this legislation now under discussion.

Senator Olson: I do not think I have anything further to add to my replies. I have given a complete, clear, reasoned and logical explanation as to the time frame. There have been many supplementary, sometimes related and sometimes not so related, questions to the question put by the Leader of the Opposition when he asked me about the time frame that we could envisage.

My reply is: For the reasons I gave, I am asking for leave to get started as soon as possible later this day so that we can get on with all the stages required to take this bill through this chamber and to Royal Assent. I said that we believe we ought to have done all of that by Monday so we can make the distribution.

Senator Frith: Give leave, or don't give leave.

Senator Tremblay: The Leader of the Government knows very well that the cheques are already printed with the amounts corresponding to the new legislation, and that they have to be sent out before January 31. That is why he has asked us to pass the legislation before January 31.

Senator Olson: Honourable senators, I have nothing to add to the explanation I have already given.

On the more specific question as to whether the cheques have been printed, quite frankly, I do not know whether any cheques have been printed.

Senator Flynn: Honourable senators, I have a very specific question for the Leader of the Government. If the Senate makes its decision on this bill on, let us say, February 2—that is, Wednesday of next week—thus allowing an orderly debate, what consequences would that have for the government? That is a very specific question.

I am prepared to give the assurance that, as far as we are concerned on this side of the chamber—and I am not speaking for Senator Lafond because he dissociates himself from us completely—

Hon. Joseph-Philippe Guay: Hear, hear.

Senator Flynn: —and, of course, I am not speaking for the noisy senator from St. Boniface.

Senator Guay: I would not want the Leader of the Opposition to do that.

Senator Flynn: I have the floor, and he can remain in his seat. That is where he belongs.

Senator Guay: You should try it once in a while. It would do you good.

Senator Flynn: I can put you in your seat even if you have a huge voice because your skeleton is much smaller than mine.

Senator Guay: Tell us what you want to say.

Senator Flynn: If you had not interrupted, I would have already said it.

Senator Guay: I hope it makes sense for a change.

Senator Flynn: It has much more chance of making sense than what you say.

Senator Guay: Let's hear it.

Senator Flynn: I doubt if you would be able to understand, in any event. My good friend, no more noise for a few minutes. Then you can rise and play the trombone.

I was going to say to the Leader of the Government—before I was interrupted by that profound noise from the other end of the chamber—that, as far as we in the official opposition are concerned—

Senator Guay: On the opposite side.

Senator Flynn: I would not be on your side, in any event.

Senator Guay: The same goes here.

Senator Flynn: I am happy with that, and I am quite sure that some of your colleagues would rather see you elsewhere than on their side.

Senator Guay: Honourable senators, on a point of order, a man with all the experience of the Leader of the Opposition should come out and tell us what he has to say.

Senator Flynn: I am trying. If the honourable senator had not interrupted so impolitely, I would have done that a long time ago.

The Hon. the Speaker: Order. I think the Honourable Leader of the Opposition has a question to put.

Senator Flynn: I am doing my best, Your Honour. You know me.

Senator Guay: You do.

Senator Flynn: His Honour never has to reproach me as far as the rules are concerned.

I am trying to tell the Leader of the Government that we of the official opposition are prepared to say that we would not delay the final decision on this bill—although we would be happy if it were a negative one—later than February 2 if we proceed normally and are not pushed by the government because of its mistake of not proceeding earlier in the House of Commons. It could have moved closure before the Christmas recess.

Now they say that the Senate is not important. I know what the Prime Minister said about the appointment of the new senators. He said, "Who cares who is in the Senate?" and that means who cares what the Senate does, and whether we pass this bill in five minutes. I am quite sure that the Leader of the Government would be only too happy to have three readings of this bill in the Senate tonight.

Senator Olson: I am not asking for that.

Senator Flynn: I am saying to the Leader of the Government—if the only result would be that the beneficiaries would receive the cheques a few days later—assuming that the majority does as it usually does, even if the bill is wrong in principle: What difference would it make?

If the Leader of the Government is willing to agree that we should proceed in a normal way here, I can give him the assurance, as far as this side is concerned—and I am not speaking for Senator Lafond or the others in that corner—that we would have no objection to a final decision being made not later than February 2, which is next week.

Senator Olson: Honourable senators, I want to try to answer that question without side comments such as those made by the Leader of the Opposition.

Senator Flynn: The side comments were made by the senator from St. Boniface.

Senator Olson: They were good side comments, but the Leader of the Opposition made one that made me take notice, and that is that he is now advocating that limitation of debate be introduced in the House of Commons earlier rather than later.

Senator Flynn: Pardon me?

Senator Olson: I think he was advocating that limitation of debate be introduced in the House of Commons earlier rather than later.

Senator Flynn: Oh, yes, it could have been done.

Senator Olson: I presume he has raised this as a desirable thing, and that he has become an advocate of that.

[Senator Flynn.]

Senator Flynn: Not at all. The Leader of the Government does not care about the Senate, just like the Prime Minister.

Senator Olson: I care about the Senate and so does the Prime Minister.

Senator Flynn: "Who cares who is in the Senate?" Oh, yes!

Senator Olson: One of the points I want to make—and I do not want to provoke any comments—

Senator Flynn: If you do not want to, don't try.

Senator Olson: I will be very careful. If we did not believe there would be serious consequences as a result of delaying passage of this bill beyond January 31, we would not be raising the time scenario I described to this chamber a few minutes ago.

Let me go over them again so that my honourable friend will understand. When I am making these explanations, the Leader of the Opposition should be paying attention because he asked the questions. If he would listen to what I am going to say about undesirable and perhaps even illegal consequences that could arise if they were—

• (2040)

Senator Flynn: Since when do you care about the legality?

Senator Olson: I care about it every day of my life.

Senator Flynn: Gee whiz!

Senator Olson: The traditional and legal fact is that we are obliged to make these payments in the month of January. That is one point, and I made that point some time ago. If we do not pass this bill—if we refrain from passing or fail to pass it—until after the last day of this month, then we will have to do one of two things: either hold up any cheques, or issue cheques based on an amount greater than the amount specified in Bill C-133. Certainly my honourable friend the Leader of the Opposition would not argue that we can distribute cheques that are in compliance with legislation that has not yet been passed. Surely he would not advocate that.

Senator Flynn: You are doing that with family allowance cheques.

Senator Olson: No, that is different.

Senator Flynn: Oh! Oh!

Senator Olson: We must either hold the cheques until the legislation is passed or we must issue the cheques under the old regime, which is based on 11.5 per cent. In the latter case, with the passage of Bill C-133, which contains the 6.5-and-5.5 provisions, we would be legally obliged to recover that money.

My honourable friend is aware of that because Bill C-133 states that it will be effective January 1, 1983. Notice to that effect was given on October 27 or 28.

Honourable senators, those are the consequences we are facing. I repeat that the timing involved is of the utmost importance. I plead with the Leader of the Opposition—indeed, with all honourable senators—in the interests of the pensioners, to help us do what is right. We do not want to face

the problems incurred by holding back, freezing, delaying, or recovering what would be an overpayment if Bill C-133 were to be passed later than Monday.

Today is Tuesday; we have Wednesday, Thursday, Friday, Saturday and Sunday—we can debate this issue rather extensively over what I consider to be a rather long period of time for the consideration of one bill. Although there is a fairly important disagreement regarding some parts of it, it is not a long or complicated bill. The essential aspect of it is the difference in the amount of the escalation, that is all.

I again plead with all honourable senators, in the interests of all of these pensioners, to help us do what is right.

Senator Tremblay: Honourable senators, I have a question for the Leader of the Government. If the cheques are issued on January 31 under present legislation, they will be of a certain amount. If they are issued on the basis of the new legislation they will be of a lesser amount, since there is a reduction that is being introduced by the new legislation. The Leader of the Government is asking us to pass this legislation before January 31. What is the meaning of that if the cheques are not already printed, on January 25, on the basis of the new legislation?

My question is this: Have the cheques already been written on the basis of the new legislation? If so, the Leader of the Government is simply telling the Senate to entertain something that has already been done. The question then is: What is the role of the Senate in all of this business?

Senator Olson: Honourable senators, I believe that I have already answered every one of those questions.

I suppose we have reached the point where I should just put the question: Have I leave to move second reading later this day? If not, then I would like to pose another question.

Senator Flynn: You can ask again tomorrow.

Senator Olson: I take it, honourable senators, that leave is not granted to move second reading later this day. Is that correct?

Senator Flynn: You can ask again tomorrow.

Senator Olson: I wonder if I might ask one other question before I get to tomorrow. With leave I would like to move, seconded by Senator Frith, that Bill C-133 be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Senator Flynn: No, no; I said no and I said that you can ask for leave again tomorrow. If you ask for leave I will say no again.

Senator Olson: I then accept Senator Flynn's invitation. I have been denied leave for second reading to be given the bill later today. I have been denied leave for tomorrow—

Senator Flynn: Tonight you are denied leave for tomorrow.

Senator Olson: You are inviting me to ask the Senate tomorrow for leave to proceed with second reading. I accept that invitation.

Senator Flynn: You can ask tomorrow, but if you want the bill to be placed on the Orders of the Day for second reading on Thursday, nobody can object. Tomorrow you can ask leave to proceed with second reading tomorrow.

Senator Olson: That is what I understood.

Senator Frith: Let it be understood, honourable senators, that notice is being given for second reading on Thursday.

Senator Flynn: You do not have to give notice for that. Put it on the Orders of the Day.

Senator Olson: Honourable senators, just in case there is any confusion, we now give notice that this order will be called on Thursday. We do not hve to give any more notice than that. We will ask honourable senators tomorrow if we can bring second reading forward to tomorrow.

Senator Flynn: That is right.

• (2050)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTEENTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, presented the fourteenth report of the committee as follows:

Thursday, January 25, 1983

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Fourteenth Report as follows:

1. In accordance with its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, your Committee draws to the attention of both Houses Section 3(a)(v) and 3(c)(iv) of the Restricted Weapons and Firearms Control Regulations, registered as SOR/78-670.

2. These Sections provide for the approval, by an authorized person, of unspecified methods of security for firearms equal or superior to those prescribed in the Regulations. Your Committee is of the view that the adoption of such provisions requires express statutory authority and that the present enabling power is insufficient to support the validity of Sections 3(a)(v) and 3(c)(iv) of the Regulations.

3. Generally, your Committee has taken the position that regulatory provisions which provide for the acceptance of standards "equivalent" to those prescribed must be specifically authorized in the enabling legislation. The exercise of subordinate law-making authority requires Parliament's delegate to adopt rules whose content is fixed and known to the subject; "equivalency" provisions lack these characteristics insofar as they allow for the substitution of unknown standards subject to the sole limitation that they be "equivalent" to those prescribed.

4. It should also be noted that Sections 3(a)(v) and 3(c)(iv) of the present Regulations subject the use of equivalent methods of security for firearms to the written approval of the official authorized to issue the permit. This, in your Committee's view, involves an improper sub-delegation of the rule-making authority to a person other than Parliament's delegate.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that this report be placed on the Orders of the Day for consideration on Thursday, February 3.

Motion agreed to.

[*Translation*]

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*a*) moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, January 26, 1983, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

[*English*]

ADJOURNMENT

NOTICE OF MOTION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I give notice that tomorrow, Wednesday, January 26, I shall move:

That when the Senate adjourns today it do stand adjourned until Monday next, January 31, 1983, at 8 o'clock in the evening.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): It is a popular move. I would hate to have to oppose it.

QUESTION PERIOD

[*Translation*]

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government.

[Senator Godfrey.]

During the recent recess we had an opportunity to meet with the people of our regions, and I think that all senators without exception have been stunned by the high level of unemployment in this country, particularly in the Chicoutimi area where extremely tragic events occurred in which young people committed suicide. In farewell notes, they indicated that they had lost all faith in life and that they could not foresee the day when they would be able to earn a living like others because they were jobless and hopeless. Similar dramas were reported in other parts of the country as well.

Given the high number of unemployed Canadians, particularly in 1982 when 9.2 per cent of our labour force was idle, the government said that it did not matter because we were fighting inflation. The unemployment figure rose to 11 per cent and stood at 12.8 per cent last December. I should think that honourable senators are aware that those figures are considerably higher in areas such as eastern Quebec where the unemployment rate ranges between 30 and 35 per cent.

I had a dream during the recess. I told myself that, in view of the depressing unemployment situation in Canada, the Leader of the Government in the Senate would surely come up with solutions and tell us how the government has decided to alleviate the situation in an attempt to help the unemployed get back to work.

I should like to know whether my dream has come true. Would the Leader of the Government please tell us whether the government has found ways other than those already in use to upgrade the situation?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I appreciate the point made by the honourable senator, or, rather, the latter part of the question, or the supporting argument of the question. Yes, the Leader of the Government is deeply concerned about that, as are all members of the government deeply concerned about the distress that goes along with the economic downturn, and the unemployment that is consequential on that downturn in the economy. I believe that some of the programs that have been undertaken by the government, and its determination to bring down the rate of inflation—

Senator Asselin: I am not asking that.

Senator Olson: The honourable Senator is not asking that, but he is asking something else, namely, to create—

Senator Asselin: What new programs have you in mind?

Senator Olson: The honourable senator asks what new programs do we have in mind. The fact of the matter is that the rate of inflation, the cost of interest, and so on, are not unrelated to the success of any programs, whether they be new programs in the government or private sectors. There are a number that my honourable friend may not be familiar with. They have been announced. Indeed, programs that were announced some weeks ago are not fully operational in the economy at present. I shall be glad to obtain a list of those programs.

However, I have to emphasize again that we feel the same deep concern over the distress felt by the unemployed wherever they are in Canada. Whether the figure is 10 per cent or 20 per cent, or at some other level, the distress of the unemployed is felt all over the country. The government feels that very keenly. That is why we sincerely solicit the support of the members of the opposition, and indeed of other governments and the private sector, in alleviating this difficult and distressing problem. I am prepared to give my honourable friend a list of a large number of programs.

Senator Asselin: A list that you adopted two years ago.

Senator Olson: No, no. We keep adding programs encouraging the private sector, other levels of government, further expenditure and amended priorities on existing programs to alleviate the situation. There have been many new ones in the past 30 days; there were some in the past 60 days, and also some in the past 90 days. We are not in the habit of constantly repeating things that happened two years ago, because the intensity of that situation is now far more advanced than it was two years ago.

[*Translation*]

Senator Asselin: Honourable senators, if I understand correctly, the Leader of the Government, as usual, is trying to talk his way out of it. I cannot blame him for making use of his talents as a parliamentary speaker and letting us know, very politely, that no further programs are being planned. This is everything the government has done, and I can give the Senate a list of the programs we have in mind and which we may be implementing. What major projects is the government working on in order to bring down the unemployment rate in this country? That is what I want to know.

Since Parliament adjourned before Christmas last December, has the government decided to promote major construction programs to help reduce unemployment? Can the Minister tell me, yes or no, whether the government has finally produced some of those splendid programs to try and help the unemployed in this country? If he says no, the government has no further programs, I will just sit down and I will have to say that once more, the government has failed, despite the fact that during the last election campaign, it promised to find solutions to all our problems if we brought this party back into power.

● (2100)

[*English*]

Senator Olson: Honourable senators, we have never claimed to have a magic wand or a magic program that could solve all these problems. I think I responded fairly and objectively to my honourable friend when I said that I would be prepared to give him an update on the modifications, improvements and enhancements of employment creating programs.

Hon. Jacques Flynn (Leader of the Opposition): The mega projects.

Senator Olson: Some of them are mega projects.

Senator Asselin: What are they?

Senator Olson: For example, there is a proposal to allocate $121 million or $130 million to build a ferry not so far away.

Senator Asselin: It is a farce.

Senator Flynn: The tar sands.

Senator Olson: I don't believe you could have a tar sands development in Chicoutimi.

Senator Flynn: But it might have a spin-off effect.

Senator Asselin: Direct aid might help.

Senator Olson: I will say again, very seriously, that I gave an undertaking to provide an updated list. I am sure that my honourable friend will be impressed with the numbers and the scope of that list.

Senator Asselin: I am not impressed with 1 per cent. I am impressed with 12 per cent.

Senator Olson: That is equally distressing; more so to us because we are trying to do something positive about it, which is a heavier burden of responsibility, and we all respect that.

Hon. Jack Marshall: Honourable senators, I have a supplementary question. Would the Leader of the Government give an update on the innovative programs submitted by the Department of National Defence to the Minister of Employment and Immigration whereby certain individuals who have, for example, poor work habits and other disadvantaged youth in our country who could be helped by the service would be recruited into the Canadian army?

Senator Olson: Honourable senators, I am not sure that I understand the purport of the question. Did the honourable senator ask for something submitted by the Minister of National Defence? If it is in a cabinet document, it is not public information and I cannot respond to the honourable senator's question. However, there are a number of things the Department of National Defence has undertaken and on which public announcements have been made. I would be glad to provide that information to Senator Marshall.

CANADA DEVELOPMENT INVESTMENT CORPORATION

AUDITOR GENERAL'S REPORT—RECOMMENDATIONS

Hon. C. William Doody: Honourable senators, I have a question for Senator Austin in his capacity as minister responsible for the Canada Development Investment Corporation.

Hon. Martial Asselin: Still?

Senator Doody: I think so. It is my understanding that the minister is still there. Some time ago I made inquiries about the intention of the minister with regard to the introduction in Parliament of legislation asking for statutory affirmation of the mandate of CDIC. Can the minister tell us how much progress has been made in that respect? Indeed, is it his intention to introduce the legislation in this session of Parliament?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, the government has instructed the Department of Justice to prepare the legislation, and that work is under way. If the legislation is ready during this session, I shall be happy to see it introduced. However, if this session ends within the next three or four weeks, I think the bill will have to be introduced in the next session.

Senator Doody: Would the honourable senator indicate whether it is the intention of the government to comply with the request of the Auditor General, that the Auditor General be empowered to perform the audits on CDIC and its associated companies?

Senator Austin: The request of the Auditor General has been referred by me to government officials for study, with a request that I be advised with respect to present government policy in that regard. I have not received a report from the officials, because the matter is very current, but I hope to receive it soon.

Senator Doody: I wonder if the minister could indicate what the legislation will specify in terms of the investment mandate of CDIC. Will it have the authority to take monies earned by crown corporations and invest them in other enterprises, or will amendments be necessary to legislation now in place regarding such corporations—for instance, Teleglobe? Will CDIC have the authority to finance de Havilland, Canadair and so on, as it now has, and will that authority be spelled out in the legislation?

Senator Austin: The intention of the government is to give CDIC the same powers and authority to conduct commercial businesses as are now held by the Canada Development Corporation. The direction for the corporation on what investments it shall make shall come either from me or from the Governor in Council. The corporation shall make investments within the framework of a policy established for it by the Governor in Council within the context of authority we will be asking Parliament to grant CDIC.

Senator Doody: Will the direction and policies of such companies as de Havilland and Canadair now be spelled out by Senator Austin under the mandate from the new legislation or will the Minister of Industry, Trade and Commerce, the Minister of Finance or other ministers who are now answerable for those corporations still hold that responsibility? Indeed, what I am asking is: Will the CDIC, through Senator Austin, now be the super crown corporation responsible for the activities of these other corporations?

Senator Austin: As I announced in this chamber some seven or eight weeks ago in answer to Senator Doody, the mandate of the CDIC in terms of its operations will be added to by the transfer of assets and/or shares directly to me or to CDIC. For example, when the shares of Teleglobe have been transferred, they have been transferred to me as minister responsible because the Teleglobe legislation does not permit those holdings to be held by CDIC or, indeed, by any other corporate entity.

[Senator Doody.]

My proposal to Parliament will be that CDIC be allowed to hold shares in Teleglobe as well as directly holding shares in Canada Development Corporation. The CDC, through the Canada Development Corporation Act, can have its shares held only by a minister at the present time. But with respect to the operations of Teleglobe, Eldorado, Canadair and de Havilland, in effect CDIC is now involved in a study of their financial conditions, their business purposes and their performance. It is its function to be a controlling entity in the nature of a holding company.

With respect to shares in Massey and CDC—whether those shares are held by CDIC with respect to Massey or by myself with respect to CDC—CDIC is essentially an investor and is, of course, undertaking those studies that ensure that it understands the nature and performance of its investments.

So, to summarize my answer, which I hope is completely responsive to Senator Doody's question, the role of CDIC will be to operate as a holding company and in some cases as a control company with respect to wholly-owned subsidiaries which were previously held by the ministers responsible.

• (2110)

With respect to Canadair and de Havilland, the companies' operations are, through CDIC, within my ministerial responsibility. On a broader basis, they operate within sectors of industrial policy established by the Ministry of Industry, Trade and Commerce. In cases where there are shared areas of responsibility there is a committee of cabinet ministers which comes together under the direction of the Honourable Don Johnston to deal with such issues.

Hon. Jacques Flynn (Leader of the Opposition): The tower of Babel!

Senator Doody: I thank the honourable senator for his answer. As I listen to him I become more and more convinced of the necessity of prompt action by the minister in placing the legislation before Parliament. He has an awesome responsibility of billions of dollars of taxpayers' money, really, through these various corporations. I am not completely clear on the delegation of responsibilities to the ministerial committee, but I am sure that will all be explained in the legislation when it is brought before us.

I would ask the minister to undertake to commit himself to getting the legislation before Parliament a little more promptly than the commitment of the government on the VIA Rail legislation, which we are still waiting for and looking forward to.

Senator Austin: I cannot answer to the matter of VIA Rail.

Senator Doody: You probably will, shortly.

Senator Austin: VIA is not within my responsibilities, but with respect to the CDIC legislation—

Senator Doody: The CDIC will swallow VIA.

Senator Austin: With respect to that legislation, I can assure Senator Doody that I am as eager as he to have it before Parliament.

Senator Doody: Almost!

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have several delayed answers to questions which I would like to have taken as read.

The first is an answer to a question asked by Senator Haidasz on November 18, 1982, concerning the protection of depositors involved with Greymac companies.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

I have been informed by the Department of Insurance that Greymac Mortgage Corporation did not provide any of the mortgage financing in connection with the recent sales of the Cadillac Fairview properties. Consequently, its ability to meet its obligations to the public was not affected by these transactions.

There are two Greymac companies that accept money from the public, namely, Greymac Trust Company, an Ontario incorporated trust company over which the federal government has no jurisdiction, and Greymac Mortgage Corporation, a federally incorporated mortgage loan company.

As a federally incorporated mortgage loan company, Greymac Mortgage Corporation is subject to the provisions of the Loan Companies Act. The Department of Insurance is responsible for the administration of the Loan Companies Act, and in this capacity closely monitors the activities of all federally incorporated loan companies, including Greymac Mortgage Corporation.

The objective of the Loan Companies Act and the supervision by the Department of Insurance is to try to ensure to the extent possible that federally incorporated mortgage loan companies remain in a position to meet their obligations to the public. However, no system of supervision can provide absolute guarantee against failure and it is for this reason that the Canada Deposit Insurance Corporation protects depositors with member institutions.

It should be noted that legislation has recently been introduced to the House of Commons to increase the limit to $60,000. This change would become effective on January 17th, 1983. This new proposed legislation would significantly increase the insurance afforded depositors.

Following provincial action towards Greymac Trust and Seaway Trust, I am told that the Department of Insurance took control of the assets of the federally incorporated Greymac Mortgage Corporation on January 7, 1983.

This action is pursuant to the provisions of section 73 of the Loan Companies Act. Under this section, where the Superintendent believes that any assets of a company are not satisfactorily accounted for and that other circumstances so warrant, he may immediately take control of the company's assets.

Having control of the assets will enable the Superintendent to ensure that assets are properly used in the interests of the companies' bond or debenture holders while continuing with current investigations.

TRANSPORT

NEWFOUNDLAND—ATLANTIC CONTAINER EXPRESS—SUGGESTED GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on December 1, 1982, concerning assistance to Atlantic Container Express. With your leave, I would ask that the answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Senator Marshall inquired on December 1, 1982 about the possibility of giving a subsidy to Atlantic Container Express to provide water transport to Cornerbrook.

Previously, a long-term subsidy contract existed with Newfoundland Steamship Ltd (NSL), applicable to services to Cornerbrook and St. John's. In response to representations from unsubsidized carriers that water transport to Newfoundland should compete on an equitable basis, negotiations were undertaken and the Minister of Transport was able to announce in March, 1982 that agreement had been reached to buy out the department's contractual obligations with NSL.

During the negotiations, control of NSL passed to Newfoundland Capital Corporation, which then joined forces with Atlantic Freight Lines Ltd. and formed a new corporation called Atlantic Container Express (ACE).

At present, it is not the minister's intention to revive a program of subsidies for water services to Newfoundland. The minister has, however, asked the Canadian Transport Commission to investigate the allegation by ACE of unfair rate practices by Terratransport Ltd.

FOREIGN AFFAIRS

CANADIAN DAIRY COMMISSION—SALE OF EVAPORATED MILK TO LIBYA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to questions raised in the Senate on December 2, 1982, by Senator Doody regarding the Canadian Dairy Commission's role in the sale of Canadian dairy products to Libya. May I have your leave to have the answer taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

In order to properly answer Senator Doody's questions, it is appropriate to go back to the first contacts with Libya by the parties concerned.

In 1979, the Canadian Dairy Commission (CDC) was introduced to the Libyan market by Coopérative Fédérée de Québec, who, in conjunction with an established trading company, Francexpa, had been developing this market over a period of years. No sales of Canadian dairy products had taken place up to that point.

The invitation to the CDC to meet with the Libyans was the result of meetings and discussions between the Coopérative Fédérée and the General Dairy and Products Co. which is the Libyan government organization responsible for all imports of dairy products into that country. The Commission welcomed the opportunity since it prefers when possible to deal with major export markets on a government-to-government basis using agents to service the market.

In 1980, the Canadian Dairy Commission accompanied the Coopérative to Libya on several sales missions which unfortunately were not successful.

In March 1981, the CDC again visited Libya in support of a sales attempt. The Commission was aware of the possibility of economic boycott conditions regarding Israel and suggested any transaction be completed with the Coopérative Fédérée, which because of the nature of this type of organization, socialist countries such as Libya consider an acceptable direct trading partner. The meeting concluded with the understanding that the Coopérative Fédérée would handle the sale. The Coopérative took a 3 per cent commission.

The Commission was eventually informed by telex from the Coopérative Fédérée on June 9, 1981 of boycott references in the letter of credit made out in favor of the Coopérative.

Since that sale, the CDC has been selling evaporated milk directly to Libya and paying agent fees to the Coopérative. Even though boycott clauses have been included in Libyan letters of credit in favor of the CDC, the Commission has never supplied the requested boycott declarations that the vessel used is not on the black list and does not call at Israeli ports or certificates that goods are not produced by a company which is blacklisted or affiliated with countries boycotted by Arab countries. Instead the CDC provides certificates of origin stating the product is made in Canada and certificate of quality issued by Agriculture Canada.

As a result of the CDC not providing the requested boycott declarations, in order to secure approval for the release of funds, the banks sent the documents as provided by the Commission "in collection" to Libyan authorities.

Even though the CDC did not provide declarations in accordance with the boycott clauses in the letters of credit, Libya paid for dairy products delivered and continues to purchase from the Commission. At this time the Commission is completing a sale of evaporated milk to Libya and is negotiating for further contracts.

While the Canadian Dairy Commission was not aware of the specific reporting requirements of the Canadian Government's policy regarding international economic boycotts, it has never provided any declaration with regard to the boycott of Israel as required in Libyan letters of credit.

Now that the Commission is aware of the reporting provisions, the Department of External Affairs has been given the appropriate declarations, not only as regards the CDC's current transactions but also in regard to its involvement in the earlier sales to Libya in 1981.

Specifically the Commission has declared that "in the course of its export transactions, the Canadian Dairy Commission has not discriminated against any person on the basis of race, religion, national or ethnic origin and has never refused to purchase from or sell goods and/or services to any other Canadian company, agency or individual, sell Canadian goods and/or services to any country, or purchase goods and/or services from any country and have not restricted commercial investment or any other economic activity in any country on those bases."

With respect to Senator Doody's comments about the content of the *Globe & Mail* article on this subject, the media report was substantially correct. While the Commission did not provide to the Libyans the requested boycott declarations, it was not aware of and therefore did not conform to the specific reporting aspects of the Canadian Government's guidelines on economic boycotts by reporting to External Affairs that it was not discriminating.

With respect to what action might be taken against the Commission, the Minister of Agriculture sees no need for measures to be taken as no discrimination took place and the reporting aspects of the guidelines are now being complied with.

The minister believes that the Commission is doing a fine job of exporting Canadian surpluses of dairy products on behalf of the dairy farmers of Canada on a heavily glutted world market under very competitive conditions, and that it merits our support.

SCIENCE AND TECHNOLOGY
THE ENVIRONMENT

SPACE EXPLORATION—OIL SPILL CLEAN-UPS—CO-ORDINATING AGENCIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to questions raised on December 2, 1982, by Senator Thompson dealing with the existence or creation of co-ordinating agencies for space exploration activities and oil spill clean-ups. May the answer be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The responsibility for the clean-up of oil spills in the Arctic (north of 60° latitude) is dependent on the source of the spill and its location. In cases where an oil spill results from activities undertaken by industry, industry is responsible for the clean-up, and the appropriate federal department is responsible for monitoring the adequacy of the clean-up measures. The division of responsibility for oil spill clean-up within the federal government is clearly defined as follows:

—for ship sourced oil spills, the lead agency is the Ministry of Transport—Coast Guard.

—for spills resulting from off-shore exploration activities, the lead agency is the Department of Indian Affairs and Northern Development.

—for spills of unknown origin in the marine environment, the lead agency is currently the Department of Environment.

—for spills on land, the lead agency is the Department of Indian Affairs and Northern Development except when they occur on Commissioner's Lands (land surrounding northern communities) in which case the appropriate territorial government is responsible, or when they occur within the two provinces with lands extending north of 60° in which case the appropriate provincial authority is responsible.

The clean-up of any oil spill north of 60° resulting from a federal activity is the responsibility of the department, agency or Crown corporation responsible for the spill and clean-up measures are monitored by the appropriate federal department as outlined above.

The Department of Environment has the added responsibility for co-ordinating the federal research and development effort for oil spill clean-up and acting as the liaison for the federal government in providing advice to industry, Crown corporations and other federal government departments and agencies.

With regard to the creation of a co-ordinating agency for space exploration efforts, similar to NASA, I am pleased to say that the Ministry of State for Science and Technology provides the chairman and secretariat for the Interdepartmental Committee on Space.

This committee serves as a coordinating agency and co-ordinates the federal government's space activities and advises the minister on all policy matters affecting the space program.

For the information of honourable senators, ten government departments/agencies are represented on the Interdepartmental Committee on Space chaired by MOSST: Communications, Environment, Energy, Mines and Resources, External Affairs, Fisheries and Oceans, Industry, Trade and Commerce and Regional Economic Expansion, National Defence, Transport and the National Research Council.

The committee, which has been co-ordinating space activities for over 5 years, has a 4-year budget of $475 million.

NEWFOUNDLAND

CORNER BROOK—SUGGESTED LOCATION OF FISHERIES COLLEGE—EXPANSION OF JOB CREATION PROGRAMS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on December 7, 1982, concerning industrial and other initiatives in western Newfoundland, which I would ask be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Department of Industry, Trade and Commerce and Regional Economic Expansion has been actively pursuing industrial and other development initiatives in western Newfoundland, including a new technical training facility dedicated to marine and fisheries activities.

The current Minister's predecessor, the Honourable Herb Gray, during a visit to western Newfoundland in July 1982, publicly invited submissions on the matter of a location for a new Institute of Fisheries and Marine Technology in Newfoundland. Responses were received from a number of localities, including the City of Corner Brook. In early September, a delegation, headed by Mayor George Hutchings, made representations to the federal and provincial governments to establish the new institute in Corner Brook.

The Department reviewed all briefs presented. The Minister of Industry, Trade and Commerce, and Regional Economic Expansion, personally urged the Premier of Newfoundland to consider the regional development advantages of alternate sites and, as an option, the possibility of a satellite or split campus.

The Government of Newfoundland and Labrador, however, has remained firm in its insistence that the proposed institute be located in St. John's. The Federal Government is, reluctantly, constrained to accept the position of the Provincial Government in this matter because education is, jurisdictionally, a provincial responsibility. On October 15, the Honourable William H. Rompkey publicly announced the federal decision to accept the provincial proposal that the institute would be located in St. John's.

As the Minister said in the other place when the Bowater layoffs were announced earlier this month, the Federal Government has made representation to the Provincial Government to have the facility located in a community outside St. John's. However, the Provincial Government insists that it be in St. John's. The Federal Cabinet is now considering the nature and extent of a

federal contribution which would permit the Provincial Government to undertake the project.

As for other departmental programs being brought to bear in an attempt to alleviate the economic effects in western Newfoundland, the Department's officials in Newfoundland and Ottawa are closely monitoring the situation. They are in contact with senior officers of the international Bowater organization. Municipal representatives are also consulting with the Department in their investigations of possible economic development alternatives for that area of Newfoundland.

THE CONSTITUTION

ALLEGED STATEMENT BY MINISTER OF FISHERIES AND OCEANS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by both Senator Flynn and Senator Tremblay on December 15, 1982, concerning the right of a constitutional veto for Quebec.

Honourable senators, the Prime Minister put the government's position on the record in a telex to Premier Lévesque, dated December 24, 1982.

The text of the telex is self-explanatory and answers the questions posed by Senator Flynn on December 15, 1982. I would therefore ask that the text of the telex be incorporated into the record of today's proceedings.

In answer to the supplementary questions asked by Senator Tremblay, to my knowledge there is no "non-governmental body" carrying out a study of a double majority formula at this time.

The Hon. the Speaker: Honourable senators, is it agreed that the text of the telex be incorporated into the record of today's proceedings?

Hon. Senators: Agreed.

(*Text of telex follows:*)

December 24, 1982

My dear Premier:

In your telex of December 17, you requested that I ask the Parliament of Canada to adopt "a resolution which would recognize the right of the government of Quebec to either a general veto or a specific veto, that is, a right to opt-out with full compensation in all cases". You also insisted that this resolution would exempt Quebec from the Canada clause contained in section 23 of the Canadian Charter of Rights and Freedoms.

This request strikes me as somewhat curious coming from a government which only yesterday was denouncing federal unilateralism and which has declined to participate in any way in the preparatory work for the Constitutional Conference scheduled for March. I am wondering therefore if you have made similar requests of the Premiers of the other provinces since, as you well know, the Parliament of Canada cannot now, any more than it could before patriation, act alone to determine or to change the amending formula in our Constitution.

If we had had this power, you would not today have to seek special measures to protect the Quebec identity since we all know that the federal Parliament would have opted for the Victoria Formula which recognized a veto for Quebec. Since the federal government has been on record as favouring this formula for more than 10 years—and thus already subscribes to the principle of a veto—you would be better advised to direct your request in the first instance to your colleagues of the other provinces.

You place great importance in your telex on the recent Supreme Court judgment which, in our view, denies "a right of veto the existence of which has never been doubted and which has always been considered essential for the protection of the people of Quebec, cornerstone of the Francophones of North America".

I would like to ask you a simple question. If this right was so indisputable and so indispensable, why was it that you made no mention of it in the agreement you signed in April, 1981 with the other provinces which opposed the constitutional initiatives of the federal government, Ontario and New Brunswick?

In rejecting out-of-hand the Victoria Formula and its veto for Quebec, you chose instead to accept "opting-out", declaring that this formula "ensured the legal equality of all provinces" and, for this very reason, was "clearly preferable, for all Canadians, to the formula proposed by the federal government".

Similarly, when Quebec appeared in 1981 before the Supreme Court in company with the other dissenting provinces and sought to have the proposals for constitutional reform submitted by the Parliament of Canada declared unconstitutional, at no point did you claim a veto for Quebec or that Quebec's participation was indispensable to any consensus to amend the Constitution.

To keep intact a common front to which Quebec was totally commited, Quebec made itself into a province like the others, while, by an extraordinary paradox, it was the federal government which defended to the very end the principle that Quebec should have a right of veto over constitutional amendments.

Faced with this common front of eight provinces of which you were part, and faced too with the Supreme Court's decision of September, 1981, the federal government and the two provinces which supported it had to give way before the notion of the equality of the provinces, and stopped insisting on the constitutional veto for Quebec which, for our part, we had always sought. As I have recently stated, if Quebec did not obtain a right of veto, that is because the government of Quebec did not want one. Think of the strong support there would have been if the government of Quebec had joined with Ontario, New Brunswick and the federal government in favour of an

amending formula which would have given Quebec a veto. But you chose otherwise.

Although forced to accept, in the November 1981 agreement, an amending formula which was far from its preferred option, the federal government was nonetheless the one that arranged to modify the formula in order to take account of the interest of Quebecers. In fact, with the support of other provinces, we included a provision in the Constitution which guarantees reasonable compensation to any province which dissents from an amendment transferring powers to the Canadian Parliament in the area of education and culture.

Furthermore, as regards the language of education, I have offered, publicly, to re-word section 23 if this should be necessary to arrive at a Canada clause acceptable to the government of Quebec.

This offer still holds, as well as my suggestion to you that we should unite in our efforts to return again to the right of veto which the federal government and all the other provinces were prepared to recognize for Quebec in Victoria in 1971.

I think it is reasonable, however, to ask you the following two questions:

First, will Quebec agree to participate in good faith in the current constitutional process? The veto question obviously cannot be settled by the federal and Quebec governments alone. We must discuss this matter with our colleagues of the other provinces if we really want to achieve a new amending formula according to the procedures which are now part of our country's Constitution.

Second, in return for the veto, or its equivalent, is the Quebec government prepared to give formal acceptance to the *Constitution Act, 1982*? It would be unthinkable for the federal government and the governments of the other provinces to devote a great deal of time and effort to the search for an amending formula capable of meeting the needs of Quebecers, only to discover afterwards that the government of Quebec still found other excuses for not accepting the new Constitution.

If, however, you accept these two reasonable conditions, I am fully prepared to explore with you and our colleagues all the available options which could give better protection to the legitimate interests of Quebecers as far as future amendments to the Canadian Constitution are concerned.

As far as opting-out is concerned, you are of course aware that, as I mentioned above, we have already included this concept in the Constitution by providing reasonable compensation in the fields of education and culture. I must tell you frankly, however, that it does not seem to me at this point either necessary or desirable to extend this concept to other fields. To go further would be to encourage the gradual balkanization of the country and thereby put its future in doubt.

As for the Canada clause provided in section 23 of the Canadian Charter of Rights and Freedoms, your government stated that it was willing to accept such a provision at the meetings of provincial Premiers held in St. Andrews in 1977, and in Montreal in 1978, provided that the other provinces agreed, on a reciprocal basis, to guarantee the same rights to Francophones outside Quebec. You even inserted this principle of reciprocity in section 86 of Bill 101. Now that the other provinces have all adopted the Canada clause, it is incumbent on your government to respect its commitment, all the more so since this clause, like the Charter itself, enjoys the support of the vast majority of Quebecers, and since we are ready to re-word it if necessary to make it more acceptable to the government of Quebec. Besides, as you know, our fellow Quebecers are interested not only in the development of the French language in Quebec, but also in the broadening of language rights of Francophones wherever they happen to live in Canada.

Finally, I would remind you that in your letter of August 19, you informed me that the government of Quebec was waiting to consult with the aboriginal communities before "engaging in a constitutional process concerning them". I hope that concern for Quebec's rights, which are already well protected and which we can strengthen in future, will not prevent us from rendering justice to our aboriginal peoples who have greater need than anyone to see their rights better defined and protected in the Canadian Constitution.

Yours sincerely,

Pierre Elliott Trudeau

FOREIGN AFFAIRS

LAW OF THE SEA TREATY

Hon. H. A. Olson (Leader of the Government): Honourable senators, in answer to a question asked by Senator Marshall on December 16, 1982, I table the following:

> Documents entitled "United Nations Convention on the Law of the Sea" and "Draft Final Act of the Third United Nations Conference on the Law of the Sea", being a reply to Senator Marshall's question of December 16, 1982.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question posed by Senator Nurgitz. It is the long-awaited second part of the answer to his question in relation to sales of military equipment to South Africa. The answer has been put off for so long and he has asked me about it so often that I hesitate to give the answer in his absence. Realizing he is from Winnipeg, I think he might be otherwise engaged this week. For that

reason may I be given the pleasure of putting the answer off until next week when he is here to receive it?

Hon. Senators: Agreed.

FOREIGN AFFAIRS

CANADIAN ASSOCIATION-LATIN AMERICA AND CARIBBEAN (CALA)—GOVERNMENT REPRESENTATION

Question No. 84 on the Order Paper—**By Hon. Jack Marshall:**

Does the Canadian Government send any delegates to the Canadian Association-Latin America and Caribbean (CALA) and if so, how many?

Reply by the Secretary of State for External Affairs:

The Canadian Association-Latin America and Caribbean (CALA) is a private association of Canadian corporations and businessmen involved in trade and economic relations between Canada and the countries of Latin America and the Caribbean. The Canadian Government does not "send delegates to the Association". However, Canadian officials have frequently participated in trade promotion seminars organized by CALA and have, on occasion, accompanied CALA-sponsored trade missions to Latin America and the Caribbean countries. CALA annually organizes a formal meeting with the Government to discuss various aspects of Canada's trade and economic relations with the countries of Latin America and the Caribbean and appropriate Canadian Ministers and officials participate actively in those discussions.

VETERANS AFFAIRS

DEER LODGE HOSPITAL, WINNIPEG, MANITOBA—TRANSFER OF OWNERSHIP

Question No. 93 on the Order Paper—**By Hon. Jack Marshall:**

As a result of the transfer of ownership of Deer Lodge Hospital in Winnipeg to the Province of Manitoba, (i) how many of the federal staff will be transferred from the present strength and (ii) under whose jurisdiction will they fall?

Reply by the Minister of Veterans Affairs:

(i) 661 from the present strength of 687

(ii) A separate corporation which will come under the jurisdiction of The Manitoba Health Services Commission.

THE ENVIRONMENT

FORESTRY EMPLOYMENT PROGRAMS

Questions No. 94 on the Order Paper—**By Hon. Jack Marshall:**

With reference to the Forestry Employment Programs announced by the Minister of the Environment on June 22, 1982, in the amount of $140 million, (i) what is the breakdown of the monies allocated to the various provinces, and (ii) what is the number of jobs provided by provinces?

Reply by the Minister of the Environment:

As at December 20th, 1982.

	94i)	94ii)	
	**EIC funds committed to date	Jobs approved	Jobs operational
Newfoundland	$ .234M	52	24
P.E.I.	.711M	110	89
Nova Scotia	1.800M	500	0
New Brunswick	2.880M	1,030	516
Quebec	2.115M	1,303	89
Ontario	6.500M	210	41
	*4.500M	*1,075	*555
Manitoba	0	0	0
Saskatchewan	0	0	0
Alberta & N.W.T.	2.000M	400	16
British Columbia & Yukon	13.469M	4,447	1,983
Total	$ 34.209M	9,127	3,313

* Represents jobs created under an existing Employment & Immigration Canada-Ontario agreement (AFIP: Accelerated Forest Improvement Program)

** These figures are provided by Employment and Immigration Canada. EIC has informed us that the $140 million is not allocated in advance on a province by province basis; as forestry projects are approved, funds are then committed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, January 26, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Bosa and Benidickson be substituted for those of the Honourable Senators Cottreau and Inman on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Le Moyne be added to the list of senators serving on the Standing Senate Committee on Agriculture.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

NATIONAL DEFENCE

QUEBEC—CONSTRUCTION OF F-18A AIRCRAFT—ALLOTMENT OF CONTRACTS

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. Not long ago it was said, and I believe with some justification, that the economic spinoffs of the construction of the F-18A which the Province of Quebec had been promised by the federal government had proved to be far fewer than expected, and that the Province of Quebec had suffered considerable losses in this respect. The Minister of National Defence, Mr. Lamontagne, said that the province would be offered compensation for the losses suffered with respect to economic spinoffs of the F-18A. Could the minister inform us about the nature of the compensation he intends to offer the Province of Quebec?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall take the question as notice and ask the Minister of National Defence to be more specific or more detailed in his reply. I do not have that information with me.

POSSIBLE ESTABLISHMENT OF AIR BASE IN LABRADOR

Hon. Jack Marshall: Honourable senators, I have a related question. Senator Asselin almost took the words out of my mouth with his defence question. Premier Peckford of Newfoundland was recently in Ottawa to discuss with the Minister of National Defence the possibility of, and justification for, establishing an air base in Labrador. This matter is only one part of an overall thrust in reconsidering the first line of defence that exists in Newfoundland if we are unfortunate enough in the future to have a third world war.

Apart from the fact that Newfoundland suffers from a lack of economic development and a lack of representation in the Canadian Forces, I wonder if the Leader of the Government would obtain from the Minister of National Defence a short résumé on the future of the Department of National Defence wherein Newfoundland is concerned.

Hon. H. A. Olson (Leader of the Government): I shall take that question as notice.

FORESTRY

NEWFOUNDLAND—SITE OF RESEARCH CENTRE

Hon. Jack Marshall: I would like to ask about another topic the Premier of Newfoundland took up here in Ottawa. It has to do with the site for a new federal forestry research centre in the province of Newfoundland. I would point out that I have two more questions to which I am seeking answers.

Hon. H. A. Olson (Leader of the Government): Honourable senators, perhaps Senator Marshall could state his questions now, because from what he is saying I think it obvious that the answers will involve reports from other ministers.

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT

Hon. Jack Marshall: Honourable senators, I would like to know the status of the Kirby task force report.

Hon. H. A. Olson (Leader of the Government): I shall take the question as notice.

INSTITUTE OF FISHERIES AND MARINE TECHNOLOGY

Hon. Jack Marshall: My final question has to do with the decision of the federal government on the establishment of an institute of fisheries and marine technology, the location of the institute, and whether the funding has been approved by Treasury Board.

Hon. H. A. Olson (Leader of the Government): I shall take that question as notice as well.

INTERNATIONAL TRADE

NATURAL GAS EXPORTS TO UNITED STATES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a number of delayed answers and request that they be taken as read. The first is a reply to a question asked by Senator Hastings on December 16 concerning natural gas exports to the United States. It is a fairly long answer.

Hon. Jacques Flynn (Leader of the Opposition): I am sure that if he were here he would agree to having it taken as read.

Senator Olson: So Senator Flynn, on behalf of Senator Hastings, agrees?

Senator Flynn: That's right.

Hon. Royce Frith (Deputy Leader of the Government): Politics makes strange bedfellows.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, there have been no formal representations made to Canada by the United States with respect to the negotiation of any existing gas export contracts.

However, the issue has been informally discussed between officials and some congressmen have made representations to President Reagan about the matter.

Canadian officials have agreed to a U.S.A. suggestion to hold a meeting of the Bilateral Energy Consultative Mechanism early this year. This mechanism, which was established by the Prime Minister and President Carter in early 1979, will provide a timely opportunity for senior officials to discuss a wide range of energy issues of mutual interest to our two governments.

The agenda for the meeting has not been set but will likely include both multilateral and bilateral topics of mutual interest.

In view of congressional and U.S.A. business interest in the issue, it is expected that the U.S.A. side may wish to raise the question of natural gas exports and gas pricing policies. Although Canadian officials will be ready to respond to U.S.A. questions, they will not wish to preclude the finding of the National Energy Board which is scheduled to issue a report on the results of its omnibus gas export hearings early in the new year.

As for Canadian gas export pricing policy, there are no plans to change current policy as there is no consensus that current policies are inappropriate. There would also appear to be little potential benefit to either the U.S.A. or Canada for Canada to change its export policies until there is greater clarification in U.S.A. domestic policies on natural gas prices.

The U.S.A. is aware that Canada has been a stable long-term supplier of natural gas to the American market. It might also be noted that the Canadian export price which has been unchanged since April 1981 has been falling in real terms while U.S.A. domestic prices have been rising at the same time.

FOREIGN INVESTMENT REVIEW AGENCY

PURCHASE OF CANADIAN TRUCKING COMPANIES BY AMERICAN INTERESTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question Senator Nurgitz raised on December 21 about a FIRA ruling on Harkema Express. I would ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The confidentiality provisions of the Foreign Investment Review Act make it impossible to provide the reasons for disallowance in one case and allowance in another. In any event, proposals are considered on an individual rather than a general basis, and on this basis the proposal by Roadway Express was found to meet the test of significant benefit to Canada, while the IU International proposal was not. Some of the benefits offered by Roadway's proposal include new investments, use of Canadian parts and services and additional exports. Furthermore, it was found that on the whole the Roadway acquisition of Harkema would have a beneficial, rather than detrimental, impact on competition in the trucking industry in Canada.

TRANSPORT

QUEBECAIR—STATEMENT BY MINISTER

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Asselin on December 21 concerning whether or not the Minister of Transport released a report on the future of Quebecair.

If the honourable senator agrees, the answer can be taken as read.

Hon. Martial Asselin: Do you have the answer?

Senator Olson: Yes.

Senator Asselin: Is it long?

Senator Olson: Not particularly.

Senator Asselin: Would you read it, please?

Senator Olson: Honourable senators, no such report has been released. However, discussions between federal negotiators and provincial spokesmen have been sufficiently realistic to pave the way for negotiations on restructuring Quebecair rather than creating a new company, Quebecair 2.

The government is now waiting for the financial statements of Quebecair to be audited, which would be done around February 15. We shall then be in a position to compare the financial statements with the various commitments the Quebec government is willing to make. It will then be determined whether the project is feasible, and the other discussions now under way will continue, concerning, for instance, the routes which Quebecair has renewed and which will be for its own use.

• (1410)

Senator Asselin: Has any date been scheduled for the end of the negotiations?

Senator Olson: Honourable senators, the indication is that the auditing is expected to be completed by February 15.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Robichaud on December 21 concerning the International Joint Commission and the Garrison diversion project. The answer is fairly long. Would honourable senators agree to having it taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, the position of the International Joint Commission and of the Garrison Diversion Project has not changed since December 21, 1973.

Although the House of Representatives voted on December 14 to delete funds for the Garrison project for fiscal 1983, a House-Senate conference committee working over the weekend inserted $4 million into their compromise bill for the project.

This is the same level of funding for Garrison as was appropriated by the Congress last year.

The new bill also includes the stipulation that none of the funds can be used for construction of project features affecting water flowing into Canada.

Although we are disappointed by the decision to include funds for Garrison, I would note that the U.S. Congress has been firmly seized of Canadian concerns over this project and that the stipulation on the use of the funds confirms this in U.S. law. We will be following up with the U.S. administration in a continued effort to ensure that no Garrison construction will occur which will result in adverse effects on Manitoba water and fishery resources.

INTERNATIONAL TRADE

LUMBER INDUSTRY—EFFECT OF DEVALUATION OF SWEDISH KRONA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised by Senator Murray on December 21 with respect to softwood lumber exports to the United States. The answer is quite long. Is it agreed that it be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

On December 21, the Honourable Senator Murray asked what actions were being taken by the government with regard to the current U.S. investigation of softwood lumber imports from Canada as a result of charges that subsidized Canadian lumber has injured the U.S. industry.

The government has expressed its serious concerns over this investigation; specifically by the Secretary of State for External Affairs and the Minister of State (International Trade) at meetings with the U.S. Secretary of Commerce Baldrige, Secretary of State Shultz and U.S. Trade Representative Brock. At these meetings it was emphasized that lumber exports to the U.S. are vital to this Canadian industry and to the economics and employment levels of many Canadian communities.

On January 7, 1983, Ambassador Gotlieb presented a formal Diplomatic Note to the U.S. Department of State. The note expressed the government's serious concerns and clearly set out our view that the charges made by the U.S. industry have neither substance nor merit. Secretary of State Shultz has acknowledged the importance of this situation and a formal reply is expected in due course. The Note was also provided to the Department of Commerce which is primarily responsible for carrying out the investigation.

The procedures for such countervailing duty investigations are laid down in U.S. legislation and, once a petition has been filed and accepted, an investigation must follow a strict timetable. As part of this process, the U.S. Department of Commerce has requested background information on the various federal and provincial programs which are the basis of the complaint. The government, in co-operation with the provinces and the Wash-

ington lawyers for the Canadian industry, has provided extensive material. Based on this and other evidence, Commerce will make a preliminary determination, not later than March 7, 1983, of whether or not any subsidies exist. I am confident that this background information will thoroughly refute the allegations in the petition—particularly those concerning provincial stumpage practices.

In the meantime bilateral consultations have been initiated with the United States under Article 3 of the GATT Code on Subsidies and Countervailing Duties. The course of events will determine the extent to which further bilateral and/or multilateral actions may be necessary. In all such efforts to preserve this vital export trade, we will continue to work closely with the provinces and the Canadian industry.

We have been in close touch with Canadian companies to monitor the impact of the devaluation last November of the Swedish Krona on Canadian exports, including our exports of softwood lumber. Competition from Sweden is felt most in the U.K. which is our largest market in Europe for softwood lumber. We understand that most contracts for 1983 delivery had been concluded prior to the devaluation. This, along with recent increases in the price of Swedish lumber, has served to lessen the immediate impact on Canadian exports.

FOREIGN AFFAIRS

SUGGESTED ARMS REDUCTION BY U.S.S.R.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bosa on December 21 concerning the Soviet proposal to scale down missiles in Europe to equal combined French and British numbers. Would honourable senators agree to having it taken as read?

Hon. Jacques Flynn (Leader of the Opposition): Senator Bosa is not present, but you have his implicit acquiescence, I am sure.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The recent proposal to establish a sub-limit on Soviet medium range missiles in Europe equal to British and French nuclear missiles would appear to mean the removal from Europe of what could be a significant number of SS-20 missiles while requiring the West to cancel entirely deployments of Pershing II and cruise missiles. On the surface, this appears to be an attractive proposal. Whether or not it is in reality a step in the right direction will have to be determined when the proposal is clarified at the negotiating table in Geneva when the INF talks between the U.S.A. and the U.S.S.R. reconvene at the end of January. There is, for example, no indication given as to what the Soviet Union proposes to do with these missiles when they are withdrawn from Europe, particularly considering the fact their range enables them to strike targets in Western Europe from sites east of European Russia. The Western aim in the INF negotiations is not only to reduce a certain number of long-range INF missiles in Europe but to do away with an entire category of weapons in the arsenals of the U.S.A. and the U.S.S.R. In return for the removal and dismantling of all Soviet SS-20, 4 and 5 missiles, NATO would forego deployment of Pershing II and cruise missiles. This proposal was reaffirmed recently by the Defence and Foreign Minister of the NATO alliance in Brussels.

PARLIAMENT BUILDINGS

CENTRE BLOCK-EAST BLOCK TUNNEL

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have another delayed answer to a question posed by Senator Robichaud on December 22 respecting the tunnel connecting the Centre Block and the East Block. I would suggest that this answer, too, could be taken as read.

Hon. Jacques Flynn (Leader of the Opposition): Since that is your last delayed answer I guess we can see the light at the end of the tunnel.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

To improve the conditions in the connecting tunnel between the Centre Block and the East Block, honourable senators will be pleased to know that work has already been started by Public Works Canada during the Christmas recess. I should, however, point out to honourable senators that this tunnel is designed as a service tunnel and not as a pedestrian link and we have some reservation on its extensive use for the latter purpose. Therefore, the improvements to be undertaken will be somewhat limited.

Honourable senators will also probably be aware that Public Works has designed a project to provide a permanent and secure underground network as part of the overall planning for the parliamentary precinct, including some additional work to the television facilities presently located in the East Block and I understand that when funds are available for this project the works can proceed. In the meantime it is my hope that improvements presently being undertaken in the tunnel will prove to be satisfactory to the senators at least in the short term.

Hon. Louis-J. Robichaud: Honourable senators, I should like to express my gratitude to the Leader of the Government in the Senate for having acted so expeditiously in answering my question.

Hon. Martial Asselin: You are very lucky.

Senator Flynn: What else is new? He always is.

Senator Asselin: He has been spoiled.

Senator Robichaud: There certainly has been a great improvement, which is to the advantage of Senator Asselin and all senators who have quarters in the East Block. There still remains, however, much that could be done to improve the tunnel.

Senator Olson: I appreciate Senator Robichaud's comments. Certainly, some improvements have been made, but he and other senators should realize that that tunnel is intended only as a service tunnel. Although it can be used as a pedestrian tunnel, it is not intended as such, and I think renovations will be limited to those that have already been made.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. Stanley Haidasz: Honourable senators, I should like to express my appreciation to the Leader of the Government in the Senate for his delayed answer to the question I asked last year concerning the Greymac Trust and Greymac Mortgage companies. I now have a supplementary question to put to him this afternoon.

Is it the government's intention to bring in new loan and trust companies acts to regulate the concentration of ownership in trust companies and to control the takeovers of such companies?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have nothing to add to the reply I gave yesterday except to say that I will take his supplementary question as notice and put it directly to the ministers responsible.

● (1415)

BUSINESS OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(h) that:

> Notwithstanding any Rule of the Senate, Bill C-133, intituled: "An Act to amend the Supplementary Retirement Benefits Act (No. 2)", be disposed of as follows:
>
> 1. That no later than six o'clock p.m. today, Wednesday, 26th January, 1983, the Speaker shall interrupt the proceedings and all questions necessary to dispose of the second reading of the said Bill shall be put forthwith without further debate or amendment.
>
> 2. That if the said Bill is read a second time, it be referred to the Standing Senate Committee on Health, Welfare and Science, and that it be an instruction of this House that the Bill be reported back to the Senate no later than Monday, 31st January, 1983, at two fifteen o'clock p.m.
>
> 3. That no later than four forty-five o'clock p.m. Monday, 31st January, 1983, any proceedings before the Senate shall be interrupted and all questions necessary to dispose of the third reading of the said Bill shall be put forthwith without further debate or amendment.

Honourable senators, I shall be pleased to give an explanation of this motion if asked to do so.

I do not think I need to repeat the discussions that took place yesterday with reference to Bill C-133. We were invited to ask again for leave to move second reading today and the suggestion of the Leader of the Opposition was that we might consider completing second reading debate today. He then proposed an adjournment after today until Monday of next week. He also felt that the bill should receive some study by a committee.

In the meantime, the Chairman of the Standing Senate Committee on Health, Welfare and Science has said that his committee is prepared to study the bill and report it back to the Senate by next Monday.

Therefore, if we complete second reading debate today pursuant to the motion it will be an order of the Senate that the bill be referred to committee, the committee thereby having until Monday to study and report the bill. The motion mentions 2.15 p.m. because that is the time at which we usually reach Reports of Committees.

Having received the report, we will then have third reading debate until 4.45 p.m.—at least, all questions necessary to dispose of third reading debate will be put by 4.45 p.m. on Monday. If the bill receives second reading and is reported by the committee, there will be quite a bit of time on Monday for third reading debate, depending on how long the other items of business take.

As is often the case, this motion represents a compromise between the positions taken by various honourable senators, including the Leader of the Government in the Senate and the Leader of the Opposition in the Senate. I ask honourable senators to support this motion.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the explanation given by the deputy leader is adequate and reflects entirely the discussions we had.

I have one problem with the vote at 6 o'clock this evening. If some honourable senators have not had an opportunity to speak on this matter, I do not think it would create any problem if the debate were to be continued until 10 o'clock. I suppose that can be assessed later. I would urge the leader or the deputy leader to indicate that they have no objection to postponing the debate or the vote until 10 o'clock if it appears necessary because that would not disturb the scenario that has been outlined.

● (1420)

My second point deals with the committee stage. I am satisfied that the committee will have ample time to consider the bill. There will be questions as to whether the committee will hear representations from the syndicates or associations involved. I hope that if the Public Service Alliance or the

Professional Institute of the Public Service of Canada want to be heard they will be given the opportunity to appear before the committee.

I expect that we will sit on Monday at 2 o'clock in the afternoon, at which time we will receive the report of the committee. Perhaps it would be advisable to postpone Question Period until 5 o'clock in order to have a full debate on third reading.

In my discussions with the leader and the deputy leader, I sensed that what I have just said meets the general views of not only the opposition but the Senate as a whole, and I hope it is perceived as such.

Senator Frith: Honourable senators, I shall deal with the points raised in the same order as the Leader of the Opposition made them. To use Senator Flynn's words, I agree that we should assess the situation at 6 o'clock this evening and see if the Senate feels that some honourable senators are being denied the right to participate in the second reading debate, it being understood that we want to have second reading by the end of today's sitting, which may be after 6 o'clock.

As for the committee stage, Senator Flynn's comments will be passed on. My opinion is that his views are supported by most honourable senators, in that an opportunity should be given the groups that he referred to.

With respect to the third reading debate on Monday, I agree that we should decide then on the most efficient way of handling our business at that time in order to give ample opportunity for both third reading debate and Question Period.

Honourable senators will understand that if the bill receives third reading, we will likely have Royal Assent at approximately 6 o'clock on Monday evening.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have one small point to mention. If we complete second reading later this day, in order to meet Senator Flynn's point about having witnesses called, we would also have to adopt a motion to refer the bill to committee today.

Senator Flynn: That was understood.

Hon. Ann Elizabeth Bell: Honourable senators, may we have copies of the bill distributed?

Hon. W. M. Benidickson: Copies were distributed last evening.

Senator Bell: Perhaps some honourable senators have received a copy, but I have not.

Senator Frith: Honourable senators, since the bill received third reading in the other place only at 6 o'clock yesterday evening, what we had for distribution to honourable senators last evening were the second reading copies, as amended. There were two sheets of paper, and, certainly, Senator Bell should have a copy now. I am instructed that we do have copies of the bill as adopted in the other place for our consideration today.

[Senator Flynn.]

Motion agreed to.

• (1425)

SUPPLEMENTARY RETIREMENT BENEFITS ACT

BILL TO AMEND (NO. 2)—SECOND READING

Hon. H. A. Olson (Leader of the Government) moved the second reading of Bill C-133, to amend the Supplementary Retirement Benefits Act (No. 2).

He said: Honourable senators, as has already been pointed out, the bill before us today is Bill C-133, to amend the Supplementary Retirement Benefits Act.

This legislation is the act under which pension increases are applied to the retirement, disability and survivors' pensions of public servants, members of the Canadian forces, the RCMP, judges, members of Parliament and others in the federal public service.

Bill C-133, as amended, would limit the indexation to 6.5 per cent in 1983 and 5.5 per cent in 1984. These measures are temporary, and the bill provides for a return to the present manner of fully indexing public servants' pensions in 1985 and future years.

Bill C-133 is, quite simply, the application of the government's six-and-five restraint program to the indexation of public service pensions.

I might just review the objectives of the restraint program since they should be kept in mind as we discuss this bill. The restraint program is intended to set a clear example of federal leadership so that we can deal effectively with the problems of inflation, high interest rates and unemployment, and of making our economy more productive. Another objective is to provide funds for re-allocation to job creation programs. Bill C-133 will free up an estimated $60 million in 1983 and $105 million in 1984.

As I said earlier, Bill C-133 has its roots in the six-and-five program. The first step was taken last summer when Bill C-124, the Public Sector Compensation Restraint Act, was passed by Parliament. This bill limited to 6-and-5 per cent the wage and salary increases of employees in the federal public sector over a two-year period. Another step involves the application of the six-and-five restraint program to the inflation indexation features of family allowances, old age security pensions, personal income and public service pensions.

Primarily because of the contributory nature of the public service pension legislation, this bill has had a most difficult passage through the other place. Many arguments have been put forward to the effect that public servants have paid for indexation, that combining the basic pension accounts with the supplementary retirement benefits account would provide enough money for full indexation, and that the government has broken a contractual agreement with its pensioners and employees. I would like to address these comments since they are serious charges.

Under the present financing arrangements, more than 90 per cent of the indexation payments are now charged directly

to the consolidated revenue fund of the federal government. The consolidated revenue fund, as we know, is made up of monies raised from the taxpayers of Canada generally. The primary reason for this is that, when the indexation policy was first introduced in 1970 and modified in 1973, the benefits were extended to all existing pensioners, so that, while it is true that public servants have contributed for their indexing since 1970, those who retired before 1970 made no contribution for indexing and the majority of pensioners who have retired since then have contributed only a small portion of the overall costs of the benefits being paid.

● (1430)

Even if the basic pension accounts were combined with the supplementary retirement benefits account, evidence was brought forward during committee consideration of this bill to the effect that the present contribution rate would still not be sufficient to fully fund the pension plans.

About the many statements to the effect that the government is breaking a contract with its employees and pensioners, I will say this. To begin with, there is no formal contract which parallels the written wage contracts existing between the government as an employer and its employees. Further, while I understand that there was consultation with employee representatives on the question of providing inflation protection prior to the time of its introduction, full indexation came about through a bill introduced by the government and approved by Parliament in 1973. Therefore, it would be more realistic to view such pension arrangements involving the employer and generations of employees as being long term but, at the same time, flexible. Changes can be made to the relevant legislation to reflect varying economic conditions.

The Leader of the Opposition smiles, but it is a fact that this is what happened in 1973, when Parliament, upon adopting the policy of full indexing of public service pensions, took the additional step of applying the policy retroactively to many persons who had paid little or no contributions. This also happened in 1976, when a temporary cap of $2,400 was placed on the indexation which any pensioner could receive in that year.

The government is aware that there are a number of urgent issues which must be tackled. Studies are now under way in these areas and this work will continue as part of the national pension reform proposals which are now before us, as set out in the government's green paper on pension reform. Nevertheless, the government does recognize the contributory nature of the public service pension arrangements. For this reason, the President of the Treasury Board introduced the amendment to Bill C-133 which had the effect of increasing the pension cap from 6 per cent to 6.5 per cent in 1983 and from 5 per cent to 5.5 per cent in 1984.

Hon. Jacques Flynn (Leader of the Opposition): How generous!

Senator Olson: The Leader of the Opposition should listen carefully to why this happened.

Senator Flynn: I have heard this before; I already know.

Senator Olson: The amendment was based on the principle that the six-and-five cap would apply to that portion of indexing which would be paid out of the consolidated revenue fund—that is, from tax revenues—but not to the indexing which would be charged against employees' credits in the supplementary retirement benefits account; that is, from the direct contributions by employees and the employer specifically for indexing. Accordingly, the amendment reflects the government view that the capping measure should not apply to the monies set aside for the purpose of indexation.

In closing, let me repeat that the government remains committed to the principle that retired Canadians have protection against the effects of inflation. This is why it is proposed that indexation of public service pensions continue within the limits of the restraint program. Additionally, Canada Pension Plan benefits continue to be fully indexed, as do the income security benefits of those drawing the guaranteed income supplement, so that a measure of full inflation protection remains on a portion of the incomes of many retirees, some of whom are recipients of public service pensions.

What about the concern that has been expressed to the effect that the government is using the pensioners to fight inflation and that they will suffer greatly if indexing is capped in 1983 and 1984? The government is calling on all sectors of Canadian society to respect the restraint guidelines and to settle for something less than full inflation protection. While the economic situation confronting us is far from rosy at the moment, the rate of inflation is coming down. It is inflation that is the real enemy of those who are on fixed incomes. If the rate of inflation continues to drop, the government is optimistic that the proposed increases to public service pensioners of 6.5 per cent and 5.5 per cent will not fall too far short of increases in the cost of living.

Senator Flynn: Then why do it?

Senator Olson: Why? We have to set up programs for objectives that are highly desirable for everyone involved in the socio-economic structure of this country.

This bill respects the principle of the protection of pensions against the ravages of inflation. It is part of a concerted attack on inflation. I suggest that success in this area will be enormously beneficial to pensioners and wage earners alike by maintaining the real value of income.

Honourable senators, I am proposing passage of this bill reasonably quickly. We now know what that entails. We have a house order dealing with the time frames that are involved.

I think that Bill C-133, as amended, with the explanations that I have given for the amendments that were brought in, ought to commend itself to honourable senators. The intent of this bill was announced in the June budget. The actual bill was given first reading on October 28, 1982, in the House of Commons. Since early December, there has been some uncertainty in the minds of pensioners—fuelled by reports in the media—as to whether their cheques would arrive when they should and as to the amount that would be applied to them for inflation protection. In the interests of the pensioners' well-

being and in the interests of everyone else involved, I would urge that we proceed with this bill.

Honourable senators, I am happy to acknowledge the motion that was carried only a few moments ago. We now know that January 31, or next Monday—obviously the last day of this month—is the date on which the authority to make the payments will be finalized.

Hon. Orville H. Phillips: Honourable senators, I thank the Leader of the Government for his introduction of Bill C-133.

As I was listening to him, I was reminded of the discussion in the other place when the remarks of the President of the Treasury Board were described as being "Gray's Elegy." As honourable senators will recall, that poem contains a line about the ploughman who homeward plods his weary way. I am sure that Senator Olson will be plodding his weary way homeward tonight, because it was rough ploughing to take a measure as inequitable as that embodied in Bill C-133 and try to present it in a favourable light—that was rough ploughing indeed!

Senator Olson: I am glad you were impressed.

Senator Phillips: I recognize that Senator Olson was glad to sit down—

Senator Flynn: So were we when he did.

Senator Phillips: —and I can understand why.

Honourable senators, this piece of legislation is what I would call part one of the Trudeau trinity, the Trudeau trinity consisting of the capping of family allowances, old age security benefits, and pensions of retired members of the public service. Unlike the Christian trinity, however, this measure does not have any divine inspiration. In fact, honourable senators, it got its inspiration from a meeting held between Senator Frith, Senator Davey and the former Clerk of the Privy Council, now Senator Pitfield. They had a meeting to discuss the lagging fortunes of the Liberal Party and decided that the thing they had to counteract was inflation, and that the best way to do that was to blame someone else for inflation. By all means avoid mentioning what the government is intending to do with inflation, namely, blame someone else. Those gentlemen are all experts on what I call computer politics. They consulted the computer to see which three groups they could best claim. Children under 16 or 18 do not vote, so they were the number one choice. The number two choice were the recipients of old age security. Because of the high mortality rate of such people, a good many of them would not be around for the next election, so they became choice number two. Then choice number three became the retired public servants, because, after all, they too are getting up in years and they could be influenced by a high mortality rate. Proceed without logic, blame someone else, and confiscate the allowances and pensions of those three groups.

● (1440)

A phone call I received yesterday from a retired public servant described this measure as legalized robbery. Perhaps "robbery" is a rather severe word, but it indicates how that individual felt. It is certainly confiscation, and, as I began preparing my notes for my speech this afternoon, I came to the conclusion that it is robbery, but it is being done in the name of the anti-inflation program and therefore it must be made popular before Trudeau and his followers become as extinct as the dodo.

As the sponsor stated, there are three categories of individuals affected by this bill: retired public servants, retired members of the armed forces, and retired members of the RCMP. Honourable senators may be interested in hearing some figures on the number of people who will be affected by this bill. The number of retired public servants who are drawing benefits at present is 122,600, of whom 32,448 are widows. But, honourable senators, we must not forget those who contribute to the public service superannuation fund who are also affected, and they number 308,000. There are 68,100 recipients of pensions from the Canadian Forces. Of that number, 7,029 are widows, and at present 80,000 members of the armed forces are contributing.

There are 4,454 former members of the RCMP contributing; 468 are receiving survivors' benefits, and at present 17,032 are contributing to the RCMP retirement fund. The total number of Canadians affected is 600,186. There are 90,000 pensions being paid to retired public servants, the average pension being $8,100. There are 32,500 survivor pensioners receiving an average pension of $3,200 per annum.

Honourable senators, imagine blaming a pension of $3,200 as being the main source of inflation. This is the only place the government could find to restrict expenditures. Surely there must be some other sources—

Senator Flynn: Careful.

Senator Phillips: —such as the delegation in Thailand, geisha girls in Japan, and banquets in the Philippines. All those things failed to contribute to inflation, but the pension of $3,200 being paid to the little old lady down the street is suddenly the source of inflation. Honourable senators, there will be a lot of economic textbooks rewritten when economists discover that fact.

Honourable senators, it is not unusual for the Prime Minister to contradict himself. In fact, he cannot go through a revolving door without contradicting himself and causing confusion to everyone following him. But not too many years ago the Prime Minister was writing to the Public Service Alliance pointing out that the public servants who retired were not responsible for inflation. At that time he was a tremendous supporter of indexation. However, since then he has changed his mind. Of course, that was before the three members of this chamber got to him and changed his mind. At that time I believe Senator Davey was rowing the boat, and now Senator Pitfield is doing that for him. So I guess Michael is singing a different tune from the one Senator Keith was singing.

Those who are drawing benefits assert that they draw them as a right, that the benefit of a pension is theirs as a result of their term of employment. That is particularly true of members of the armed forces and the RCMP. The government laid

a great deal of emphasis on the fact that after 25 years a member of the armed forces or the RCMP could draw a pension. There was a good deal of logic to that, because it was cheaper to have an individual go on pension than to train someone to replace him. In the armed forces, whether the individual is an engineering officer in one of our destroyers, which is fitted with modern boilers, or whether the individual drives a tank or flies a helicopter, it costs a good deal to train him; and the government was actually saving money by encouraging him to stay in long enough to draw a full pension. Now the government is saying, "These pensions are the source of inflation."

Recipients of those benefits point out that they paid 7.5 per cent of their salary during the term of their employment or enlistment and that one per cent of the contribution went to indexation. They are also quick to point out that in the private sector 5 per cent or less is paid to pension funds and that the employer usually pays more than the employee. Senator Olson, in his introduction, said there was no formal contract signed on the full indexation; but, honourable senators, if there was no formal contract, no understanding and no obligation, then I ask on what basis does the government deduct the contributions from the pay cheques of retired public servants and members of the armed forces? There must have been some form of contract or understanding or it would be illegal for the government to deduct the contribution. I would like a further explanation of that.

I compare this situation, honourable senators, to someone purchasing a stock certificate with warrants to purchase additional shares at a future date. What if, after the individual had made his purchase, the directors of the company unilaterally decided to cancel the warrants? That board of directors would be investigated by the RCMP fraud squad. There would be charges of fraud, misappropriation of funds, theft and all sorts of miscellaneous criminal charges laid. Perhaps it would be a good idea if the same fraud squad would take a look at this cabinet and their actions in this regard.

• (1450)

There was a time when the old fogies of this chamber took a great deal of interest in the concerns of the poor, the afflicted and the downtrodden. I am hoping to see some of that concern expressed in this bill. I am watching to see how the supine supporters of the government vote. I understand that there was a caucus meeting of the Liberal Party last evening, so I can pretty well guess how the majority will vote. However, I have hopes for people such as my friend, Senator Croll, and perhaps even a bit of hope for Senator McElman, that their consciences will annoy them a little bit in voting for this measure.

Hon. Charles McElman: Don't hold your breath.

Senator Phillips: I guess I know how Senator McElman will vote, but I have hopes for Senator Croll. I have not thrown away my copy of *Retirement Without Tears*, and I think I can still find a copy of the report of the Special Senate Committee on Poverty. I hope that it does not become some sort of Aesop fable and we vote to curtail the pension at $3,200.

But, honourable senators, if you think this legislation is bad and you support it, watch out for the Royal Commission on Economic Union and Development Prospects for Canada. If Donald Macdonald sees that there is unanimous support in this chamber for a bill of this nature, what will he be tempted to recommend?

Apparently the pension adjustment does not apply to everyone and not all adjusted pensions cause inflation. Recently—I believe it was yesterday—the Bank of Canada announced that their pensions were being indexed at the rate of 11.5 per cent. It is rather unusual that those who have been retired for some time and have pensions of $3,200 can only receive a 6.5 per cent increase but those who retired from the Bank of Canada last year and at a much higher pension will receive an indexation of 11.5 per cent. We have really reached the just society, haven't we?

Yesterday I received a number of phone calls on this bill. One with which I was particularly impressed was from an individual who served in the RCAF in World War II, returned to university, became a member of a profession and worked for the federal government for the rest of his contributory years. He tells me that next year this measure will cost him $1,039, and that in 1984 it will cost him $1,700. That is a considerable amount and I can understand why these people are saying that they are being robbed. He further pointed out that if his wife survives him, as is the normal pattern, she will lose $850 per year for the rest of her life. Yet, the Leader of the Government in the Senate says this is a temporary measure. He has not told us when this money that will be lost during these two years will be restored.

I seem to recall a member of the cabinet being quick to point out, when it was suggested that the salaries of members of the other place and members of the Senate be restricted to 6-and-5 per cent, that it would mean a loss from their pensions for the rest of their lives. The Leader of the Government at that time agreed with that member of cabinet. So where is the distinction? When will this money be restored?

Hon. Royce Frith (Deputy Leader of the Government): Or gained if the CPI is below that.

Senator Phillips: But if it does not go below that amount, you will not need this measure in the first place.

Senator Frith: That is what I say, but you are talking about "ifs."

Senator Phillips: But the CPI going below that amount will not restore the $1,700. It is lost.

The ratio of retired public servants to those filing income tax returns is 1 to 100. This means that for every dollar saved by the taxpayer the people affected by Bill C-133 are forced to contribute $100. The saving to each taxpayer in 1983 from this measure will be $4.00, and in 1984, $7.00. It is not really an effective measure to counteract inflation. Is it worth $7 to one individual to tax a retired public servant, retired member of the armed forces or the RCMP $1,700?

I find it almost impossible to arrive accurately at the amount of money paid into the various superannuation funds.

Sometimes I get suspicious that a great deal of this inaccuracy is due to deliberate manipulation on the part of the government. That is why I was glad to hear that the motion contained a reference to committee. I hope that the committee chairman will have some charts and other information prepared by witnesses to give us further information with regard to the moneys in these funds.

The Auditor General, in his report, expressed some concern about the superannuation funds. I think we should give a moment to that report in considering this bill. The Auditor General stated that because of the various interest rates accredited to the fund, the federal government was understating its liabilities. It is interesting to note that he stated that the federal government liability to the superannuation fund is $8.1 billion; to the Canadian Forces Superannuation Fund, $4.3 billion; to the RCMP fund, $2.1 billion; and to Supplementary Retirement Benefits Fund, $4.2 billion, for a total of $18.7 billion.

● (1500)

Honourable senators, I am a bit concerned that the government, in looking these days for some means to reduce the deficit, will look at these funds and be rather tempted to interfere with them. Such action would be disastrous, but unanimous support in Parliament would encourage that type of action, and, therefore, I hope the debate will be detailed and of such a nature as to give the message to the government that not all in this bill is well received even by the supine supporters of the government who support anything that is introduced in this chamber.

Recently, in the Senate, the government showed great haste in establishing a committee on Senate reform. The Leader of the Government said he wanted to make the Senate more responsive to public demand and have it express more accurately the public viewpoint. No one can find fault with that desire, honourable senators, but is there any need for a committee report in order to respond? Is there any need for a royal commission to tell us how to vote on this bill? Honourable senators, we do not need that. The public has let us know that they do not approve of this bill, but that they consider it legalized robbery.

The public is concerned with the way we are treating our pensioners. Surely just for once, in this the longest parliamentary session in Canadian history, the members supporting the government could vote their consciences rather than their party lines. Just try it once, honourable senators, You will feel better and the public will have much greater respect for the Senate than it has at present.

Hon. David A. Croll: Honourable senators, I agree with the speaker who has just preceded me. I only regret that, with respect to all of the speeches he has ever made, Senator Phillips will be right for the first time in his life.

Senator Phillips: At least I have been right once. I am ahead of you.

Senator Croll: Honourable senators, admittedly the bill before us has had a thorough going-over in the House of Commons. As you can understand, I was particularly interested in the debate there because of the subject matter. Consequently, I did not just scan what was said in the House of Commons; I read it completely and thoroughly. There were some excellent speeches in the debate, speeches that are well worth considering. All of the speakers seemed to be sincere, and yet there was something lacking in the approach the government took to this important problem.

Sometimes, honourable senators, one must do the wrong thing for the right reasons—perhaps because it is in the national interest. I suspect that this is such a case. We are sometimes asked to make sacrifices. Well, we all have to make sacrifices occasionally, and I am all for that so long as they are fair and equal. I support restraint in every aspect of government except social security and what that involves. The six-and-five program has been fairly successful—

Senator Flynn: In what respect?

Senator Croll: In bringing about what the government said it would do and in having its effect on inflation. Nevertheless, the very fact that that program, in its reaching out, has now begun to grasp at the retirees, will no doubt clutch at the old age security, and then will go on to the supplements, surely tells us that, as the westerners might say, we should "meet it at the pass" and say, "Just stop right there. You are going too far. Let's discuss this."

Honourable senators, I was particularly distressed to read that the Bank of Canada has reported that its pensions are up by 11.5 per cent. That is a crown corporation. Should there be any distinction between the pensioners of these blue-blood crown corporations and the other people who work under similar circumstances?

We in this country have not been very successful in sharing the wealth. Surely, at the very least, we can try to be more successful in sharing the poverty. That calls for equal sacrifices. The acronym for cost-of-living adjustments is COLA. COLA was intended to offset inflation for recipients particularly of social security and the like; but right before our eyes in this country we see COLA for the rich and diet COLA for the poor.

I am opposed to the reduction of social security in any of its forms, and in any way. Reducing social security will not help reduce the deficit. Personally, I couldn't care less how big the deficit is so long as people are working and are content.

Honourable senators, I suggested that the six-and-five program might be justified on the basis of national interest, but is there any justification for denying a group of retirees what they were promised? Surely they are the least able to keep pace with inflation, and they need that money to protect their standard of living.

The government's green paper on pension reform clearly supports the need to protect all pensions against the erosion of inflation. The government is committed to full indexation of public service pensions. The pensioners have that as a right earned during their working years, and, as I have just said, the government's own green paper speaks in the same language.

The employees contributed 1 per cent of their salary to a special supplementary retirement benefits fund for the purpose of protecting the purchasing power of their pensions. That is all they were asked to contribute. It may have been too little; it may have been too much. That makes no difference.

The argument has been made that there was no contract with respect to public service pensions between the Government of Canada and the organization representing the public servants, but I say that there was more than a contract; there was the word of the Prime Minister of this country. He gave his word at that time. It may be that a contract can be interpreted in any way you like, but the Prime Minister gave his word and it is for us to live up to it.

These pensioners have contributed, first, 5 per cent, and then 6 per cent, of their salaries for the basic pension. They are not wealthy individuals. The average pension is approximately $7,000, and many recipients are survivors. Eighty-three per cent of the survivors receive a pension of $5,500, and most of them are elderly women.

• (1510)

For the average pensioner this legislation means a reduction of $345 a year. That is a great deal of money to them. That is an added sacrifice which they should not have to make.

There are approximately 30,000 spouses of superannuates. Their average pension benefits now amount to $3,000, and their total income, including old age security benefits and whatever else they might have, will be reduced by $355.

Hon. Andrew Thompson: Did you say $3,000 for the spouses?

Senator Croll: Yes, $3,000 total income.

I do not wish to make a long speech. Everyone knows where I stand, and have always stood, on this. So, while on my feet, I just want to protest. I have been doing so privately within my own party and publicly. There is only one protest left. This bill is unfair, it is misdirected and it is a mistake. I am too old to turn my back on the old.

[*Translation*]

Hon. Martial Asselin: In recent years, honourable senators, I have not always seen eye to eye with Senator Croll concerning some of the issues he has raised. With respect to social benefits, Senator Croll has always done an outstanding job to help the most deprived and the most needy people. His speech and the approach he takes once again to defend those people do not come as a surprise to me.

The bill before us is important indeed. Senator Croll said earlier that both government and opposition members in the other place had debated the issue thoroughly. The topic was so important that this bill deeply distressed several of our colleagues in the other place. I was in the gallery last night when the vote was taken in the House of Commons, and I commend three government members who had the courage to vote against this bill. In the debate prior to the vote, those members explained the basic reasons behind their position.

Those reasons were echoed by the Public Service Alliance when its spokesman made urgent representations on this bill before the committee of the House of Commons. What strikes me most in the adoption of this measure is the fact that people have voiced reservations about the credibility which the government must have with respect to its employees. Serious doubts have been expressed as well about the confidence which public servants must feel toward their employer if labour agreements between both parties are to be worth the paper they are written on. As Senator Croll pointed out, public servants and pensioners had been promised that their pensions would be adjusted to the cost of living index.

Even though government supporters claim that there was no written contract or commitment, I have the impression that the decisions of the Treasury Board—the employer of the public servants—did commit the government, notwithstanding the fact that the provisions were not contained in a collective or written contract. They had, therefore, been promised that the pension rights of retired employees would not be changed without prior consultation. That was not done.

The government tabled a bill in November. The bill now before us has already been adopted in the other place.

In his remarks, Senator Phillips pointed out that pensioners have had a feeling of betrayal in spite of the promises of the Prime Minister and those of former Treasury Board presidents, including the late Mr. Andras and the Honourable Judd Buchanan. Those ministers, when they were Treasury Board presidents, stated on many occasions that their government would indeed stand for the indexation of retired public servants' pensions.

As has been pointed out, and rightly so, this is a complete reversal of government policy, the result of a unilateral decision without prior consultation. As Senator Olson said, the government is seeking ways and means of fighting inflation.

And yet, during the last election campaign, honourable senators, the Prime Minister and the government in power had made a whole series of significant promises on this particular issue. While reading *Hansard* this morning, I pondered over the promises the government has made through its Prime Minister and other ministers, especially those they made during the 1980 election campaign. They were serious commitments. Of course, I will not review them all here, but there are five which are particularly significant. Mr. Trudeau, for instance, addressed some Toronto students on January 12, 1980.

He promised them that, if elected, a Liberal government would manage the finance of our country more effectively and make a better use of public monies. We are faced today with a $23.5 billion deficit, a deficit which might reach $30 billion. Mr. Trudeau promised also that a Liberal government would make sure that all Canadians could obtain energy at a fair price. It is a fact, however, that this so-called fair price for energy has doubled and even tripled over the past two years. He explained that the government intended to promote growth and increase public participation in the ownership and man-

agement of the economy. Go and ask the 1.6 million unemployed Canadians what they think of the promises made by the Liberal Party during the last election campaign.

The government also made promises concerning this bill. For instance, it claimed that the Liberal Party would ensure the security of individuals by helping the most destitute among them. A Liberal government would restore dignity to individual Canadians by ensuring their security. I will ask myself in a little while whether the bill before us meets those objectives. Among the promises made by the government to the Canadian people there is an important one which is particularly relevant. The Prime Minister has stated:

> And, what is more important, we must provide our senior citizens with income security. Retirement should not cause fear, but contentment. We will do all that, and more.

Honourable senators, that is what the Prime Minister said in the Toronto area on January 12, 1980. When looking at this bill before us more closely, we realize that present and retired civil servants are right when they say that they have been cheated and betrayed, and that this bill is systematically robbing them of their money.

● (1520)

Bill C-124 provided for a 6-and-5 program but it was not directed at pensioners, but at public servants, at the people who have a job in the federal Public Service, at people who earn an income. Bill C-133 on the contrary creates an atmosphere of mistrust and suspicion and I am convinced that it will make labour relations even more bitter in the Public Service.

Honourable senators, with our vote, we must decide today whether we shall let the government establish such far-reaching precedents as the one contained in this bill. It is important to note, and Senator Croll pointed this out, that in Bill C-124, which the Senate discussed very seriously, the government was trying to fight inflation more effectively by capping salary increases at 5 and 6 per cent. This is all very well for those in the labour force, but when the government begins to reduce the income of pensioners, of mothers through family allowances and of senior citizens who, in many cases, use their monthly benefits in an effort to survive, I suggest that it is going too far. Whatever our political stripe, I believe that before supporting such legislation we should give it a great deal of consideration.

I have asked an actuary to tell me what will be the actuarial results of the provisions contained in this bill. We are told that the Public Service Superannuation plan is not covered by the Pension Benefits Standards Act which provides minimum standards for entitlements, financing, publication and investment. The pension plan of the Public Service is not managed as a trust, but is administered by the President of the Treasury Board as an element of the Consolidated Revenue Fund. Honourable senators, this situation raises the question of whether the plan is managed without any conflict of interest.

The contributions of employees to the Supplementary Retirement Benefits Account and the Superannuation Account of the Public Service are invested in long-term bonds of the Government of Canada. If you read the brief which the committee of the other place received from the Public Service Alliance, you will note that the Alliance raises the question of whether, if the investments were more diversified, for instance by the purchase of provincial government bonds, the product of such investments might have been at least one per cent more than the present yield obtained by the government. This would represent about $150 million a year.

If we add the compound interest since 1978, this would have represented about $1 billion. In other words, federal government borrowings from the Supplementary Retirement Benefits Account and the Public Service Superannuation plan since 1978 have cost the contributors approximately $1 billion, which could have been used to finance full indexation. We would then not have had to pass this piece of legislation.

The surplus interest obtained—that is, the interest now received minus the estimated actuarial interest rate—is not added to those two plans. Instead, this amount is used by the government to reduce actuarial deficiencies. This practice is acceptable as long as the employer keeps its promise to provide fully indexed pension benefits. If the level of indexation is restricted, the possibility of using at least part of the surplus interest to increase pension benefits should be considered.

According to Mr. Murray Segal, an actuary who has appeared before the estimates committee to speak about the 6-and-5 program, this program will save the government $90 million in supplementary retirement benefits.

Furthermore, excess interest from the other fund will amount to approximately $1.2 billion in the next few years, and $360 million of that amount will come from the amounts contributed by pensioners. The latter amount belongs entirely to the pensioners and should be used to pay for indexation of their benefits.

Capping indexation at 6.5 per cent and 5.5 per cent will lower the base amount to which future indexation will be applied. This may or may not be fair to employees retiring from the Public Service in the course of the two years of this restraint program. It is certainly not fair if the program will mean they will suffer a permanent loss of pension income.

Honourable senators, it would therefore perhaps be advisable to provide for an increase in the base amounts when full indexation comes back in 1985. I hope this very important question will be raised in committee and that we will have an opportunity at the third reading stage to bring in an amendment that would change the legislation now under consideration as far as indexation is concerned.

It would also mean that indexation for 1985 would be calculated according to pension benefits as they would have been with full indexation in 1983 and 1984.

We feel that this legislation should be improved. That is why we are going to vote to have the bill, in its present form, referred to the appropriate Senate committee for detailed consideration of the entire indexation issue. If it is desirable to propose amendments to remedy the harm being done to pen-

sioners under the present bill as far as future indexation is concerned, it will be done at the third reading stage.

Honourable senators, it is clear that this bill will cause very serious harm. I may refer you to a letter, which I believe you received on January 24, 1983, from the Professional Institute of the Public Service which represents 18,000 employees, describing the claims, grievances and damages that will be a result of the bill before us today. In its appeal to the Senate, the Institute is confident that the Senate will be able to give the bill serious consideration and in doing so ensure that justice is served.

Honourable senators, since the bill in its present wording does not have my support, we shall have to work together to try to improve it by proposing amendments. If satisfactory amendments to correct the injustice contained in this bill are put to a vote in the Senate, I shall vote in favour. Otherwise, I shall be obliged to vote against this bill.

• (1530)

[*English*]

Hon. Paul C. Lafond: Honourable senators, I appreciate the presentation made to us by the Leader of the Government. He may, he may not, but he probably does believe everything he told us. I am afraid I must seriously question some of his assertions. There are some elements in this legislation which lead me not to support it.

I find utterly reprehensible the claim made on local radio by public service unions that this bill involves the reduction of pensions; that is blatantly false. As I understand it, the bill calls for a reduction in the rate of increase, not a reduction in the pension earned and contributed to by pensioners themselves.

In our present economic difficulties, I agree with the principle of sharing the load, but that is only valid up to a point because so many have so little or nothing at all to share. As was stated by Senator Phillips and highlighted in last night's local newspaper, the legislation does not apply equally to all public servants. Apparently, the Bank of Canada is not subject to the Supplementary Retirement Benefits Act. For that matter, other federal institutions may be in the same position. During the last 24 hours I have not searched them out.

I would remind honourable senators that full indexation was a substantial part of the incentive for early retirement, which was proffered during the last eight to ten years to senior, middle-level and other civil servants. They have since retired and planned their lives based on their pensions, and now the government intends to unilaterally renege on a commitment.

Senator Olson has stated that there was no contract. Even if there were no contract, a commitment was made. It is my deep conviction that honourable people and honourable governments honour their commitments whether there is a contract or not.

Some Hon. Senators: Hear, hear.

Senator Lafond: The public servants themselves have paid more into retirement funds in order to achieve the full indexation which is now denied them, again, unilaterally. The retirement fund of the public service is fully funded, with part of the pension payments coming from the treasury.

In terms of absolute funds, I question the 90 per cent which was quoted by Senator Olson. It may extend to 90 per cent of pensioners because a good number did retire on pensions before this act came into effect. A large number of pensioners have such small pensions, when compared to those paid in the last five or six years, or even in the last year, that I seriously question whether it amounts to 90 per cent in monetary terms.

When full indexation became the rule, a ceiling should probably have been imposed on the amount fully indexed. I do not believe that was done, and it is now too late to apply corrective measures because many people have planned their existence based on indexation. I suggest that the bill before us should provide a floor below which the proposed adjustments would not apply.

Honourable senators, I have read all of Senator Croll's reports describing the poverty line. Often it is a little vague to me as to who are the poor. I cannot personalize them. However, I know so many civil service pensioners who hang tough until the end of the month in order to be able to subsist. That they should be penalized by the same percentage as others while being unable to fight inflation, I cannot accept. If there were a floor, possibly at the level of normal subsistence—and I refrain from the use of the term "poverty line"—where these restrictions would not apply, that provision would probably salvage, to a great extent, this legislation.

• (1540)

Honourable senators, I speak from personal knowledge and experience. I can so well recall the mid-thirties. Civil servants—the public service—were subjected to consecutive 10 per cent pay cuts, which they absorbed and with which they continued to exist. With the economy drive, which others will also remember, the then Department of the Interior was taken off the map. I speak literally; they were the map-makers in those days. As a result of that, many people in their mid-thirties and early forties, people with families, were laid off and were given small pensions upon which they could not subsist. Now we have an older generation of civil servants who, up to 1970 or 1972, retired at a time at which the salary levels and the pension levels were such that they are now unacceptable. No matter what the intent of the government is in putting through this legislation, to ask these people to bear the burden of alleviating inflation is a measure which, if I may be permitted to paraphrase my bishop, who was one of the major authors of the recent famous report, I find immoral.

Honourable senators, as it now stands, I cannot support this bill.

Hon. Andrew Thompson: Honourable senators, I have listened carefully to the moving debate on this bill. I will say at the outset that I can understand that we have to have a war on inflation and that the government has to set an example. It seems to me, however, that this example is an inappropriate one to choose when we think that such an example should be based on fairness and justice. I have a number of friends who,

at a young age, went into the armed forces and into other government bodies. There was encouragement given to them for early retirement in the form of the "carrot" of indexing. The have planned their lives accordingly.

Across this country, I believe that most Canadians have always looked upon their government not only as one which is fair and just but as one which keeps its word. Ours is a government which is generally considered to keep a commitment once it is made. So I am tired of hearing about legalities—the slipping around of some legalities—whether they be with respect to the Constitution or with respect to our commitments to the people who have worked for government. This breaking of a commitment, honourable senators, is my first uneasiness with respect to Bill C-133. I will go to committee and will look at it, but I certainly want to hear the argument on that.

Honourable senators, I come to the issue that concerns me most. War on inflation—yes! But when we go to war, as many of us have for our country, we go because we are the able-bodied, we are the ones who are capable of standing up and enduring the struggles that are ahead of us. We do not push to the fore widows, survivors and young children. Yet I regret to say that, with this bill, the approach that is being taken by the government—the example which is being set for the rest of the country—would appear to do that very thing.

I listened to the statistics which were read out to us by Senator Croll: the average pensioner, $7,000; 83 per cent of survivors, $5,500; 30,000 spouses of superannuates, with an average income of $3,000. Like my colleague, Senator Lafond, I would like to see us focus not on the figure of 30,000 spouses but on persons.

Honourable senators, I do the shopping, to some extent, in my family. On a Saturday I will go to the supermarket and watch some of the superannuated, the widows, as they wheel their carts around looking at every shelf. Believe me, honourable senators, it makes me feel very uncomfortable. You see them picking up some meat which they hope will be on sale, looking at it and realizing they cannot afford it this week. You see them looking around in a sort of desperation, as of course they have to. I have spoken to some of the cashiers, who have told me that it is the most heartbreaking thing they have seen. Some of these cashiers have even given from their own salaries when they have known personally these dedicated people who have worked all their lives and who want to retire with dignity and in some measure of good health. During the summer, one of the cashiers told me of an old lady who was reduced to the point where she bought cans of cat meat because they are cheaper.

Am I expected—as a senator, as a Canadian citizen—to approve of this sweeping war on inflation, which is going to hit at 30,000 spouses of superannuates with an average pension of $3,000? I suggest to honourable senators that, if we do not follow the recommendation made by my honourable friend with respect to a floor, indeed there is something immoral, insensitive and tragic about this chamber.

[Senator Thompson.]

Looking into the past, I would agree that, for some, a ceiling should have been set with respect to indexing which was not too high. I have seen top civil servants who would retire early and perhaps, by some means, would get extra indexing. There is no question of that.

• (1550)

I think we could tighten our belts, and I am prepared to do that. Surely, honourable senators, we are not going to pass a bill which is going to take $340 a year from people to whom every 10 cents counts towards feeding themselves? Surely we will make some amendment to this, and it is on that basis that I look forward to sitting in the committee.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it is most unfortunate that such an important bill should be introduced in the Senate under such unfavourable circumstances. Granted, those circumstances are not all within the control of the government; the Winnipeg convention does create a problem. But the most important, of course, is the fact that, as the Leader of the Government explained last night, cheques must be mailed. Yes, cheques must be mailed, but they do not want to print them as required under the legislation which is still in place, but rather as proposed in the bill. Hence, the Senate is told that even though the House of Commons has been debating this bill for a month and a half in committee and otherwise we senators have no choice, we have to pass the bill before the end of the month.

I can appreciate that we, in the Senate, cannot have as lengthy a debate as was had in the House of Commons, or even the usual debate we might have under normal circumstances. Still, we could have followed the normal procedure with a reference to committee as is usually done. The Senate might have been induced—perhaps not to defeat the bill—at least to amend it radically, possibly the way some of the preceding speakers directly or implicitly suggested when they said that the bill should apply only to higher pensions.

In any case, as I said a moment ago, it is most unfortunate. This bill has been debated in the House of Commons—for six weeks, I repeat—and the government had to put an end to it by imposing closure, by cutting off debate; perhaps the debate was not cut off, but it was limited indeed. The government did that only last week, and now it sends the bill to us saying: "As usual, given the majority that we, the government, have in the Senate, we expect that you will simply and quickly pass this bill."

And yet, we ought to keep in mind the fact that four Liberal members in the other place were against this legislation and had the courage to rise—a rather unusual occurrence for the Liberal majority—in spite of the admonition and the reprobation of the government, and vote against this bill.

This afternoon, we have seen and heard Senator Croll—not a lukewarm Liberal, not an independant Liberal as Senators Lafond and Thompson can be perhaps—we have heard Senator Croll speak against this bill; Senators Lafond and Thompson did raise a number of objections, and I feel that both of

them, as well as Senator Croll, delivered speeches which moved me and which, I think, should have moved most senators.

What is the purpose of this bill? Simply to limit indexation, to change the indexation system of retired public servants. Having heard the speeches delivered here and in the other place, we know full well that pensioners are unanimously opposed, with the odd exception such as those who draw pensions of $25,000, $30,000 or $50,000 and others who get more than that. I can understand that indexing a $75,000 pension is not the same thing as indexing a $3,000 pension. It has always been recognized that an increased cost of living does not, arithmetically speaking, affect the pensioner who gets $75,000 to the same extent as the one who gets $3,000, $4,000 or $5,000 per year. I entirely agree with that. There are problems in that regard, but this bill has not been introduced because of those problems, and if the government wanted these to be dealt with, it should have brought in altogether different legislation.

The previous speakers mentioned that this bill is tantamount to a breach of contract. Senator Olson said no. For my part, I say along with the previous speakers that this is a breach of contract. A contract is not necessarily a paper signed by two parties. Legally speaking, in common law as well as in civil law, if I am not mistaken, when I suggest to someone that I will remit a certain amount provided he has paid his contributions, if that amount is paid for and I begin to remit what I promised in return for such contributions, there is then an implied contract. I cannot, once an agreement has been arrived at, whether it is under the cover of a bill or a verbal contract, unilaterally break that contract. Now there is no doubt that this is what is being done with pensioners. It is a matter of credibility and trust while in this bill the government is going back on its given word. Indeed, it is an expropriation without any compensation because a certain amount has been paid into a fund to allow for pension indexation tied to the cost of living. We are told today that this amount will not be paid, that pensioners will receive less. In my opinion, this is robbery. There is no other word for it. If this were done under a private pension scheme, do you think an insurance company would be allowed to pay less if it had undertaken to increase pension benefits on the basis of the cost of living? Would a company now be allowed to say: "I will only pay 6.5 per cent"? This is robbery. If the government were not involved, pensioners could institute proceedings and even obtain a conviction. Parliament, of course, is supreme. Parliament can rob people. It has done so in some instances in the past. This is what it is doing today. This is what you are invited to do, honourable senators, by voting for this bill.

I would like to record in *Hansard* the views of the Professional Institute of Canada merely to state some figures which could be discussed later. The letter which I received was written in English. I will read it to you as written. There must be a French translation and I imagine that the translators will get it.

• (1600)

[*English*]

I quote:

> As the Senate reconvenes, Bill C-133, "An Act to Amend the Supplementary Retirement Benefits Act", will be submitted to you for report stage consideration and third reading.

That should be second reading.

> The Professional Institute of the Public Service representing 18,000 scientific and professional employees of the federal government stands strongly in opposition to the de-indexation of public service pensions proposed by this measure.
>
> Unlike some Canadians who question the very existence of the Senate, the Professional Institute recognizes that in its role of carefully scrutinizing legislation, it functions as a vital safeguard to the democratic process. Bill C-133 represents a flagrant violation of public service pensioners' rights and in view of the considerable opposition mounted against this legislation, the Professional Institute is dismayed at the Government's decision to invoke closure.

They are referring to when the bill was passed in the other place.

> We ask for your serious consideration of this legislation and look forward to a long and lively debate on Bill C-133 in the Senate.

That's wishful thinking.

Senator Frith: Not as to "lively"!

Senator Flynn: Up to the present speaker. The letter continues:

> If you consider the following points as you make your decision, we believe that you will see no alternative but to vote against the legislation:
>
> Public employees pay 7.5 per cent of their salary to support their pension plan. In the private sector, employee contributions seldom exceed 5 per cent and are frequently less.
>
> Benefits paid from the plan to date have been more heavily financed by employees than by their employer. Of $1,360 million paid out between October 1981 and September 1982, employees contributed $735 million compared to the government's $625 million.
>
> There is a surplus of $15.5 billion in the Public Service Superannuation Account. The interest which can be earned on this amount is more than sufficient to pay for indexation.
>
> The Prime Minister has previously committed the government to full indexation of public service pensions as a right earned during working years. His ministers previously defended the plan and argued that the government could not break its contract—

And I underline "break its contract".

—with public employee pensioners by reducing indexation.

The government's Green Paper on pension reform clearly supports the need to protect all pensions against the erosion of inflation. Many observers in the private sector clearly agree. The Toronto *Star*, for example, urged the government on December 27, 1982 to restore full indexation.

The 6/5 programme has been justified on the basis of national interest. Is it in the national interest to deny pensioners, one of the groups in society least able to keep pace with inflation, the means of protecting their standard of living?

Public employee pensioners—all pensioners in Canada—need and deserve your support. Please look closely at Bill C-133 and show pensioners by your vote against this measure that you care about their rights and needs.

It is signed by Jack Donegani, President.

I guess you can say that this letter expresses generally the technical as well as the fundamental objections of pensioners to this legislation.

[*Translation*]

Before going on, with regard to the promise made by the Prime Minister, I should like to refer to a statement he made during the debates on the very important issue of indexing public service pensions, which took place between 1975 and 1977. That statement is reported on page 22213 of the House of Commons *Hansard*, and I quote:

—pensioners are out of the work force and cannot bargain or strike for larger incomes. They are not the cause of inflation, they are its victims. We have an obligation to protect them.

Try to reconcile this statement by the Prime Minister with the bill which is before us today!

They try to justify this bill by claiming that it is part of the six-and-five program. I suggest this is not true at all. The six-and-five program has nothing to do with superannuation. This bill may help reduce some government spending, but that is something else entirely. However, it has nothing to do with the six-and-five program which deals with salaries and wages. The government said that it would use the public service as an example for the private sector. Now the government has never claimed that it wanted the private sector to cap the indexation of its pensions. What is more, the government has never suggested that it wanted to cap the indexing of the Canada Pension Plan. I suggest that superannuation has nothing to do with the six-and-five program which is directed at wages and salaries. Superannuation is something else entirely.

If it is true that the capping of pensions is part of the six-and-five program, why is it that the government has never asked the private sector to follow suit? Why should it not apply then to the Canada Pension Plan? Why should it not apply also to the Quebec Pension Plan? Nobody has ever suggested that the six-and-five program should apply to pensions other than those mentioned in this bill. I say that the six-and-five program should not apply to those benefits. At best, it might help the government cut its spending. The Leader of the Government has stated that it would reduce government spending by $60 million in 1983 and $105 million the following year. The government wants to cut these benefits in spite of the fact that the Public Service Superannuation Account is not in the red. It does not show a deficit.

The letter from which I have quoted refers to an aggregate amount of $15.5 billion which yields enough interest to pay all pensions. For the time being, there is no need to use even part of the accrued capital. It seems to me totally unfair and inconsistent on the part of the government to suggest that this bill is part of its 6-and-5 program. In fact, if the 6-and-5 program were to have the success claimed by the government and if, as the Leader of the Government suggested, it would help in the fight against inflation and bring down the inflation rate to 6 or 7 per cent, why would there be any need for this legislation? It would be pointless.

Indexation would automatically be reduced to the level of inflation. I cannot believe that, to reduce inflation, we must reduce the pensions of the people affected by this bill, especially those with pensions under $5,000 or even $10,000. I find this unbelievable. In my opinion, it is simply a means of publicizing the 6-and-5 program, but it will result in a terrible and very unfortunate injustice, as the senators who spoke before me explained so eloquently.

I therefore suggest that this bill is fundamentally wrong and not justified by the reasons given by the government and especially by the hardship it will cause. I hope that the Senate will realize the situation and on second reading will vote against this bill. If, perchance, it would be a miracle! It would be unfortunate for the pensioners and for Canada if the Senate were once again to give in to the government. I hope that the concerned groups will at least have the opportunity to explain their position in committee, that the committee will listen to them seriously and that perhaps, as Senator Thompson, Senator Lafond and others have suggested, this iniquitous legislation will not be applied to those who cannot really afford this capping.

In this regard, I support Senator Croll. There is really something wrong if we are not ready to defeat this bill as we should.

I still hope that this will happen, although I doubt it in view of our past experience. I would like the government to realize sooner or later that the Senate is not simply a rubber stamp and that it does not exist simply to agree with the wishes of the government, even when they are morally wrong, to use the same word as Senator Lafond, yes, morally wrong. I could also speak of a betrayal of government promises. I could not use the word "traitor" because of a decision of the Quebec Appeals Court which has banned it. I have not read the ruling yet, but, in any case, I believe that this bill is certainly an act of spoliation and betrayal and I hope that the Senate will not become an accomplice to such action.

• (1610)

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, so far in this debate on second reading of Bill C-133 many comments have been made both for and against the principle of the bill.

I simply wish to state on behalf of the government that its position is that the first principle of the bill which the government is asking honourable senators to support is that it is part of the 6-and-5 restraint program. Honourable senators will remember that the 6-and-5 program started with parliamentarians and was then applied to the public service. The question raised here on second reading of Bill C-133 is whether that principle ought to be applied to the public service superannuation plan.

We come then to the second principle of the bill. The reason offered by the Leader of the Government in the Senate for so applying it is that 90 per cent of the contributions made come from the consolidated revenue fund, or from the taxpayers to whom we, as senators, also owe some duty.

The third principle is that, although the 6-and-5 program is reflected in this legislation, the increases are increased—because it is not a de-indexation but is a different indexation than would otherwise have applied—to 6.5 per cent in the first year and 5.5 per cent in the second year, which is better than in the case of any other applications of the plan to date. When you consider that 90 per cent of the superannuation comes from the taxpayers via the consolidated revenue fund, you may well ask why the government accepted an amendment in the other place to raise the percentages to 6.5 and 5.5 per cent. The minister, in speaking to the committee in the other place, made the following statement:

> I thought I should explain how the proposal to pay 6.5 per cent in 1983 and 5.5 per cent in 1984 to all beneficiaries under the Supplementary Retirement Benefits Act was determined. As I said, the history of the accounts shows that some 90 per cent of the total amount of indexing paid is charged directly to taxpayers through the Consolidated Revenue Fund. Therefore we feel that 90 per cent of the indexing to be paid in 1983 should be held to 6 per cent. The other 10 per cent of indexing for which advance contributions have been made will not be capped but will be at the 11.5 per cent level that would have been payable had there been no restraint program. The combination of these two amounts means that an overall increase level of 6.5 per cent can apply to all pensioners for 1983. For 1984, it has been estimated that the formula using the increase in the average of the Consumer Price Indices for the year ending September 1983 over the year ending September, 1982 under the current legislation—that is, without Bill C-133—would have produced an increase of about 8.2 per cent, based on the expectation of a 7.5 per cent inflation rate in 1983, the rate projected by the Minister of Finance in his October economic statement. On this basis a calculation like that which gives 6.5 per cent in 1983 leads to an increase of 5.5 per cent in 1984.

• (1620)

Honourable senators, those are the three principles of the bill that the government asks honourable senators to support on second reading.

I can say that if no other honourable senator wishes to speak, I have authority from Senator Olson, the sponsor of the bill, to waive his right to close the debate on second reading.

Hon. W. M. Benidickson: Honourable senators, with all respect to Senator Frith, I feel obliged to say a few words to explain how I will vote.

We have to vote on the principle of the bill before we have been given an opportunity to study in depth some of the arguments regarding contract, obligations, and so forth that will be made in a committee of the Senate, which will probably be sitting tomorrow. I am a member of the committee to which this bill will be referred.

My desk-mate, Senator Croll, is a senator who came to Parliament more than 37 years ago, as I did. When I was first elected I was elected under the designation of Liberal-Labour, and under this designation was elected in six more general elections. I will not go into the historic details, other than to say it was not just a pick-up of a name of convenience. There is an historic reason for the title in the amalgamation of the old Independent Labour Party and the Liberal Party in Kenora-Rainy River. I inherited that meaningful combined organization. I will not go into details now.

In the years I sat with Senator Croll in the other place we stood together and voted four, five or six times against our government. I felt that in social development matters and veterans affairs matters I had a better mentor in Senator Croll than I had sometimes in the higher leadership of our party. We have now been desk-mates for a great number of years in the Senate. I want to pay profound tribute to him by voting with him again.

Every time Senator Croll and I voted against the government in the other place, I think we were just a little ahead of our time, because on each occasion I think our views and principles were ultimately adopted in later amending legislation.

As I said, I have never found it inadvisable to follow the leadership of Senator Croll in the councils of our party and in Parliament, and today I am prepared to stand again with my learned desk-mate and vote with him.

Senator Olson: Honourable senators, I close the debate.

Senator Asselin: It has been closed already.

Senator Olson: Honourable senators, I understand Senator Frith stated earlier that I would not be replying to a number of the points raised.

As honourable senators know, I have been attending a cabinet meeting. I do not have anything further to add. I think the speech I gave at the outset was so completely self-explanatory that I need not say anything further.

An Hon. Senator: Question?

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be now read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1630)

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Lewis
Anderson	Lucier
Barrow	McElman
Bonnell	McGrand
Bosa	McIlraith
Buckwold	Molgat
Cameron	Neiman
Cook	Olson
Davey	Petten
Denis	Pitfield
Everett	Riel
Frith	Rizzuto
Godfrey	Robichaud
Graham	Rousseau
Guay	Rowe
Haidasz	Sparrow
Hicks	Stanbury
Langlois	Stollery
Lapointe	van Roggen—39.
Le Moyne	

NAYS

THE HONOURABLE SENATORS

Asselin	Fournier
Beaubien	Lafond
Bélisle	Lang
Bell	Macdonald
Benidickson	Marshall
Croll	Molson
Donahoe	Phillips
Flynn	Thompson—16.

ABSTENTIONS

THE HONOURABLE SENATORS

Thériault—1.

Hon. L. Norbert Thériault: Honourable senators, I should like to mention why I abstained. I support the principle of six-and-five, but I do not support the principle that the 6.5 and 5.5 per cent should apply equally to a pensioner who receives $60,000 a year and one who receives $2,000 a year.

• (1640)

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the order of the Senate passed earlier today provides that, if the bill be read a second time, it be referred to committee with the instruction of the house that the bill be reported back to the Senate no later than Monday, January 31, 1983, at 2.15 p.m.

With that in mind, honourable senators, I move that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would refer to Motion No. 2 on the Order Paper in the name of Senator Flynn.

Honourable senators will remember that Senator Flynn gave notice of the following motion yesterday:

> That when the Senate adjourns today, it do stand adjourned until Monday next, 31st January, 1983, at 8 o'clock in the evening.

In view of the order we have adopted, I propose to amend his motion to provide for a sitting at 2 o'clock in the afternoon instead of at 8 o'clock in the evening.

Perhaps a better procedure would be for Senator Flynn, with unanimous consent and pursuant to rule 23, to modify his motion to so provide.

Hon. Jacques Flynn (Leader of the Opposition): Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Macdonald:

That when the Senate adjourns today, it do stand adjourned until Monday, January 31, 1983, at 2 o'clock in the afternoon.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate adjourned until Monday, January 31, 1983, at 2 p.m.

THE SENATE

Monday, January 31, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that William McDonough Kelly has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk; and was seated:

Hon. William McDonough Kelly, of Mississauga, Ontario, introduced between Hon. Jacques Flynn, P.C. and Hon. Guy Charbonneau.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Senators: Hear, hear.

• (1405)

The Hon. the Speaker: It is indeed a great honour and pleasure to welcome, as a new member of this house, the Honourable William Kelly. I am sure that my feelings are shared by all honourable senators.

He will find here an amazing unanimity on the general objective of making Canada, in all aspects, the best country in the world. The sole misunderstandings are limited to the means of obtaining this noble goal.

SUPPLEMENTARY RETIREMENT BENEFITS ACT

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Hon. Peter Bosa, for Hon. Lorne Bonnell, Chairman of the Standing Committee on Health, Welfare and Science, presented the following report:

Monday, January 31, 1983

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-133 intituled "An Act to amend the Supplementary Retirement Benefits Act (No. 2)", has, in obedience to its order of reference of January 26, 1983, examined the said Bill and now reports the same without amendment, but makes two recommendations in relation thereto.

Your Committee recommends that, at the end of the current control period, action should be taken to adjust pension levels as may be necessary to eliminate the long term effect on real pension levels.

Your Committee also recommends that the Government of Canada consider the establishment of a threshold to exclude from the effects of this Bill those pensioners whose total income is below the poverty line.

Respectfully submitted,

M. LORNE BONNELL
Chairman

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, because the proceedings are somewhat unusual from this point on, perhaps I should draw the attention of honourable senators to the fact that, according to the rules, the bill, having been reported without amendment, stands adopted without a motion being put, pursuant to rule 78(4).

Hon. Jacques Flynn (Leader of the Opposition): You have made a mistake. The bill does not stand adopted.

Senator Frith: That is precisely what I meant, the subject of "stands" is the report. That is quite correct.

In case there is doubt in anyone's mind, when a committee reports a bill without amendment, such report stands adopted without any motion being put, and the rule goes on to say:

> —and the senator in charge of the bill shall move that it be read a third time on a future day.

In this case, of course, we have an order that the Senate shall debate and vote on the bill today, and that all questions necessary to dispose of it shall be put by 4.45 this afternoon.

• (1410)

In addition, Senator Flynn suggested on the last occasion that, instead of moving third reading later today, we might agree to proceed with the debate on the bill now and postpone Question Period. We are agreeable to either procedure, but I point out that it will be debated either later today or now, pursuant to the Senate order, and not on a future day. Honourable senators may want to proceed with the debate now or wait until it arises under Orders of the Day.

Senator Flynn: Honourable senators, since the chairman of the committee is not present and there are recommendations at

this stage, I would imagine that once third reading has been moved by the sponsor of the bill we would have an explanation provided by the chairman of the committee or the acting chairman of the committee, Senator Bosa.

As far as Question Period is concerned, I do not know if many questions will be posed, but by proceeding with it now perhaps we would allow some senators to arrive in time for the debate and the vote later today. Perhaps it would be a better idea to have Question Period now, for whatever it is worth or for whatever time it takes.

Senator Frith: Honourable senators, I agree with the Leader of the Opposition on both points. I believe it is clear that the correct procedure is to debate the recommendations and other contents of the report at the third reading stage. I agree with him that it would be quite appropriate for the acting chairman of the committee to lead off the debate on third reading or, at least, engage in the debate on third reading to explain the recommendations contained in the report.

As to the second point, I agree also that we should proceed with the items on the agenda as usual, and have the motion for third reading as the first item on Orders of the Day. If that is agreeable, I ask the Leader of the Government, the sponsor of the bill, to move that the bill be read the third time later this day.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before that action is taken, may I enquire as to whether we will receive copies of the report? Not all of us are members of that committee. We have heard the report read, but it is not possible to grasp what is in it merely by hearing it read. I think it would be a good idea if the chairman of the committee could arrange for the distribution of copies of that report before we begin our third reading debate.

Senator Frith: That is a good suggestion and we shall see that that is done.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Olson: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until tomorrow, Tuesday, February 1, 1983, at 8 o'clock in the evening.

I can explain the reason for this motion if leave is granted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1415)

Senator Frith: Honourable senators, normally we would adjourn until 2 o'clock tomorrow afternoon unless otherwise ordered, and I am therefore moving that we sit at 8 o'clock in the evening. Four or five committees will be sitting tomorrow, and adjourning until 8 o'clock in the evening will facilitate the work of those committees. The intention is to deal with some of the items on the Order Paper tomorrow evening.

Hon. Jacques Flynn (Leader of the Opposition): No legislation is expected from the House of Commons today or tomorrow?

Senator Frith: That is correct.

Hon. Jack Marshall: Honourable senators, I take issue with the deputy leader's statement. It is my understanding, if the news reports are correct, that in the other place there will be limitation of debate on Bill C-131, to amend the Old Age Security Act, which means the debate will be concluded today or tomorrow. Will that mean that the Senate will be under duress and that we shall be under pressure to pass the bill without proper debate so that cheques can be issued?

Senator Frith: It is my understanding that the House of Commons will be at the report stage of Bill C-131 tomorrow. On Wednesday they will be dealing with the question of reports on the composition of committees. Therefore, the third reading of Bill C-131 will not take place until Thursday.

I believe that my colleague, the Leader of the Government in the Senate, as a member of cabinet, can tell us more about the cheques.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the answer is very simple: the cheques have already gone.

Senator Flynn: As usual.

Senator Marshall: You're cute.

Hon. Frederick W. Rowe: Could the Leader of the Government give us some warning as to what we may expect for the remainder of this week?

I am sure honourable senators are aware of the fact that in eastern Canada we have a major strike on our hands involving Eastern Provincial Airways. For the first time in months the 7 o'clock 727, on which we were travelling this morning, was filled. I think that is rather indicative of the fact that we may expect to encounter some difficulty in making arrangements to travel back and forth in eastern Canada.

Would the Leader of the Government give us any information he has regarding what we may expect for the remainder of this week?

Senator Olson: Honourable senators, I have discussed this with a number of senators, including the Leader of the Opposition. I would suggest that we proceed with what has now been proposed—that is, the Senate sitting tomorrow evening so that committees can meet all day tomorrow.

A number of items on the order paper are not government business. We could deal with those tomorrow evening if honourable senators so wish.

Unless we receive some further government business or legislation from the other place by tomorrow evening—and the prospects of that happening are not great at the moment, but I have to add that caveat—I would suggest that we adjourn until the following Tuesday.

As the deputy leader has already pointed out, there is a greater possibility that we will have further government business later in the week, perhaps by Thursday. There are a number of bills that the government believes have been debated adequately. They have been debated for a number of weeks, and in some cases for longer than that, so it is really entirely in the hands of the opposition as to whether they wish, for whatever reason, to pass some of these bills through the last stage in the other place now.

● (1420)

I believe that many of these bills are now at the last stage in the other place, so it is possible that they will come to us quickly. I am sure that honourable senators are prepared to deal with those bills when they arrive. At the moment, however, it does not appear to us that any of them will come over this week. Only Bill C-131 would be introduced into the Senate next Tuesday, at which time we would try to make a projection as to the government business we will receive next week. I think honourable senators will agree that we should spend however much time is required to deal with it.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting on Wednesday, February 2, 1983, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Can the Leader of the Government tell us whether we will have the benefit of the presence of the other ministers this afternoon? I ask this question because he himself, having no specific responsibility, as a rule, can only take questions as notice and provide a reply which is supplied to him by someone else. The ministers, on the other hand, have specific responsibilities. Senator Perrault, for example, has the immense responsibility of fitness and amateur sport. Senator Argue is responsible for the Wheat Board. Senator Austin is responsible for an infinite number of little boards of all kinds.

The ministers appear in this chamber to give us specific answers to questions which are of their immediate responsibility. Although the presence of the Leader of the Government is always enjoyable, we really cannot do much by way of an active and useful Question Period without the presence of the other ministers.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I suppose it all depends on the questions that are asked and the manner in which they are framed. If the Leader of the Opposition and other honourable senators would ask their questions now, I may know the answers to some of them. I have some information here, if the right questions are asked.

Senator Flynn: The right questions?

Senator Olson: Furthermore, honourable senators will invariably get more fully considered replies to their questions if they give us some notice of them.

With respect to the presence of the other three ministers, I can tell the honourable senator that Senator Argue is attending an extremely important meeting in Europe, and he may not be back for several days. I am sure that when he returns he will be able to tell us whether he has good news with respect to some parts of the Canadian economy, particularly the grain sector. At any rate, he will be able to tell honourable senators what the Canadian delegation has attempted to do at that meeting, and the results may signify good news for us.

I will make inquiries about Senators Austin and Perrault, although I reiterate that I am happy to take questions as notice. Honourable senators will get full and complete answers, possibly by tomorrow night, and, if not, as soon as is possible.

● (1425)

Senator Flynn: I must say, that is quite different from the time when the Leader of the Government was responsible for economic development. He could talk about everything and, even if he did not say much, he was quite entertaining.

Senator Olson: In reply to the Leader of the Opposition, I would say that I am quite prepared to be entertaining now, if that is his objective.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not so anxious to be entertained as I am to be informed. I should like the minister to tell me whether he can give us an undertaking that Senator Austin will be in the chamber tomorrow. I have some questions that I would like to put to him concerning certain of his activities and it would be more productive if I were able to do so face to face rather than through the intermediation of my honourable friend, competent as no doubt he is. I would like the Leader of the Government to let me know if I can anticipate Senator Austin's presence tomorrow.

Senator Olson: Honourable senators, in the interest of being informative, I will see that a message is conveyed immediately to Senator Austin to inquire whether we can anticipate his attendance here tomorrow. I shall try to advise my honourable friend later today.

GRAIN

CROWSNEST RATES—ANTICIPATED STATEMENT BY MINISTER OF TRANSPORT

Hon. Duff Roblin (Deputy Leader of the Opposition): Can the Leader of the Government tell me whether any statement will be made in the Senate tomorrow concerning the Crow? I believe a statement is being made by the Minister of Transport in the other place. Who will be responsible for informing us?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there has been some speculation, that may or may not be completely accurate, about a number of press conferences to be held tomorrow. In reply to the more specific question as to whether a statement will be made here tomorrow evening, when the Senate meets at 8 p.m., I expect it is entirely possible that honourable senators will by then—much earlier in the day—have in their possession a number of communiqués and other pieces of information respecting the announcement.

Senator Roblin: Honourable senators, communiqués are all very well in their place, and press conferences are all very well under certain circumstances, but when Parliament is sitting, I do not consider it too much to ask that the government make a statement to Parliament, including this house, as to what is being done with respect to the Crow. We are all on tenterhooks to see how Senator Argue's third option is making out in those discussions; to see, whether he has been sunk without a trace or whether he has been raised on high. I am curious about that. I am sure that the people in my part of the country would expect me to be informed by the government as to what it is going to do with respect to the Crow. If the government makes a statement in this house, it then provides an opportunity for an exchange of opinions.

Senator Olson: I understand that clearly. To answer the specific question concerning who will be here tomorrow evening, obviously I shall have to make some inquiries. I can give the honourable senator as well as other honourable senators the assurance that they will be fully informed regarding the announcement. The honourable senator will have that information in his possession tomorrow.

Senator Roblin: Honourable senators, I would like to know if there will be someone on the front bench who can speak about it. In my opinion, it is not good enough to tell us that we are going to have a press release. What we will require is a discussion of some of the aspects of that in the house, with a further explanation from the minister. If the Leader of the Government is in the house, then I suggest that he undertake that responsibility.

Senator Olson: I will take those representations into account.

EUROPEAN ECONOMIC COMMUNITY

FISHERIES POLICY

Hon. Jack Marshall: Honourable senators, can the minister give us some further information on the fisheries policy in connection with the European Economic Community? I understand that a new policy was released on January 25. However, when I telephoned the organization, I was told that the person who was listed to provide the information was away for a month. They said that a policy would be issued soon.

This is important to Canada, and particularly to the Province of Newfoundland with respect to the allocation of quotas, especially in view of the fact that the European Economic Community is not helping the development of Newfoundland or its economy since it is banning the sale of seal pelts in Europe. How can anyone in the Senate deal with such a situation when there is no fisheries committee?

I am hoping that the minister will be able to reply without my having to wait a week, by which time the question may be outdated, as are many of my questions and the delayed replies that I receive.

Hon. H. A. Olson (Leader of the Government): Honourable senators, there are two aspects to that question. The first is whether there will be an announcement, and my honourable friend knows as well as I do that an announcement will come when they are ready to make the announcement. I do not think that a day was specified in advance, nor do I think that a date has been specified as to whether there will be an announcement following a number of activities which are under way with respect to the Atlantic fisheries.

• (1430)

The other point is that I should like some expansion on the announcement dated January 25, to which the honourable senator referred. I am not sure of the contents of that announcement. So if there is something in that communiqué, or whatever it is, perhaps the honourable senator would like to expand on his questions and I shall obtain an answer for him.

NEWFOUNDLAND

CORNER BROOK—SUGGESTED LOCATION OF FISHERIES COLLEGE—EXPANSION OF JOB CREATION PROGRAMS

Hon. Jack Marshall: Honourable senators, let us take a look at the answer that appeared in *Debates of the Senate* on January 25 with regard to the location of the fisheries college. The reply says that the federal government is acceding to the request of the provincial government because education is a provincial responsibility. The minister knows that the access schools across Newfoundland were built by the Department of Regional Economic Expansion. There is no point in giving an answer like that. It is superfluous, ridiculous and an answer which everybody in the country who has an interest in the matter knew two or three weeks ago. My question was directed to the status of the college, whether money has been allocated for its construction and whether the location of the college has been decided. If the Leader of the Government reads House of Commons *Hansard,* he will find that different ministers have given different versions of the government's intentions—one being that the matter is still open to question.

Hon. H. A. Olson (Leader of the Government): Honourable senators, whether Senator Marshall likes it or not, he has to accept the fact that until a firm decision has been made by the government and the ministers are, therefore, authorized to make a firm announcement as to site, amount of funding and so on, he will have to wait. I shall check into the matter again, but if the honourable senator will read the answer carefully he will find that it responds to his question. If there are still some questions open to discussion or negotiation with the Province of Newfoundland, then we cannot make an affirmative announcement until those discussions have been concluded.

Senator Marshall: Let us turn to another answer dealing with the closing of the Bowater plant in Corner Brook, Newfoundland, necessitating the laying-off of some 700 people and resulting in a serious effect on the economy of western Newfoundland. The answer I received was to the effect that departmental officials are monitoring the situation. What kind of answer is that? Either they do not regard senators as being responsible people or they just do not care.

Just three weeks ago I spoke to the chairman of Bowater Corporation and received an answer which had nothing to do with monitoring. If officials are monitoring the situation, why does the answer not say, "We are not interested" or, "We are not doing anything," instead of giving an answer that is embarrassing?

Senator Olson: Honourable senators, the reason that answer was given is because it is the truth. It is not true to say that we are not interested or that we are not concerned, but it is probably true to say that the departmental officials are monitoring the situation. The departmental officials are not the managers of the plant, as my honourable friend knows, and until we are ready to make an announcement of any type with respect to any government action on the matter it is probably highly desirable to monitor the situation. I do not think that my honourable friend should cast such a disparaging light on that answer or, indeed, on the value of monitoring a private sector company involved in economic activity anywhere in Canada. The reason the answer was given, I presume, is that it is the truth and that is what we try to give in all answers.

Senator Marshall: The Leader of the Government used to be the Minister of State for Economic Development, so he should know something about the matter. Perhaps he could talk to the responsible and expert officials in the Department of Industry, Trade and Commerce and obtain a real answer instead of passing the buck.

Senator Olson: That answer was not intended to pass the buck.

Hon. Jacques Flynn (Leader of the Opposition): No, to keep it for you.

EDUCATION

POST-SECONDARY—STATUS OF FUNDING

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Tremblay on December 21 with respect to post-secondary education support. It is a very long one and I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

On December 21 Senator Tremblay raised some questions about the progress of discussions with the provinces regarding federal support to post-secondary education in Canada. I am pleased to supply further details on this matter. Let me trace the developments of the past 15 months chronologically.

In the November 1981 budget speech, the Minister of Finance indicated that it was the intention of the Government of Canada to seek better federal-provincial arrangements for support of post-secondary education than those offered by the current established programs financing legislation. He stated that March 31, 1983 was the target for achieving satisfactory progress towards this goal.

In February 1982 the Prime Minister offered at the first ministers' conference to extend for an additional year the period for working out new arrangements provided the provinces offered assurances that they would maintain their current share of funding for post-secondary education and would discuss with the federal government ways in which national objectives and concerns in this field might better be met. Unfortunately, the provinces rejected this offer.

On July 9, 1982 the Secretary of State met with provincial ministers responsible for education and outlined the federal position as follows:

"The Government of Canada wishes to achieve three main goals in new arrangements for its general financing of post-secondary education:

—first, we wish to contribute, in an equitable way with the provinces, to providing the resources needed for a strong, dynamic post-secondary system throughout Canada;

—second, we intend to ensure that federal support, in whatever form it takes, is provided in a much more accountable way than at present;

—third, we wish to meet national objectives in support of post-secondary education. In particular, I place high priority on strengthened support of students."

He stressed that it was essential that the constitutional responsibilities of the provinces for education be respected and stated that he wished to consult the provinces on all of these aims before the federal government decided on the measures to be taken to achieve them.

On September 28 the Chairman of the Council of Ministers of Education, Canada, the Hon. Bette Stephenson of Ontario, wrote to the Secretary of State on behalf of her provincial colleagues. She stated that the provinces favoured a maintenance of the principles of established programs financing and indicated a willingness to discuss further the various issues that had been raised in the July meeting.

Since that time, the new Secretary of State, the Hon. Serge Joyal, has held discussions with various provincial ministers, and especially Dr. Stephenson, as well as with representatives of students, faculty and the post-secondary education institutions, to explore further the ways in which federal support can best be provided to Canada's higher education system. Most recently, he met on January 23 with the provincial ministers who were gathered in Victoria for a meeting of the Council of Ministers of Education.

Meanwhile, the Minister of Finance at the December 16 meeting of federal and provincial finance ministers outlined some of the possibilities under consideration by the Government of Canada for future post-secondary support and stated that he would be looking to the outcome of the Secretary of State's discussions with education ministers for an indication of the kind of co-operation that could be developed. Incidentally, I should correct the impression given by Senator Tremblay that EPF arrangements expire March 31, 1983. There is, in fact, no termination date on the current legislation.

The government is optimistic that out of these discussions can come, in the near future, new arrangements for post-secondary support that ensure a closer relationship with national objectives in this field. Let me stress that these objectives encompass not only some rather specific concerns with providing the highly qualified manpower and research capabilities that are essential for our future economic development, but a broad base of general support for the education system and its students. Such matters involve much more than simple fiscal transfers and this is why discussions with the provinces naturally involve, as Senator Tremblay implied, both finance ministers and ministers responsible for education matters.

FORESTRY

NEWFOUNDLAND—SITE OF RESEARCH CENTRE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Marshall on January 26. I am sure that he will be very happy because it is the same kind of complete and accurate answer as he usually receives.

Hon. Jacques Flynn (Leader of the Opposition): He is the only one.

Senator Olson: Since it is not long, perhaps I should read it. The question concerns the site for a federal forestry research centre in Newfoundland.

Honourable senators, the Province of Newfoundland would like to relocate the Newfoundland Forestry Research Centre from St. John's to Corner Brook. Indeed, the Province of Newfoundland has indicated that it is willing to make land available to the federal government in the Corner Brook area for the construction of such a research facility.

This generous offer will be taken into consideration by the Site Selection Committee which is to present a report to the Minister of the Environment concerning the possible relocation of the Forestry Research Centre. The committee is chaired by Mr. W. J. Carroll, Regional Director for Newfoundland and Labrador of the Canadian Forestry Service.

As well, the committee is also considering representations from members of Parliament, members of the Legislative Assembly and community workers—

Hon. Jack Marshall: What about senators?

Senator Olson: —and will make its report to the minister within the next few weeks. I wanted to finish the answer before I replied to Senator Marshall's question concerning representations from members of the Senate. Members of the Senate are members of Parliament.

Senator Marshall: That's right; I forgot. Thank you for that very nice answer.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on December 16, 1981. It relates to the sale of military equipment to South Africa. I previously gave an answer dealing with the general principles applying to his question and promised to give more detail. I now have the detail. It is about two pages long and I am prepared to have it taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

First, the export of military and strategic goods and technologies are controlled under the legislative authority of the Export and Import Permits Act. Under this act, export permits are required for a wide range of strategic industrial goods and technologies as well as military and nuclear goods and technologies as defined in the Export Control List (ECL). Goods identified on the ECL require permits for export from Canada to all destinations except the U.S.A. where permits are generally not necessary if that is the ultimate destination of the goods.

The process of export permit approval provides and will continue to provide for close scrutiny of individual applications. Where political or security implications exist, permit applications are reviewed by both the Department of External Affairs and the Department of National Defence. Difficult or sensitive cases are submitted to concerned ministers and may also be referred to Cabinet wherever the same is deemed to be appropriate.

Military goods and technologies subject to the U.N. arms embargo on South Africa are identified on the Export Control List. The majority of goods listed on the Export Control List are not military but rather strategic industrial items; that is, equipment and technologies of a commercial civilian nature and design that could have a military application. Included here are items such as computers, telecommunications systems, certain civilian aircraft, avionics equipment, sophisticated industrial fabricating machinery, etc. Exports of this type of equipment to South Africa are allowed only when destined to bona fide commercial concerns for civilian application. Where doubts are raised about the end user of such equipment, permit applications are considered interdepartmentally. Should there be any evidence that the equipment in question is to be used for military purposes against the civilian population, the permit application is denied in keeping with U.N. Security Council Resolution No. 421. No export of military goods to South Africa is approved.

Secondly, although the prime criterion for government assistance to industry under the Defence Industry Productivity Program (DIPP) or the Program for Export Market Development (PEMD) is that an adequate exports market is identified which meets program requirements, all exports must also conform to requirements of the Export and Import Permits Act.

The vast majority of defence and related high technology products assisted by DIPP are exported to the U.S.A.; others would be sold only to countries for whom an export permit could be obtained. Therefore few, if any, such products were exported knowingly to countries "regularly cited by Amnesty International for human rights violations". However, since DIPP assists a wide range of Canadian industry, including manufacturers of castings, precision machining, steel plate, etc., most of which are exported to the U.S.A., it is possible that some Canadian components could be included as part of complete U.S. products which might be exported to some of the countries in question.

In the case of PEMD, assistance is granted for a very wide range of products and services, many of which do not involve products listed on the ECL. However, many exports to countries listed on the Area Control List (ACL) of the Export and Imports Permits Act or those subject to U.N. Resolutions would still require export permits, which might not be granted. In this regard, it should be noted that PEMD assistance would not be granted if it was known at the time the application was being processed that an export permit would not be granted.

Thirdly, applications for assistance under these two programs are not considered "exclusively on an economic basis"—by which it is assumed is meant on the basis of the value of sales. To qualify for assistance a number of eligibility criteria must be met both by the company and the product—which are available from ITC/REE Program Office, Regional Offices or DEA Defence Programs and Special Marketing. If there is a question of a need for export permits, then interdepartmental consultation between DEA and DND, and other departments as appropriate, takes place as standard procedure.

[The Hon. the Acting Speaker.]

SUPPLEMENTARY RETIREMENT BENEFITS ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. H. A. Olson (Leader of the Government) moved the third reading of Bill C-133, to amend the Supplementary Retirement Benefits Act (No. 2).

He said: Honourable senators, I think that Senator Flynn will agree with me when I suggest that perhaps we ought to hear from the acting chairman of the committee. I would like to compliment the committee on their work last week on Bill C-133. The two recommendations are such that we should consider them. Therefore, I think it would be useful to begin that consideration by having an expanded report from the acting chairman of the committee.

Hon. Jacques Flynn (Leader of the Opposition): We want to hear from Senator Bosa.

Hon. Peter Bosa: Honourable senators, the committee met last Thursday at 9 o'clock and it heard all the witnesses who wanted to appear and make representations.

● (1440)

At the end of the testimony the committee engaged in a lengthy discussion of what it ought to do and what it ought to recommend to the Senate. It came to the conclusion—not unanimously, I must say—that it would report the bill to the Senate without amendment. However, the committee did include two recommendations in its report.

The first recommendation was basically Senator Thompson's. He had been advised by Mr. Barnes of the Federal Superannuates National Association, who appeared before the committee, of the fear that that association had concerning the long-term effects of the application of the 6.5 per cent and 5.5 per cent increases on pensions. In response to that the committee approved the following recommendation:

> Your committee recommends that at the end of the current control period action should be taken to adjust pension levels as may be necessary to eliminate the long-term effect on real pension levels.

The committee then proceeded to discuss another aspect of the effects of the 6½-and-5½ program and, as a consequence, made the following recommendation:

> Your committee also recommends that the Government of Canada consider the establishment of a threshold to exclude from the effects of this bill those pensioners whose total income is below the poverty line.

Some senators were under the impression that the approximately 30,000 pensioners who receive survivor's benefits, and whose average benefit or pension is approximately $3,200, would be in such an age bracket that that would represent their entire income. That was the reason behind this recommendation.

However, we were not provided with any statistics by either the minister or the officials of the department, or by the witnesses who appeared before the committee. We were not told, for instance, the age bracket of these 30,000 or so recipients of such small pensions; we were not given any statistics relating to why their pension are so low. The members of the committee could only speculate on whether particular pensions were low because the recipient's spouse had been an employee of the government for only a short period of time and had then died. If that were the case, the recipient of that particular small pension might be a young person who has remarried.

If the person in question had died after January 1, 1966, the day on which the Canada Pension Plan went into effect, then, as honourable senators will recall, there would have come into play the provision in the Canada Pension Plan that anyone who had contributed for a period of ten years would receive the full benefits under the plan, while anyone who had contributed for fewer than ten years but had reached the age of 65 would receive a percentage of the benefits that the plan provides.

We can presume, honourable senators, that, since the Canada Pension Plan has been in effect for the past 17 years, anyone who died 16 years ago or later would have left some survivor's benefit to his or her spouse. That is the only conclusion we were able to come to, and that was based on our searching our memories rather than on statistics and hard facts that might have been provided by either the witnesses or the officials.

I hope, honourable senators, that that explains the thinking behind the recommendations accompanying the report I have submitted today on behalf of Senator Bonnell.

Senator Flynn: Did you support those recommendations yourself?

Senator Bosa: I supported one of them.

Hon. Orville H. Phillips: Honourable senators, before I make a few brief remarks on the bill, will the Leader of the Government indicate to the Senate whether the government is prepared to accept the recommendations of the committee? Can he give us some indication of the government's thinking before further debate takes place?

Senator Olson: Honourable senators, Senator Phillips will understand that the Leader of the Government in the Senate, even though he is a member of the cabinet, cannot give that undertaking now. What the committee recommends is that at the end of the current control period some action should be taken to adjust pension levels for a number of reasons. It also recommends that the government consider the establishment of a threshold.

The fact of the matter is that the Standing Senate Committee on Health, Welfare and Science has only now presented its report to this chamber. The government has not had time to consider it. On the basis of simple logistics, it is obvious that that question cannot be answered; but even from a policy point of view I am in no position to give the kind of undertaking Senator Phillips has asked for.

Senator Phillips: Honourable senators, as Senator Bosa stated, the committee heard a number of groups. In the morning session the superannuates's association presented an excellent brief, and gave the committee members the benefit of their personal situation and experience. I found that group to be quite helpful. The other groups which appeared in the afternoon also presented helpful views.

The concern of the committee can be summed up in the two recommendations attached to the report. Its first concern was the fact that this is not a two-year measure. As this legislation stands, the reduction or loss of pension resulting from the decreased indexation will continue for the lives of the recipients and the lives of their survivors. The committee concluded that at the end of this legislation the recipients of the pension should have the indexation restored to the level which would exist if the legislation were not passed.

If I understood him correctly, Senator Bosa mentioned that the recommendations were not unanimous. I believe, however, that this recommendation was unanimous.

Am I correct in that belief, Senator Bosa?

Senator Bosa: I was referring to the report's not being unanimous. Certainly, this recommendation was unanimous, yes.

Senator Phillips: Honourable senators, one member of the committee expressed a concern—and he may wish to elaborate on it—that pensioners should be included in any further benefits given to public servants. Retired public servants have

no means of negotiating with the government. It is quite possible, therefore, that in future public servants may receive further benefits to compensate for the reduction of their present salaries. The suggestion was that that should be reflected in pensions as well.

The particular member of the committee who voiced that suggestion expressed eloquently the viewpoint that pensioners should be treated in the same manner as the present employees.

Senator Lafond, in his remarks, expressed the viewpoint that there should be a threshold for the income which would be affected by this legislation.

• (1450)

Senator Bosa referred to the possibility of other income. I really do not think that that is important, Senator Bosa, because it is the poverty line that is important. If a survivor is receiving $3,200 from a spouse's public service pension, and a small amount from the Canada Pension Plan, the amount from the Canada Pension Plan is really unimportant as far as this recommendation is concerned. It is the poverty line that is important with respect to this recommendation. I am sure Senator Bosa recognizes that and was not trying to whitewash the recommendation or weaken it in any way by ignoring the fact that the poverty line is the essence of the recommendation.

Honourable senators, one item that disturbed me personally during the committee stage—and I think it disturbed Senator Bosa also—was the difficulty of accounting for these various superannuation funds. There is, as honourable senators are aware, a superannuation fund, and then a separate fund for indexation funds. The government treats the superannuation fund differently from the way it treats the supplementary retirement benefits fund. This leads to confusion when a public servant retires and the government has not paid interest into the supplementary retirement benefits fund, with the government maintaining it did but that it credited it to the individual's fund. One has to be somewhat of an actuarial expert to follow the arguments on both sides. I am certainly not an actuarial expert, nor do I think are other members of the committee. Therefore, I should like to see the Standing Senate Committee on National Finance study this and make a recommendation to the government that both funds be treated in the same manner so as to avoid this confusion.

Honourable senators, the Leader of the Government, in reply to a question I put, said that the report of the committee had just been received, and that the government had had no time to consider it. I would be very surprised if on Thursday afternoon the Leader of the Government did not know about these two recommendations. I saw the Liberal whip at the committee proceedings, so I presume he would have advised the Leader of the Government on Thursday of those two recommendations.

If the Leader of the Government did know about them on Thursday afternoon, I should like him to tell us if he had an opportunity to speak with the President of the Treasury Board. I should like him to assure this chamber that the government is prepared to give serious consideration to these two recommendations.

MOTION IN AMENDMENT

Senator Phillips: The second recommendation, honourable senators, requires immediate attention. We cannot wait until the program expires to establish a threshold. That must be done immediately. Therefore, in order to give the government an opportunity to establish that threshold, I move, seconded by Senator Muir:

> That Bill C-133, an Act to amend the Supplementary Retirement Benefits Act (No. 2), be not now read a third time, but that it be read a third time this day six months hence.

Hon. John M. Godfrey: Honourable senators, if no one else wishes to speak at this time, I should like to make one comment, and that is—

Senator Flynn: When the question on the motion in amendment is put, you may speak.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Muir:

> That Bill C-133, an Act to amend the Supplementary Retirement Benefits Act (No. 2), be not now read a third time, but that it be read a third time this day six months hence.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not intend to debate the motion in amendment, but in light of the order of this house, that the motion for third reading be voted on, and all necessary questions to dispose of third reading be put, not later than 4.45 this afternoon, I question whether the motion in amendment is not contrary to that house order and, therefore, should be ruled out of order as it applies to this particular bill.

Senator Flynn: I do not really see how the deputy leader can make that argument. It must flow from his imagination. There is no doubt that the order we have adopted does not preclude any amendment of any kind.

If the deputy leader reads paragraph 3 of that order, he will see that it states:

> That no later than four forty-five o'clock p.m. Monday, 31st January, 1983, any proceedings before the Senate shall be interrupted and all questions necessary to dispose of the third reading of the said Bill shall be put forthwith without further debate or amendment.

It says "all questions", not "the question".

I do not know whether the plural means nothing or whether it is the contention of the deputy leader, that it does mean nothing, but I should like to hear from him on that point.

Hon. Duff Roblin (Deputy Leader of the Opposition): I think he is confusing passing the bill with disposing of the amendments before the house.. There is nothing in the order that says we have to pass the bill; the order merely says that

we must dispose of it, and that is what we intend to do. If the government follows our advice, it will be disposed of for quite a long time.

My honourable friend ought to make that distinction. He is so anxious to get it passed that he thinks the only alternative we have is to pass it, but that is not so. The order says that we must dispose of it, and we can dispose of it in any manner we wish. There is nothing in the order that says we have to pass it, therefore, the amendment moved by my honourable friend, Senator Phillips, is perfectly in order.

Hon. Henry D. Hicks: Honourable senators, it seems to me that the only question we have to resolve now is whether we vote on Senator Phillips' motion for a six-months' hoist now, or whether we delay that vote also until 4.45 p.m. It is of little concern to me which the house decides to do.

Senator Flynn: One way or another, I have no problem. If it is the wish of the deputy leader that the two questions be put together at the end—

Senator Frith: Honourable senators, it is really not a question of what I want or do not want; it is a question of whether the motion is in order.

In my opinion, there is a question with regard to this particular motion in the context of the order of the Senate, because this is not a motion amending the motion for third reading, but a motion for a six-months' hoist which, in effect, defeats voting on the motion for third reading.

Of course, what I am anxious to do, and what I think the Senate was anxious to do having regard for the order it made, is to have this disposed of, not necessarily to have it passed. It is up to each senator to decide whether it should be passed or not.

I believe there is a question of order regarding this particular motion for a six months' hoist in the context of the wording of the house order, and I simply ask for a ruling on it. It is not a matter of personal caprice.

Senator Flynn: Are you really serious? I think you should study the meaning of that kind of motion, which has the effect of defeating the bill without saying that we are entirely opposed to it. It is the equivalent of voting against third reading but in a different way from voting directly against third reading. The six months' hoist has always been interpreted that way. I do not think Senator Frith has understood the words he read.

● (1500)

The Hon. the Acting Speaker: Honourable senators, do I put the question?

Senator Flynn: If Your Honour says that the motion is in order, I think that Senator Godfrey wants to speak to it now, and perhaps I shall have a few words to say as well.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Frith: Is Your Honour ruling that it is in order, then?

Senator Godfrey: Honourable senators, if I might make a suggestion, I do not think it is fair to the Speaker to have to make a ruling at this particular moment on something that requires some thought. The ruling could be made at 4.45, and we could have the two votes at that time.

Senator Flynn: I agree with that. If Your Honour wants to take the objection of Senator Frith under advisement, that is fine. In the meantime, we could continue the debate.

The Hon. the Acting Speaker: I declare that the motion in amendment is in order, so if you want to discuss it, go ahead.

Senator Frith: Is that without any further reference to the rules?

Senator Roblin: Wait a minute!

Senator Frith: Honourable senators, let me tell you what I had in mind.

Senator Flynn: When it is obvious, there is no necessity.

Senator Frith: Senator Flynn asked if I were serious. I simply want to draw to the attention of honourable senators that there is a provision in *Beauchesne* that the motion for a six months' hoist is in order on second reading. This bill has already received second reading. In my submission, this motion is not in order on third reading.

Senator Flynn: Why?

Senator Frith: The reference is at page 225 of *Beauchesne.*

Senator Flynn: Because it says it is in order on second reading, you cannot argue that it is out of order on third reading.

Senator Roblin: That is ridiculous.

Senator Flynn: You are really pushing things.

Senator Frith: I assume that when Senator Flynn says "you" he means the Speaker, since he makes his comments on a ruling—

Senator Flynn: When I say "you" I mean you, Senator Frith.

Senator Olson: Honourable senators, I wonder if I could—

Hon. Robert Muir: Honourable senators—

An Hon. Senator: Order!

Senator Olson: I think I have the floor.

Senator Muir: I rise on a point of order—

Senator Olson: It is a point of order that we are talking about.

Senator Frith: The Speaker has made the ruling, so let us leave it at that. We are uselessly getting into name-calling.

Senator Olson: My point is that there are other associated problems, namely, the matter of the debate of the motion. I believe there has been a suggestion, which perhaps we should consider, that there cannot be two motions before the house at the same time. Even Senator Flynn will agree to that.

Senator Roblin: There are not.

Senator Olson: It is a hoist. There is no doubt about that. Perhaps we could carry on with the debate until the house order takes effect at 4.45, and put both motions at the same time.

Senator Roblin: Honourable senators, I should like to speak to a point of order. I want to point out to the deputy leader that *Beauchesne* also deals with amendments on third reading. He gave us the rule about amendments on second reading which clearly makes it obvious that six months' hoist, as is being proposed, is in order on second reading. If he turns to page 239 of *Beauchesne,* paragraph 802, he will see the following:

> When an Order of the Day for the third reading of a bill is called, the same type of amendments which are permissible at the second reading stage are permissible at the third reading stage—

Of course, that is ordinary common sense.

Hon. L. Norbert Thériault: Honourable senators, the most elementary rule of Parliament is being ignored. Her Honour the Acting Speaker made a ruling at least ten minutes ago, and put a motion. I would hope that this chamber will respect that.

Senator Roblin: Hear, hear.

The Hon. the Acting Speaker: Honourable senators, is it agreed that the two motions be put at 4.45?

Senator Godfrey: Honourable senators, it makes sense that we should continue until 4.45, and dispose of both motions at the same time. I do not know what the proper procedure is.

Senator Flynn: I do not mind if the vote is taken now, but if Senator Godfrey wants to speak—

Senator Godfrey: The point of procedure that I was going to speak on was something entirely different. I want to speak on that later. I am sorry.

Senator Flynn: If the motion is before the house and has been ruled in order, I want to add a few words.

I could not attend the committee meeting in the afternoon, but I was there in the morning. I heard witnesses and the minister, in particular, establish that this bill has nothing to do with the deficiencies of the pension system, in either its general application or in connection with the indexation of pensions. These problems have been in existence for a long time. I believe it was made clear that the government could have operated in another way, but that was not the point of this legislation.

The government claims it brings in this legislation under its six-and-five program. There again, no evidence was adduced to prove that it had anything to do with it, because the program aims especially at the freezing of wages, and pensions in the private sector, for instance, are not affected. The Canada Pension Plan is not affected. Why they picked on the public service in this particular instance is far from being clear.

The Leader of the Government said the other day that they are going to save $60 million this year and a little over $100 million next year, but the problem of reducing government expenditures is something entirely different from the question of the six-and-five. You can save money but the objective of the six-and-five program is to have less money available for consumers in general and to reduce expectations.

The minister was not able to convince me—I do not think he convinced many people in attendance—that they were not breaking an agreement with the public service pensioners or even with the public service employees by doing that. The minister's argument was that there is no mention in the collective agreement of pension benefits. The fact that there is nothing in the collective agreement does not mean there is not another agreement regarding pensions. It is obvious that when the associations or the syndicates negotiate the question of wages they take into consideration the benefits provided public service employees and pensioners by way of this pension system. It is clear to me, and as mentioned by Senator Phillips, that they are picking on a group—the pensioners themselves—who have no way of negotiating.

• (1510)

Of course, the inequities the report underlines are quite obvious. For those pensioners who are receiving a small pension under this system and probably very little otherwise, taking only a few dollars from them could mean a lot of hardship.

It is quite clear that the bill is not related to the six-and-five program. It is not aimed at correcting the deficiencies of the system and picks on a group unable to defend itself.

There was no consultation with any representative of this group before the legislation was introduced; the government did not accede to any of the requests made. Therefore, by voting for the motion for a six months' hoist we would be giving the government an opportunity to review the situation, to correct the inequities which the report mentions, if that is possible, or even to come to an agreement with the group affected by this legislation. Questions of equality and legality are involved here. We should deal with the bill by way of the six months' hoist.

Senator Thériault: Honourable senators, I made my feelings known to the Senate when I abstained from the vote on second reading.

As a member of the committee, I listened carefully to the representations made by various groups. I must take exception to the points raised by the Leader of the Opposition. In my humble opinion, only one point he has raised makes any sense.

As I said when I abstained from voting on the motion for second reading of the bill, I favour the six-and-five program. Contrary to the impression of the Leader of the Government, I was convinced, by listening to the minister, that, in fact, this bill is really part of that six-and-five program.

The reason it is part of that six-and-five program is because 90 per cent of the cost of indexation of the pensions is paid out of the Consolidated Revenue Fund and, therefore, if government employees are asked to accept increases of 6 per cent and 5 per cent so that less money will be taken out of the

Consolidated Revenue Fund, then the same principle should apply to those receiving those monies in the form of pensions.

My concern with this bill, which I did not explain in detail when I abstained, is the fact that ever since my involvement in public life began I have had difficulty accepting the principle of percentages. While in and out of government I have been given all kinds of reasons for the percentage basis, but nothing has changed my mind—I still see no fairness in it.

For those who are receiving a pension of $50,000, an increase of 6 per cent—when the cost of living may have been 10 per cent—will cause no hardship. However, for the poor people—that is, those whom I have tried to help during my public life—who require food, shelter and clothing, the basic necessities of life, it may cause hardship. When a person is receiving $50,000 or $60,000 a year, an increase of 6 per cent means an extra $3,000. Even when the cost of living is increased by 10 per cent, we know that that 10 per cent is not composed only of food, clothing and shelter.

When I asked questions during the committee hearings of those from government and the pensioners' representatives, no one could tell us who, in fact, would be hurt by this 6 per cent.

Some people may receive only $3,000 pension as a result of time worked with the government, but they may have other pension income from private plans or from other sources of income. However, we know that some people will be hurt. I am thinking particularly of widows whose husbands worked in the public service when salaries were perhaps as low as $8,000 or $10,000 a year. When the spouse dies, the surviving spouse will receive only 50 per cent or 60 per cent of that pension income. Therefore, at age 65, that person may be receiving only $5,000 or $6,000 a year. We were told that those people may only number 10,000, but I believe it is the job of government, with all the computer facilities now available, to find out who those 10,000 people are. If they cannot do that, I say there is something wrong with the system.

I cannot accept the view of the Leader of the Opposition that this does not pertain to the six-and-five program. It is part of it, and it is only fair that some who receive substantial pensions should contribute in times of economic hardship, particularly when employees are asked to make a sacrifice to this cause.

I expressed the view in committee that I would hope that, whatever the government, when the economy of this country returns to a normal plateau—and I do not mean a booming economy—the government will deal with pensioners in the same way as it will deal with employees. Under law, employees do have bargaining power, but, as the Leader of the Opposition has said, the pensioners have none. I hope that, down the road, the pensioners will be treated in the same way as the employees who have the pressure of bargaining power. When this bill expires at the end of two years, I hope that, whatever government has to deal with the matter at that time, it will treat the pensioners in the same way as it will treat employees.

In my humble opinion, I do not think the six months' hoist makes any sense. It is not new, and it is not the last time we will be faced with it. I think this bill should pass, and it should be our job, as senators, when this legislation expires, to keep pressing the government to be fair to pensioners.

Some Hon. Senators: Hear, hear.

Senator Godfrey: Honourable senators, I wish to speak on the question of procedure and whether or not the subject matter of this bill should not have been referred to committee three or four weeks ago.

When I first arrived here, we constantly heard about the Christmas closure, a rush of bills at the last minute before the Christmas adjournment that we did not have time properly to consider before passing. It was some years before I realized that the Standing Senate Committee on Banking, Trade and Commerce was, in effect, the only committee, with very rare exceptions, which studied the subject matter of bills introduced in the House of Commons before they actually reached the Senate.

It is quite obvious to me that this so-called "Christmas closure"—and we have an example of it in this bill even if it is not now Christmas—could be gotten around by commencing our study of the subject matter of these bills six weeks or two months before the bills reach the Senate.

● (1520)

Here is an example of a committee recommending that the government should consider that action be taken. It is too late, for all practical purposes, to pass an amendment at this time. The cheques to pensioners must go out tonight. If this committee had been considering the subject matter of the bill four or five weeks ago and had come to the firm conclusion that these two things should have been done, it could then have negotiated with the minister and insisted upon receiving the kind of undertaking that the Banking, Trade and Commerce Committee has received in the past—namely, that the act be amended within some reasonable time in the future in conformity with the committee's recommendations. The bill is not necessarily held up; the bill can be gone ahead with and the undertakings will have been obtained from the minister. Because the subject matter of this bill was not referred to committee a few weeks ago, much of the effectiveness of the Senate consideration is lost.

I merely point out to honourable senators that this is one of the matters I brought to the attention of the Leader of the Government in the Senate in a letter about nine months ago, a copy of which went to the committee chairmen. It was considered at a meeting of committee chairmen and it was the consensus, I believe, that we should resort to the procedure of studying the subject matter of a bill much more often than we have in the past. This bill is a perfect example of why we should do so.

Senator Bosa: Honourable senators, I should like to make a brief observation on some of the things that happened in committee. A number of senators expressed concern about the limited benefits received by survivors at the present time. As has been said earlier, it appears that there are approximately 30,000 spouses who receive such benefits. I was disappointed

in that the witnesses did not provide us with concrete examples, which would have enabled honourable senators to make judgments based on accurate information rather than on speculation. Senator Thériault speculated a moment ago, as did Senator Thompson last Wednesday in his intervention on this subject, that if the witnesses had come forward with some concrete examples which illustrated exactly why these pensions are so low, and if they could have referred us to two or three examples of cases indicating that these recipients had no income other than the benefit the spouses were receiving, perhaps we could have come to a more accurate conclusion. The only example given to us was that of one of the witnesses, a former army officer, who retired in 1976 at the age of 51 with a pension of a little more than $12,000. That pension was fully indexed and, according to him, now amounts to approximately $22,000.

One other point of concern to honourable senators was whether such people received other income from employment or other benefits from different sources. We asked this witness whether he had ever worked after retiring. He said that yes, he had, but that he and his wife had discussed the matter and had decided to relinquish full-time employment. He admitted that he works part-time now. Therefore, the members of the committee could not get a real handle on this extremely delicate and sensitive issue.

I should like to draw the attention of honourable senators to another aspect of the matter, to which the Leader of the Opposition made reference a moment ago when he suggested that the government applied this restriction only to pensioners. He said that the 6-and-5 program was designed as a salary restraint program. Perhaps the Leader of the Opposition overlooked the fact that this measure is also applied to family allowances. Further, with respect to pensions, it is only applied to that portion of the pensions which has to do with indexation, to which the government contributes a substantial amount of money through the Consolidated Revenue Fund.

Senator Flynn: Compensation is provided, however, for those pensioners who are below the poverty line or the annual guaranteed income.

Senator Bosa: Honourable senators, there were two other matters the Leader of the Opposition raised which I feel deserve comment: first, that the Canada Pension Plan is fully indexed, but the CPP is a fully contributory plan.

Senator Flynn: So is this.

Senator Bosa: No, it is not.

Senator Flynn: After 1970 pensioners have contributed to it.

Senator Bosa: It is a contributory plan to that extent, but the indexation part of it is not fully funded. The government has to make up the deficiency. The restraint is applied only to that portion which the government contributes to the fund.

Secondly, the Leader of the Opposition made reference to the fact that the government zeroed in on people who cannot defend themselves because they have retired.

Senator Flynn: That is what the Prime Minister said.

[Senator Bosa.]

Senator Bosa: It ought to be mentioned, however, that the indexation plan went into effect on January 1, 1974, but the indexation provision is applied to all of those pensioners who were receiving a pension prior to 1974. Therefore, it can be seen that the government has dealt with the retired public service community in the same way as it deals with the current government employees. I simply wanted to clarify that point.

Senator Frith: Honourable senators, I suppose we can consider whether we should separate these two questions. The suggestion has been made that the motion for the six months' hoist, which has been ruled to be in order, be considered one of the questions to be put.

Senator Roblin: Can we not put that question now?

Senator Frith: Yes, we could. I am content to have it voted on now, and then to proceed. It is also open to us to continue with debate and, when we have exhausted debate on all questions, including any other amendments which may come along, to put all of the questions at once.

Senator Flynn: As you wish.

Senator Roblin: I would just like to offer the suggestion that there may be some advantage to proceeding in the regular way; that is, if no one else wishes to speak on the six months' hoist, that we put that question and dispose of it now. There may be some honourable senators who would like to speak on the main motion. It is a little less confusing if they have the opportunity to do so in some clear way. This way is also closer to our rules, which establish that we ought to have one subject at a time before us for debate. Unless there is some strong reason against it, I suggest that we put the question on the amendment and dispose of that.

Senator Frith: Honourable senators, these are the options open to us now, and we are content to proceed with either.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Muir:

> That the Bill C-133, intituled: "An Act to amend the Supplementary Retirement Benefits Act (No. 2)", be not now read a third time but that it be read a third time this day six months hence.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

● (1530)

The Hon. the Acting Speaker: Please call in the senators.

Motion in amendment of Senator Phillips negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Balfour	Lafond
Beaubien	Macdonald
Bélisle	Marshall
Bielish	Muir
Charbonneau	Murray
Croll	Phillips
Flynn	Roblin
Fournier	Tremblay
Kelly	Yuzyk—18.

NAYS

THE HONOURABLE SENATORS

Adams	Lucier
Anderson	McElman
Barrow	McIlraith
Bosa	Molgat
Cameron	Neiman
Davey	Olson
Denis	Petten
Frith	Pitfield
Godfrey	Riley
Graham	Robichaud
Hicks	Rousseau
Langlois	Rowe
Leblanc	Stollery
Le Moyne	Thériault—28.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

● (1540)

The Hon. the Speaker: I declare the motion in amendment lost.

Is there any honourable senator who wishes to speak on the main motion?

Senator Roblin: Honourable senators, I regret that I cannot promise the Senate to add anything new to the debate which has taken place this afternoon, but perhaps I can purge my own feelings by speaking briefly on this particular topic.

It seems to me that the Senate has failed in an important responsibility that was presented to it to rectify what is a patent injustice in the legislation before us.

The report of the committee was comforting to me, because while its members were prepared to report the bill without amendment, not something I would have readily agreed to, they did propose two clear recommendations which undoubtedly would have gone a long way towards removing unfairness in this legislation.

When you are reducing people's expectations, it is hard to satisfy everybody, there is no doubt about that. When you are reducing people's expectations with some shadow of economic justification, it becomes even more difficult; but when those expectations do affect people who deserve our concern, then we have a responsibility to do more than we have done in the present circumstances.

The first recommendation calls for the elimination of the long term effects on the real pension levels. I believe that is a valid recommendation, and I would support it. However, I am particularly struck by the second recommendation, which suggests that there should be a threshold taking into account those pensioners whose total income is below the poverty line.

How we can have failed to make our point more effectively in respect of this matter is something that distresses me. Someone has said that there are 30,000 of these pensioners, and I suppose most of them are women. They are probably survivors. Anyone who has studied the question of the position of women in the economic life of this country knows that widows of pensioners, and women generally who have reached the pensionable age, comprise perhaps the largest group who deserve some consideration and attention in this country as being the people who are having the worst of the economic situation. We were told there are 30,000 people falling into that category, but we are not really sure of that figure. One of the members of the committee who spoke today complained that further evidence was not adduced by those who appeared before the committee. I really do not think that that is a reasonable expectation. How can one expect these thousands of women, who have no real access or means of appearing before the committee, to appear before the committee to present their cases? Is it reasonable to expect them to have done so? I am not even sure that the pensioners' association was in a position to present the case of those whose pension resulted in a total income below the poverty line.

● (1550)

However, there are people who could have given us that information, had we asked for it. Of that I feel certain. Those are people representing the government. The minister appeared before the committee, as did officials from his department. Surely they should have been questioned on what the situation really is, and could have exposed to the committee the real impact of this measure on those whose total income is below the poverty line. I am sure they could have

given us a reasonable estimate of how many there are, and some idea of what the total impact of this measure is going to be on those people.

Senator Thériault: They could not.

Senator Roblin: Surely it is not beyond the wit of man to find out, somehow, what the impact of this measure is. That the Senate committee was unable to do so within the time limit it had imposed upon it is something I regret. It may be excused, but nevertheless I regret it.

Something more than that was adverted to by Senator Godfrey. I want to say how much I agree with the point he made—that is, that we now regard ourselves as an advisory body; that we do not really feel that we have the political legitimacy or the moral authority to dig our heels in and insist on amendments to bills. I, for one, regret that. I understand it, but I regret it, and that is one reason I advocate reform of the Senate. We should dig our heels in when we come to a matter of this kind.

However, we have developed something a little better than a piece of good advice which no one will pay attention to. We have developed a technique—and Senator Godfrey spoke of it—whereby a committee, wishing to make a recommendation for a change to a bill but feeling it has not the political legitimacy to insist on a formal amendment, could have the opportunity of presenting the matter to the minister concerned to obtain from him a statement of government opinion and, hopefully, some assurance that the matter would formally or informally be taken care of after the bill had been passed.

I must say that in some instances—perhaps not as many as I would like—that system has had effective results. Ministers have given undertakings to committees which have raised points of the kind adverted to in this committee report. They have been dealt with in committee, the minister has considered them and, in some cases, has been able to give an undertaking that the matters would be considered, the views of senators would receive due weight and something would be done to relieve the inequity or disadvantage that the committee had discovered.

That was not done on this occasion. I do not know why it was not done, but it seems to me that, of all the useful initiatives the Senate could have taken, that is surely one.

We do not feel we have the moral authority to throw a bill out; we do not feel we have the moral authority to amend a bill. None of those things do we feel strong enough to do. However, we have developed a system of asking a minister kindly to take our concerns into account and to do something to effectively remove the inequality, the injustice or inequity we have perceived.

For whom could we have spoken more eloquently than for these people whose total income is below the poverty line? Do we know what that means? Well, Senator Croll knows what that means because he has been working on that for the better part of a lifetime, and has the courage of his convictions. There is no question about that, and I am sure other honourable senators know what that means. Why, then, have we done so little to bring this matter to a form in which our protest, our advice, our counsel could have been given due weight by the government? I do not know why, because in other instances that has been done by other Senate committees.

I was much distressed to hear the Leader of the Government say that he had no information on this and that he was not in a position to give us the policy on it. It really does not surprise me, but I do not know why the minister who appeared before the committee, whose bill this is, would not have been in a position to deal with this matter in some way that would give satisfaction.

I think this clause is unjust. You can make the strongest arguments you like about the six-and-five program. One of the authors of the six-and-five program has graced us with his presence this afternoon, and I really wonder if he cares to defend it with respect to this particular group of pensioners whose total income is below the poverty line.

One could be the strongest advocate in the country of the six-and-five program, but I do not think that one would like to say one is if it is going to apply to this particular group of pensioners whose pensions are below the poverty line. It should not apply to them on any basis of equity, justice or reasonable application of burden in the country.

It is beyond us now. We have missed our opportunity, and I regret that. The bill will be passed, and I only hope that, regardless of what may have appeared to be the unresponsive nature of the government's approach to this problem presented in the committee or in the Senate this afternoon, at some time in the future the Leader of the Government will be able to rise and tell us that the matter has been considered and regulations will be passed to take care of it.

I am quite prepared to give my honourable friend full credit for a largeness of view and a generosity of heart if the government is willing to undertake to give us some satisfaction on this point. If they do that, they can have all the credit in the world they like, but when it comes to pensioners whose total income is below the poverty line, with so many of them being women struggling to make a living, I think that is the least we can expect the government to do.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication has been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

January 31, 1983

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of

Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 31st day of January, 1983, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa

The Senate adjourned during pleasure.

• (1600)

ROYAL ASSENT

The Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Canada Agricultural Products Standards Act.

An Act to change the name of the electoral district of Missisquoi.

An Act to change the name of the electoral district of Saint-Michel.

An Act to amend the Supplementary Retirement Benefits Act (No. 2).

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

ADJOURNMENT MOTION RESCINDED

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if I move the adjournment now, pursuant to the order of the Senate made earlier this afternoon, we stand adjourned until tomorrow evening at 8 o'clock. Were there no such order, we would adjourn until 2 o'clock. The reason we were to adjourn until 8 o'clock in the evening was to permit several—I believe five—committees to meet tomorrow afternoon. We also wanted to give certain honourable senators an opportunity to speak to orders that have been standing in their names for some time.

It has been pointed out to me that for some honourable senators this arrangement causes unnecessary inconvenience, whether or not they are members of one of the committees involved, but they would want to stay because they would want to have their attendance noted during our sitting. In some cases that would cost them another 24 hours' time. If there is no real advantage in sitting at 8 p.m., perhaps it is a good idea to consider rescinding the order we made and to sit, instead, at 2 o'clock. If we sit at 2 p.m. we should keep in mind that we want to give our committees the opportunity to take most of the afternoon for their sittings, so we could adjourn by 2.30 or 3 o'clock.

• (1610)

The honourable senators most directly concerned are those who want to speak to orders standing in their names. I know that Senator Godfrey wishes to do so, and I am sorry he is not in attendance at the moment. I know of no other senator who is specifically planning to speak tomorrow evening.

I would welcome some help. If honourable senators present generally feel it would be better to sit briefly tomorrow, commencing at 2 o'clock, and then allow the committees to sit, and not have a Senate sitting tomorrow evening, I could be talked into it.

Hon. Jacques Flynn (Leader of the Opposition): There is no objection on this side to giving the required consent for rescinding the order.

However, I will do so on one condition. I should like to be allowed to put a question to Senator Frith which is not related to the question of adjournment. I just want to know if the pension cheques have been mailed today.

Senator Frith: Honourable senators, I shall take that question as notice and shall report back at 2 o'clock or 8 o'clock tomorrow, depending on what we decide.

Honourable senators, if the order is rescinded, we should make sure that we make time available on another occasion for Senator Godfrey or any other senator who may have wanted to speak tomorrow evening.

Hon. Paul C. Lafond: Honourable senators, I think that the chairmen and members of committees which are sitting tomorrow would be a little displaced. They might take the opportunity to attempt an evening committee meeting tomorrow to see how that works.

Senator Frith: We hope, of course, that the displacement will not be substantial. Senator Lafond quite rightly takes into account that possibility and, I think, has made an excellent suggestion for adjustment to it.

Hon. B. Alasdair Graham: Honourable senators, I just want to point out that this would necessarily cancel the meeting of

the Standing Committee on Internal Economy, Budgets and Administration which is scheduled to meet at 11.15 on Thursday morning. However, as I understand it, there is nothing of pressing importance coming before the committee, and the committee meeting could be postponed until the same time next week.

Hon. Joan Neiman: I would just point out to the deputy leader that the Standing Senate Committee on Legal and Constitutional Affairs has a meeting scheduled for tomorrow afternoon at 4 o'clock. I do not think we would encounter any problem as far as the Senate sitting is concerned provided that we have a quorum here tomorrow afternoon.

However, that creates a difficulty. I believe that the Standing Senate Committee on Agriculture is sitting from 2 o'clock until 6 o'clock tomorrow afternoon, and I do not know whether that would, again, require some special dispensation or whether it would affect that committee sitting.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not in a position to speak with any authority on the Agriculture Committee since I am only a member. However, it is correct that there is a sitting scheduled for tomorrow between 2 o'clock and 6 o'clock and that there are five groups of witnesses lined up. If the Senate decides to sit at 2 o'clock, arrangements will have to be made to permit that committee to proceed regardless.

Senator Frith: Honourable senators, on the point raised by Senator Roblin, I do not think there is any difficulty because that committee has the authority to sit while the Senate is sitting.

Of course, the deputy leader always finds himself in the "meat-in-the-sandwich" role between committee chairmen and senators wishing more time in the chamber. Subject to these comments, do I take it that committee chairmen feel they can accommodate this new arrangement?

Some Hon. Senators: Agreed.

Senator Frith: Honourable senators, I ask for unanimous consent to rescind the order made earlier providing for adjournment until 8 o'clock tomorrow evening. If that is granted, I shall then be able to move the adjournment until 2 o'clock tomorrow afternoon.

The Hon. the Speaker: Honourable senators, is it agreed that the order be rescinded?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, February 1, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, as a footnote to that motion, it will be recalled that yesterday Senator Roblin asked us to be sure that the committee had permission to meet today while the Senate is sitting. It was my thinking that we had given that permission, but I was wrong. The committee was given permission to meet on Wednesday, but not today. No one is perfect.

• (1405)

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, February 8, 1983, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

PARLIAMENT

ROYAL ASSENT CEREMONY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the situation is not getting any better; none of the ministers is doing us the honour of being here today. The Leader of the Government could very well have told us yesterday that we would be deprived of his august presence! Unfortunately, we had prepared a whole series of questions for him.

As far as I am concerned, the only one I might put to the Deputy Leader has to do with the experience we had last night with respect to the Royal Assent ceremony when the Speaker of the House of Commons came to the Senate accompanied by only seven members from the other place.

Fifteen years ago, in June 1967, I had suggested that perhaps we might consider the possibility of changing the procedure for the Royal Assent ceremony and follow our current procedure only in exceptional circumstances such as, for instance, important legislation likely to bring a few people into the gallery and a fair number of members from the other place. This could be replaced by a ceremony held either at Rideau Hall or even in the Chambers of the Speaker of the Senate with only one representative of the government, or of the House of Commons, and one representative of the Senate.

Concerning the experience we had last night and which we have been witnessing for years, I was wondering whether the Government Deputy Leader might not consider in consultation with the Leader and the Speaker of the House of Commons the possibility of taking action on that suggestion, namely to reserve the solemn ceremony of Royal Assent for solemn and exceptional circumstances rather than waste the time of members of the House of Commons who find this little walk to the Senate quite boring. Besides, in many instances when we want to adjourn on a Thursday, some of us are forced to stay here simply to keep up appearances.

Perhaps the Deputy Leader, who is very understanding and very progressive, will want to take action on this suggestion and consider this possibility. I know that the first time I made that suggestion in 1967 I got very unfavourable reactions from some senators who were genuine traditionalists in those days, but I know that they are no longer with us; even Senator Denis is very progressive and I am convinced that he will agree with my suggestion.

Hon. Azellus Denis: Almost!

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Opposition and I have talked about that from time to time. The suggestion he has made deserves serious consideration and I will certainly do just that.

[*English*]

Hon. George J. McIlraith: Honourable senators, the Leader of the Opposition has indicated in his very interesting remarks that Madam Speaker was accompanied by seven members of the House of Commons in answer to the summons from the Deputy of His Excellency the Governor General. Can he tell

me how many of them were ministers of the Crown, who have the responsibility of presenting legislation to Parliament?

Senator Flynn: I did not see one.

Senator McIlraith: That, too, is my impression.

Hon. John M. Godfrey: Honourable senators, this is a very interesting point. In this regard, I remember reading the Crossman diaries. Richard Crossman was the Leader of the House of Commons at Westminster during the Labour government back in the 1960s. Royal Assent in the United Kingdom consists of what Senator Flynn has described. One or two cabinet ministers go to see the Queen and a Privy Council meeting is held at which the Queen gives Royal Assent. I recall that on one occasion Mr. Crossman was supposed to go to Balmoral for Royal Assent, which he found inconvenient because there was a Labour Party meeting at the same time.

In any event, our system does not make sense. Generally, we do not even have the Governor General appear in the chamber for Royal Assent. If it is important enough for the Governor General to appear personally in the Senate chamber, then we should have Royal Assent in the chamber in his presence. If we are going to have the Governor General represented by a judge of the Supreme Court of Canada, then I think it should be done in the fashion suggested, that is, in the way it is done in the United Kingdom.

Hon. Paul C. Lafond: Honourable senators, I have also read the Crossman diaries and ever since then I have been proposing the same measure as the Leader of the Opposition is proposing. There is no reason why the same procedure should not be used for Royal Assent on routine matters as is used when the Address is presented to His Excellency the Governor General following the Speech from the Throne, thus avoiding difficulties faced not only in this chamber but also in the other chamber. I think that we in this chamber can be proud of our attendance at Royal Assent yesterday because we outnumbered the other chamber by six to one.

Senator Frith: Honourable senators, I appreciate those comments on the subject. As I said, I will undertake to pursue the matter. I would be glad to receive any other information or views for or against the proposition. It is clearly a non-partisan issue and perhaps we could consult our colleagues in our respective parties to determine whether there is general support for this point of view. That could lead to a meeting with the two Speakers.

● (1410)

GRAIN

CROWSNEST RATES—STATEMENT BY MINISTER OF TRANSPORT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have gathered together a substantial amount of material on the Crow rate. I am sure honourable senators have also received a good deal of material on that subject which they can study. I will be glad to try to share with honourable senators any material I have relating to any specific, appropriate question. On the other hand, without wishing to apologize in any way for the fact that I am making a limited offer, I suppose the subject, while it merits some study, will not change between now and next Tuesday.

We may decide to discuss it or have some sort of pre-study of the proposition before we receive any legislation. I put that not as a formal suggestion but as a reason why none of us may feel ready to delve deeply into the Crow announcement until we have studied it.

Hon. Duff Roblin (Deputy Leader of the Opposition): I suppose that is my cue to rise on this issue. I do not know how on earth we can discuss the matter until we know what the government policy is. I have nothing. No statements have been given to me with respect to government policy. I do not even know whether the statement has been made. Until it has been made and until it is presented here, I find myself at a loss to be able to make any intelligent comment on it.

Senator Frith: Honourable senators, I am surprised and disappointed that the information I referred to has not been generally received by honourable senators. I had hoped that all honourable senators, and certainly Senator Roblin who has displayed real interest in this subject, would have received some material on their desks. I am sorry that that is not so. It was on that assumption that I made my remarks. I will try to see that that does not happen again.

Senator Roblin: I thank my honourable friend. I must say that it is quite impossible to deal with the matter in the present circumstances, although, if I may express a personal opinion, I think it would have been a little more candid of his seat-mate, the leader of the house, to say he would not be here today if he knew last night that that would be the case.

Hon. Joseph-Philippe Guay: Could the Deputy Leader of the Government enlighten us with respect to when the minister is supposed to make his announcement? My understanding is that the minister, the Honourable Jean-Luc Pepin, is in Winnipeg today to make his announcement pertaining to the Crow. In fact, I felt rather badly that I was not invited.

Senator Frith: Honourable senators, it is my understanding that the announcement has already been made.

Hon. Jacques Flynn (Leader of the Opposition): Where?

Senator Frith: In Winnipeg.

Senator Roblin: I should like to ask my honourable friend whether this represents a new policy. Having been a member of a parliamentary body for some years, it is my impression that when such a body is sitting the government announces its policy in Parliament. That does not prevent ministers making announcements elsewhere, whenever they wish, but surely it is a matter of parliamentary courtesy, to say nothing of tradition, that government policy be announced in Parliament when Parliament is sitting. Is there some new policy now that we are to read these announcements in the newspapers?

Senator Frith: I will try to find out, honourable senators. I am rather caught out by the fact that I thought all honourable senators had received some information this morning.

Senator Flynn: Maybe Senator Davey knows something about it. In matters of communication he is usually the first to know, because he is the first to suggest.

Senator Frith: At any rate, honourable senators, considering the fact that I assumed honourable senators had information and the fact that they do not, I think it quite appropriate for Senator Roblin to ask that question, and I will try to find the answer.

Hon. Jack Marshall: Well, honourable senators, isn't this just another example of the sort of questions I have been raising for the last couple of years about breakdowns in distribution? Senator Frith has his copy; I don't. How many others have their copies? How many others do not? Surely they must all go out at the same time from Distribution. They must all be delivered to the post office at the same time. Certainly, there are sufficient messengers in Parliament that this kind of information can be delivered at the right time. It is all very well to say you will look into the matter, but these breakdowns are happening far too often to be comfortable.

Senator Frith: Well, honourable senators, I can only say that I almost hope that the problem is simply a breakdown in distribution, because that should be easily corrected.

TRANSPORT AND COMMUNICATIONS

CLOSING OF SHOE COVE SATELLITE RECEIVING STATION

Hon. Jack Marshall: Honourable senators, I should like to direct a question to the Deputy Leader of the Government concerning the closing of the Shoe Cove satellite receiving station in Newfoundland. I suppose I would be unfair if I did not say I expected an answer in due course.

● (1415)

A decision has been taken in this matter notwithstanding the importance of that facility. The voluminous report on search and rescue indicated the importance of instantaneous weather information and ice conditions data to safe operation in the offshore.

Bearing in mind the number of incidents that have taken place over the past years, one wonders why the government is not improving things instead of worsening them. The government has proposed to eliminate one of the most vital satellite stations existing in Canada. That is the only contact with Churchill, Manitoba, and is the first station relaying weather and ice conditions to fishermen and others.

Notwithstanding that answers were received in the other place, I wonder if the deputy leader would impress on the minister responsible for this decision the importance of that station. The country is in trouble as it is, so the savings will not help in that respect. I want a satisfactory answer as to why the station is being closed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I cannot undertake to give an answer satisfactory to everyone, including even Senator Marshall. I take it from Senator Marshall's remarks that information on this has already been given in the other place, but Senator Marshall does not find that information acceptable. If I understand him, he is asking me to obtain more information than that already given in answer to a question in the other place. Am I right?

Senator Marshall: Yes.

Senator Frith: I shall do that.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT—REQUEST FOR ANSWER

Hon. Joseph-Philippe Guay: Honourable senators, on December 21, 1982, I asked the Leader of the Government a question relating to the Garrison Dam project. Senator Roblin supported my question. I felt that my words were rather strong towards the government.

Senator Robichaud also asked on that date if the Leader of the Government would ascertain whether the position of the International Joint Commission had changed since December 21, 1973, when he was joint chairman of that commission. Senator Robichaud's question was taken as notice, and an answer was given on January 26. However, I feel that my question has not been answered. Therefore, I shall ask it again.

Has the government made representations to the United States Senate regarding its approval of $4 million for the continuation of work on the project?

I am sure I need go no further than refer the deputy leader to my comments and those of Senator Roblin on December 21 last.

If nothing is done to bring this to the attention of the government, I feel that nothing will be done until another urgent matter is raised, possibly next month.

Would the deputy leader ask the Leader of the Government in the Senate to make representations to the appropriate minister, not only so that our concerns may be made known to the United States Senate but also in an attempt to put a halt to this project?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall draw Senator Guay's comments to the attention of the Leader of the Government in the Senate. He will see, when he reads them, that Senator Guay is asking him to make representations to the cabinet so that it, in turn, will make representations to the United States Senate.

● (1420)

SUPPLY AND SERVICES

DISTRIBUTION OF PENSION CHEQUES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday Senator Flynn asked me if I knew what had happened to the cheques that should flow from the passage of Bill C-133, and I undertook to find out.

Hon. Jacques Flynn (Leader of the Opposition): They left this morning.

Senator Frith: No. I was told this morning that after Bill C-133, to amend the Supplementary Retirement Benefits Act (No. 2), received Royal Assent the pension cheques were delivered by the Department of Supply and Services to the Canada Post Corporation.

The Canada Post Corporation processed them immediately and took the necessary steps to distribute them across Canada. I understand that some pensioners in the Ottawa area have received their pension cheques in the mail today. Assurance has been given by Canada Post that every effort has been made to deliver as quickly as possible the cheques going to other parts of Canada. By 7.45 last evening, all the cheques had been delivered to Canada Post by the Department of Supply and Services.

Senator Flynn: Very efficient indeed!

Senator Frith: Canada Post took about two hours to process them, after which they were ready for distribution across Canada.

I agree with Senator Flynn that that is very impressive efficiency.

Senator Flynn: I imagine they were already printed.

Senator Frith: I would imagine so, although remembering the miracles that computers can produce, I think it may be that they were not printed but were set up for printing. I can only imagine; I do not know.

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on January 26 Senator Marshall asked about the status of the Kirby task force report.

The report of the task force on the Atlantic fisheries is currently under consideration by cabinet. It is expected that the report will be released in the near future.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that all orders stand and that the inquiries also stand. Because of the objectives we discussed yesterday, I believe that Senator Godfrey will forgo speaking on his motion today. Am I correct that all the orders stand?

Hon. John M. Macdonald: That is correct.

Hon. John M. Godfrey: Honourable senators, I should warn you that I will be speaking on my motion on Tuesday evening.

Senator Frith: Honourable senators will remember that yesterday we decided to sit this afternoon at 2 o'clock, with the desire to adjourn early because we have an exceptionally large number of committees meeting this afternoon and we want to give them as much time as possible.

The Senate adjourned until Tuesday, February 8, 1983, at 8 p.m.

THE SENATE

Tuesday, February 8, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-672, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF DAUPHIN—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-672, to change the name of the electoral district of Dauphin.

Bill read first time.

Hon. Gildas L. Molgat, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

[*English*]

OLD AGE SECURITY ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-131, an act to amend the Old Age Security Act (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government) tabled:

Document entitled "Employment Impact of Selected Government Expenditures" dated October 1982, being a reply to Senator Asselin's question of January 25, 1983.

He said: Honourable senators, I have a document which Senator Asselin requested some time ago. Since it is rather lengthy, I suggest that it not be printed as an appendix to *Hansard* but that it be tabled at this time. It is a list concerning the government job creation programs.

Hon. Martial Asselin: I did not ask for it; you said you would table it.

Senator Olson: My understanding is that Senator Asselin requested this information. I am reluctant to have it printed as an appendix to *Hansard* because it is so long. However, I am willing to table it at this time if Senator Asselin so wishes.

Senator Asselin: It will be helpful when I make my next speech.

[*Translation*]

PRIVATE BILL

POLYVENTREPRISE LTÉE—FIRST READING

Hon. Martial Asselin presented Bill S-34, to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act.

Bill read first time.

Senator Asselin moved that the bill be placed on the Orders of the Day for second reading on Thursday next, February 10, 1983.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

GRAIN

CROWSNEST PASS RATES—STATEMENT BY MINISTER OF TRANSPORT

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. Last week, the Minister of Transport, Mr. Pepin, made an important statement in Western Canada concerning grain transportation and it had loud repercussions throughout Eastern Canada and especially in Quebec. The farm organizations in Quebec strongly object to the introduction of such a program as set up by the Government and the Minister. The Quebec government and the official opposition as represented by its agricultural critic also object to the implementation of such a program.

Would the Minister tell us whether previous consultations were held with the provinces about that new program and under what circumstances? Also, if the Government must respond to the substantial criticisms raised by the Quebec farmers, in what way will it do so?

[*English*]

● (2010)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure whether there were the formal and direct consultations with the Government of Quebec to which my honourable friend has alluded. However, I am sure that there were sufficient consultations and that every provincial government was aware of the very long and detailed consultations respecting, first, the Gilson inquiry and, following that, a number of task force reports with respect to the overall policy. I am sure that those matters were well-known to the Government of Quebec and, indeed, that they made their views known with respect to them.

I would also add that the Minister of Transport has stated on a number of occasions that the policy statement is so large and complex, involving such a wide range of interests throughout the country, that, under the circumstances, he believes he has reached a compromise position which makes the whole thing workable and, indeed, takes into account the interests of all the people involved. Perhaps no one received 100 per cent of what they wanted in the policy, but most of those involved have, in fact, had their interests taken into account and some accommodation of those interests was included in the final policy.

[*Translation*]

Senator Asselin: When this program and the report were made public, the minister's statement gave rise to a great many questions across the country, not only in eastern Canada but in western Canada as well, and we have seen how Mr. Pepin, the minister, was received by western farmers' representatives. He will get the same reception when he comes to Quebec.

In view of the fact that this decision has raised a general outcry and that farm organizations need to know more about it, would it not be in Canada's interest for the government, through its Minister of Agriculture, to call a federal-provincial conference in order to clear up potential problems and suggest a solution acceptable to all parties?

● (2015)

[*English*]

Senator Olson: Honourable senators, several meetings have been held involving a number of federal ministers, including the Minister of Agriculture, with interested parties in Quebec and elsewhere. I believe that the compromises to accommodate those interests have brought us to a solution which has, in fact, accommodated those interests to some extent.

[*Translation*]

Senator Asselin: Since at least 17 Liberal members from Quebec were against the implementation of this new program only last week, does it mean that they are now toeing the party line and supporting this policy and the Minister of Transport's program?

[*English*]

Senator Olson: Honourable senators, I am not quite sure that I understand the question.

[Senator Asselin.]

Hon. Jacques Flynn (Leader of the Opposition): You would rather not understand it.

Senator Olson: If he is arguing that there were approximately 17 members who had a different view and who are now supporting the Minister of Transport, I would have to canvass the Quebec members to find out.

Senator Asselin: You already know that.

Hon. Lowell Murray: Honourable senators, may I ask a supplementary question of the Minister of State for the Canadian Wheat Board? Have we heard the last word on this policy from the government, or is the government still open to representations and possible changes in the policy announced by his colleague, the Minister of Transport?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the announcement made by the Minister of Transport is, of course, the policy of the government. It is intended to be a firm policy.

Senator Murray: Intended to be!

Senator Argue: Obviously, legislation will be introduced. It will go to a committee of the other place and, I presume, before that committee representations will be made. I presume the committee will give its customary consideration to those representations, and there may or may not be amendments to the bill as presented to that committee. I guess we will have to wait and see.

Hon. John M. Godfrey: Honourable senators, may I ask a supplementary question? I noticed that the minister did not refer to the Senate Agriculture Committee. Does he not think it would be a good idea if that committee studied the subject matter of the bill at the same time as the committee of the other place?

Senator Argue: I think the Standing Senate Committee on Agriculture functions very well.

Senator Flynn: Especially when you were chairman.

Senator Asselin: Answer the question.

Senator Argue: I am sure that the Agriculture Committee is very competent to consider the proposition that has been put before us this evening, and it may well take that course.

Senator Asselin: Are you ready to recommend it?

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I follow up on this interesting introduction of the problem of the Crow rate by asking a couple of questions? I do not intend to pass judgment on the government's policy as stated this evening because there will probably be another opportunity to do so.

In the scheme produced there are considerable variations from the recommendations made by Dr. Gilson who studied this on the government's behalf. I am anxious to know the basis upon which these changes were calculated because they are extremely important. For example, Dr. Gilson suggested that by 1992 farmers would be paying 3.3 times the current

Crow rate. In the recommendation Mr. Pepin made to the western agricultural community, it turns out that it will be 5.56 times. That is a considerable increase and, undoubtedly, there must be a good reason for it. Could the minister deal with that subject?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I can briefly. Of course, all those calculations are based on certain assumptions. The assumption of the level of inflation, for example, is one of them. In the policy that was announced there will be no increase in the statutory rate for the balance of this crop year. There could be a maximum increase of 3 per cent, providing that that is not more than 50 per cent of the actual inflation in railway costs for the three years following this year. The government's six-and-five anti-inflation program, along with the rest of the economy, seems to be so successful that it may not reach that point. Therefore, those assumptions have to be taken into account.

• (2020)

After the current crop year, plus three further years, with the formula that I have just described, it is possible that the increase could go to 6 per cent, providing that there is again an increase of 6 per cent in railway costs which are attributed to inflation in the years beyond 1986 and 1987. All of those things must be taken into account, as is always the case, when projections are made. Therefore, the aggregate increase depends on the level of inflation for the years that I just described.

Senator Roblin: I am quite sure, honourable senators, that Dr. Gilson did take those factors into account, because he dealt with the question of the share of inflationary cost increases that the farmers would be asked to pick up. That is what the minister is talking about. Evidently the minister does not have all that much confidence in the 6 per cent, or he would have a lower figure in his own proposal. Dr. Gilson suggested that the farmers pick up 4.5 per cent after 1987. The government has increased that by one-third to 6 per cent. Why was that done, particularly in view of the minister's reference to the six-and-five situation?

Senator Olson: Honourable senators, I can obtain an explanation as to why that particular amendment was made. That was not the only amendment that was made to Dr. Gilson's report. Indeed, Dr. Gilson did make another recommendation that was somewhat different from the so-called financial package that was offered when he went into his inquiry. For example, he recommended several hundred million dollars more. Indeed, the Minister of Finance committed the federal treasury to an additional $400 million, so there were some adjustments on both sides of the benefit insofar as the whole package is concerned. I think my friend will probably recognize that, with an additional amount of money, perhaps some of the other numbers could be changed too.

Senator Roblin: I appreciate what the minister is saying, but I would point out to him that the increase to 5.56 times that is estimated for 1992 is made after all these other grants and provisions that the government has been making have been taken into account. If those were left out and we were left with the gross figure, it would not be five times; it would be ten times. I think that is the way the farmer would be inclined to look at it, because these other advantages, while they may be real enough, are not reflected in any direct way. Therefore, I warn my friend that there may be a little problem with that.

I am not trying to tell him, however, that Dr. Gilson is right or that he is right. I am simply trying to get him to tell us why the changes were made and what the rationale for the difference is. I appreciate that that information may not be available tonight, so I leave the matter and ask the minister to report when he feels he can.

Honourable senators, there is another point on which I would like to have some explanation. The proposal of the government places a lid of 31.1 million tonnes on the amount of export grain that will qualify for the revised Crow consideration. After the 31.1 million tonnes has been reached, as I understand it, the full economic cost of moving the grain will then be charged and that will all be put into a blended price. That becomes an exceedingly important issue. Therefore, I think it would be interesting for the house to know the government's forecasts over the period to 1992 with respect to the increase in the exports of grain. I am quite sure that such figures have been compiled. I understand that they are estimates only, but it would be highly significant when trying to assess the impact of these changes with respect to the farmers themselves.

Can the minister undertake to give us the estimated metric tonnages to be exported between now and 1992?

Senator Olson: Honourable senators, it would also be well to include in this exchange that the 31.1 million tonnes is some 4 or 5 million tonnes higher than the figure for the highest export year that we have ever had. Therefore, there is still a significant amount of room—four million or five million tonnes over the best year that we have had in terms of the total tonnage hauled to export position. Of course, all of that does, in fact, become part of the new statutory rate.

• (2025)

If the honourable senator wants projections of the potential amounts that could be shipped after we reach 31 million tonnes, more or less, within the time frame, then perhaps the minister responsible for the Canadian Wheat Board has that information with him. He is certainly in a better position to obtain it than I am. I would ask him, therefore, to answer this evening if he has this excellent information ready.

Senator Roblin: If he has it available, I shall congratulate him. I will not hold it against him if he wishes to reflect upon the question.

Hon. Royce Frith (Deputy Leader of the Government): That used to be called a lateral pass.

Senator Roblin: I recommend it; it is a good ploy.

The volume of exports, as the minister has been fond of telling us, has been increasing much more rapidly than anyone would have anticipated three or four years ago—from 20

million tonnes to something like 25 million or 26 million tonnes at the moment. If this keeps up, I think we will hit our 31.1 million tonnes much sooner than might otherwise have been thought several years ago. I shall wait for my answer.

Now that I have been directed to the Minister of State for the Canadian Wheat Board, perhaps there is one matter he could look into. Both he and I have a very deep and profound association and interest in the port of Churchill in the province of Manitoba. I notice from the government's policy statement issued the other day that they appear to be reducing, by about one-third, the amount of money earmarked for rail line improvements. I was going to ask the government what effect that will have on branch lines in western Canada and which towns will be affected by it, but I will reserve that question for the future.

However, there was nothing in the statement that I saw that mentioned the future of the port of Churchill and what fate the government may have in store for it. I am afraid that Churchill has been hung out to dry, twisting in the breeze, because its sole lifeline to any sort of economic justification has been the export of wheat.

The line to Churchill will not take hopper cars, and boxcars will be museum pieces before long. There will be nothing but hopper cars left, and it is unlikely that those will be sent to Churchill without a full load for very long.

I want the minister to tell us whether the government is prepared to make any statement about the future of that line to Churchill. Will it be brought up to standard so it can take the hopper cars that are going to be in universal use for the transportation of grain. Can the minister shed any light on this problem?

The town of Churchill has certainly fallen upon hard times recently, and, if the movement of grain through that port is to continue on existing lines, the future does not appear very bright. I would ask the minister if he can shed a ray of light and, perhaps, a ray of hope on this problem.

Senator Argue: Honourable senators, the level of use of Churchill in the year that has just concluded was higher than in the previous year. It may not be fully satisfactory to everyone, but it is a very major improvement, and it was a fairly good year.

As far as I know, no decision has been made in this policy that would in any way suggest a diminution of the role of the port of Churchill. If my memory serves me correctly, a study has been undertaken to determine what may be necessary to bring that line up to standard, or to a standard that could handle the hopper cars.

Of course, as the honourable senator well knows, one of the main difficulties is the permafrost, and what may be necessary modifications in technology or techniques to handle the permafrost and to construct a line that, in fact, is solid enough to take the hopper cars. But I shall be very happy to look at whether any part of this policy would in any way detract from the future continued use of the port of Churchill, and see if I can bring the honourable senator some information. As far as I know, and I believe I am correct, no decision at all has been contamplated that would in any way tend to diminish the use of Churchill.

• (2030)

Senator Roblin: I would like to point out to my honourable friend that no decision is a decision. If there is no decision to do anything about the future of Churchill, then I think we can see that its future is limited. It will wither on the vine. There has to be a positive decision.

At the present time I am not advocating one way or the other what the decision should be, because I have reason to believe it is not an easy problem, but what is required is a decision. If the decision is to rebuild that line, it is going to make a lot of people happy. If the decision is to do nothing, and let it go the way it is, a lot of people will have to conclude that that cannot be helpful to the future of Churchill.

Therefore, I say to the minister that there is no policy decision in the statement, as I read it. I think that is a policy decision in itself, and I want to know more if he can give it to me.

Senator Argue: I do not think it is a policy decision to downgrade Churchill, so we disagree on that point. The question of handling the permafrost is an inquiry that has gone on, and I believe the indications are that a positive conclusion will be reached. However, the decision on Churchill is one that has to be taken on the merits of that situation rather than one based on the current announcement relative to the Gilson report.

I, for one, believe that the port of Churchill serves a very useful function. I believe it is of value to Canada. To keep that northern port open is important for many reasons, one of which would be our external affairs policy, namely, to make use of and occupy all of the various parts of this great territory.

As I say, I shall look into the particular question that the honourable senator has asked. If I can help with a reply, I shall certainly do so.

Senator Roblin: What the minister has said is reminiscent of what he said on the same subject a year ago. Nothing has happened since then. What I am asking is that he use his undoubted influence in policy-making circles to get us a reasonably prompt answer. If he can do nothing else the next time we meet, perhaps he will tell us when he thinks a policy decision might be made.

Hon. Joseph-Philippe Guay: Honourable senators, I should like to ask a question of the minister responsible for the Canadian Wheat Board. I honestly believe it is not only a matter of keeping the port of Churchill open, but also a matter of making better use of this port. I am not too concerned with permafrost because I was told early in the spring last year that the heavy cars are too much for the rail system, but that we could use the box cars. In that case I am wondering why we could not double up, as far as freight trains are concerned, using the old cars rather than the new cars. In that way we could still probably bring into Churchill a fantastic amount

over and above what we have brought in in the past. We could probably do that while we are waiting for the outcome of the study just referred to. In this way western Canadians—particularly those in Manitoba and Saskatchewan—would benefit from the extra loadings that would take place in Churchill.

Senator Argue: Well, the ordinary box cars are certainly suitable for that line. They are being phased out over the years, but there are many of them in the system and they will be around for a long time to come. They are, therefore, certainly available for the continued use of Churchill.

• (2035)

The Wheat Board itself is supportive of Churchill. It is the only organization doing business there. If it were not for the Government of Canada and the Canadian Wheat Board Churchill would die very quickly, because so far the provincial governments have not been able to give the kind of asssistance and support in using Churchill that would help that port. Over the years there has been talk of using the port for shipping potash, coal and other products, but, although there are possibilities for so using that port, other governments need to become involved and to support Churchill, not leaving it exclusively to the federal government to do so.

As I have indicated, the main element in the use of Churchill as a port is the Canadian Wheat Board; but another major element is the customers of the Canadian Wheat Board. Obviously, they must be prepared to take grain out of that port in substantial quantities or it cannot continue to function. There are customers who like Churchill and are prepared to use the port, but their number is limited.

As a great supporter of Churchill, Senator Guay will agree, I think, that the port of Churchill is well worth maintaining, and I can assure him that there will be many of us helping to maintain it.

Senator Guay: I thank the minister for his answer. If I may ask him a supplementary, can he tell me whether there has been any discussion between the federal government and provincial governments with respect to the importation of goods through the port of Churchill? For instance, at one time certain of the western provinces used to import, through Churchill, liquor from Scotland; in fact, it came in in great quantities. Has the federal government discussed with the provincial governments, then, the possible use of Churchill as a port of entry for imported liquor and other imported goods during the summer months?

Senator Argue: There has been contact from time to time between my office and the provincial governments. Every time there is a meeting of the Hudson's Bay Route Association the representatives of the various governments are present. Certainly, in the past we have had discussions about the use of the port of Churchill. I understand that you are correct in saying that a few years ago a quantity of liquor was imported through Churchill. However, for whatever reason, that particular trade through Churchill was discontinued. I am not aware what the situation is there now in that respect. However, we have had discussions with provincial governments and I would take it from Senator Guay's question that he thinks those discussions should be continued, and I agree with him.

Senator Roblin: I am not sure that I should intervene, but I should like to tell my honourable friend that in connection with the movement of liquor through the port of Churchill, at least in respect of supplies to the Province of Manitoba, it was slightly uneconomic.

That is the problem in respect of most movements through Churchill, except for grain. Grain is the only commodity I am aware of that has an economic advantage if the port of Churchill is used. Other commodities, whether coming or going, do not satisfy that criterion, unless you happen to live in a restricted tributary area.

Senator Argue: I can certainly understand the economics involved. I was not assigning any blame for what has happened in respect of other commodities. I was simply saying that Churchill is an economic port in relation to the price received by the Canadian Wheat Board for grain. At least, that has certainly been the pattern over the years. I suppose that if one added up all the costs of maintaining the lines it might not be economic when compared to some other ports, but solely with regard to the price of grain through Churchill it is economic and usually obtains a premium over Thunder Bay.

CANADIAN WHEAT BOARD—SALES TO EASTERN EUROPEAN COUNTRIES

Hon. Stanley Haidasz: Honourable senators, because the Minister of State responsible for the Canadian Wheat Board is so forthcoming and enlightening this evening—

Hon. Jacques Flynn (Leader of the Opposition): What do you mean "this evening"? He is always enlightening!

Senator Haidasz: Yes, he has been enlightening on previous occasions as well. This evening, however, I should like to ask the minister whether the Canadian Wheat Board has made any grain sales to any eastern European countries so far this year. If so, what were the terms and what were the government guarantees?

Hon. D. G. Steuart: Cash on the barrel!

• (2040)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable Senators, there have been a number of sales made to eastern European countries, the most recent being the sale of 1 million tonnes almost exclusively of feed grains to East Germany. There was a credit guarantee provided in that arrangement. All of the guarantees for credit by the Canadian government are at commercial rates of interest and carry no subsidy whatsoever. I believe that is a policy all senators would support. Our competitors, such as the United States, do not follow exclusively a policy of having interest charges at commercial rates of interest. They have a so-called blended credit program with a major subsidy element.

I am sure the honourable senator is particularly interested in Poland. There have been sales made to that country. I believe I

have the details among the information on my desk. I know there have been a couple of sales made recently, but affecting very small quantities of grain and on cash terms.

Senator Haidasz: Can the minister tell us whether any grain sale agreement has been made between the Canadian Wheat Board and the Government of Poland since December 31, 1982? As Poland's wheat sale agreement with Canada has already expired, and since Poland is now experiencing a shortage of grain, can the minister tell us whether any progress has been made in a wheat or grain sale to Poland?

Senator Argue: The short answer is no, that no agreement has been reached. Discussions have been held and consideration has been given to what our policy should be. As the honourable senator well knows, there are outstanding large amounts of credit due from Poland to Canada. Poland owes other nations considerable sums, and I believe there have been discussions among the various creditors regarding the outstanding credit. The Canadian policy, in a definitive sense, has not yet been determined, and when that happens undoubtedly an announcement will be made.

NATIONAL DEFENCE

QUEBEC—CONSTRUCTION OF F-18A AIRCRAFT—ALLOTMENT OF CONTRACTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Asselin on January 26, 1983, concerning the payment of compensation to the Province of Quebec for losses incurred as a result of the implementation of the CF-18 program. I wish to say at the outset that I do not agree with the way that sentence is structured. However, I have a reply.

Hon. Martial Asselin: Then why do you reply?

Hon. Jacques Flynn (Leader of the Opposition): You may not agree with the question—

Senator Olson: It is a rather lengthy answer.

Senator Asselin: Then read it.

Senator Olson: The issue of the distribution of the economic benefits flowing from the CF-18 program has been of concern to the government for some time. When the CF-18 contract was negotiated, the proportion of the Canadian aviation industry located in the province of Quebec was approximately 48 per cent; and it is this figure that our projections were based upon in terms of the economic spin-offs from the total program to be allocated to Quebec.

As to the question of the payment of compensation for perceived shortfalls in the province of Quebec, may I reiterate what the Minister of National Defence said in the other place on January 24, 1983, in response to a question on this matter from the Honourable Roch La Salle:

Senator Asselin: He is a good member.

Senator Olson: Well, that is a little commercial that I do not believe belongs in the answer to the question. The Minister of National Defence said:

> I do not think the CF-18 battle is lost. I think we can still win the war, that is, ensure that Quebec gets the percentage that reflects its position in Canada's aviation industry, and that is exactly what we intend to do.

It is important to remember that the CF-18 program is a long-term program, running until 1995. While it is true that Quebec is lagging behind at the present time in terms of its share of economic benefits, the Minister of National Defence remains confident that over the period of the program we will achieve our target of $1.5 billion in economic spin-offs for Quebec. The challenge is now squarely before the Quebec aviation industry. They must take up the challenge and actively pursue activity associated with the CF-18 program.

[*Later:*]

Hon. Arthur Tremblay: I would like clarification of the answer the Leader of the Government has given to Senator Asselin's question on the allotment of contracts for the construction of the F-18A.

If I understood the answer correctly, 48 per cent of the contracts for the construction of the F-18A is still to be maintained by the Government of Canada as far as Quebec is concerned. Do I understand correctly that the figure of 48 per cent is still to be maintained?

Senator Olson: Honourable senators, perhaps it would be better if Senator Tremblay read the answer tomorrow. As a matter of fact, I could send him a copy this evening, but I will repeat what the Minister of National Defence said:

> I do not think the CF-18 battle is lost. I think we can still win the war, that is, ensure that Quebec gets the percentage that reflects its position in Canada's aviation industry, and that is exactly what we intend to do.

Senator Asselin: Your Quebec caucus does not agree with you.

Senator Tremblay: The same minister has evaluated that proportion of Quebec's industrial participation in the realization of the F-18A project as a whole as being 48 per cent of all contracts involved in the project.

I want to know if what the Leader of the Government has read means that the 48 per cent figure is to be maintained. I would like to have clarification on that. If it is not maintained—

Senator Asselin: It is not.

Senator Tremblay: —then what is the definition of proper participation?

Senator Olson: The answer is very explicit. What the honourable senator is asking me to do is put that reply into different words. I do not think I can improve on the words already contained in the reply, which is a direct quotation from the Minister of National Defence.

He goes on to say:

> The challenge is now squarely before the Quebec aviation industry. They must take up the challenge and actively pursue activity associated with the CF-18 program.

The answer to the question is clearly stated. I do not think I would add anything to it if I were to put it in different words.

Senator Tremblay: I have a supplementary question to complete this exchange.

The same minister defined—and I do not know if it was a year and a half ago or two years ago—the normal participation of Quebec industry as representing 48 per cent of all contracts in Canada. If I heard correctly, that 48 per cent was mentioned at the beginning of the reply to the question, but perhaps I am wrong. In any event, I thought I heard mention of the 48 per cent.

• (2050)

What is the new definition of that normal, decent, correct participation by Quebec's industry? We have an open-ended definition now: it might be 25 per cent; it might be 10 per cent; it might be 30 per cent. At one time it was defined in strict terms as being 48 per cent. I want to know what the next definition will be.

Senator Olson: Honourable senators, there has been no change in the definition, and there has been no change in the numbers; however, there are three things that go together. The reply I gave this evening states, in part:

> the proportion of the Canadian aviation industry located in the Province of Quebec was approximately 48 per cent;

The reply further states:

> I think we can still win the war, that is, ensure that Quebec gets the percentage that reflects its position in Canada's aviation industry—

That is clear.

The reply goes on to state—and I have to repeat this for the third time so that Senator Tremblay will understand the reply—that the industry in all parts of the country will have to take up the challenge and actively pursue activity with respect to the CF-18 program.

Senator Tremblay: So it is no longer 48 per cent.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Guay on February 1, 1983, concerning Canadian representations to the United States Senate about the Garrison diversion project. The reply is relatively long. I am prepared to read it or to have it incorporated in *Hansard* as if it had been read.

Hon. Joseph-Philippe Guay: Honourable senators, I would agree with that, but would the minister indicate this evening whether or not there is representation from the cabinet in this particular regard?

Senator Olson: If I have to answer questions, I might as well read the reply since it is not that long.

Honourable senators, I have made representations on behalf of Senator Guay to the Secretary of State for External Affairs on the question of the Garrison diversion project.

He has informed me that no formal representations have been made to either the United States Senate or to the United States Administration since the tabling of the Reagan budget proposals which call for $22 million to be appropriated in the 1984 fiscal year for construction of the Garrison project even though the proposal will contain a stipulation that no moneys will be spent on features affecting waters flowing into Canada.

This funding proposal will have to be passed by Congress. Given last year's initial defeat of a $4 million appropriation, it is quite possible that Congress will reduce drastically or eliminate the appropriation for Garrison this year.

Canadian authorities are naturally concerned and are now reviewing their Garrison strategy for 1983 with the Province of Manitoba. The technique of sending an all-party delegation to the U.S. Senate was used with some effect last year and will certainly be considered again. The U.S. Administration and Congress are well aware of the long-standing Canadian position on Garrison, and we expect them to fully respect their commitment not to construct any feature of Garrison which would adversely affect waters flowing into Canada.

Senator Guay: Honourable senators, I appreciate the answer given; yet, at the same time, I must say that I am rather disappointed, because I have felt right along, since December of last year, that some representation would have been made and therefore that $22 million probably would not have been approved by the United States Senate. The Americans keep saying that irrespective of any amount of money they are spending—whether it is the $4 million they spent in the fall or the $22 million they have approved, and previously they spent a considerable amount of money—there will be no water flowing into Canada or that will affect Canada.

I feel that that is a misconception and a misunderstanding, because it is just like building the dam, building the whole thing, and eventually the gate will open and we will have it in full force. The money they are spending would have no meaning whatever, unless one can look at the overall plan, the expenditure of $192 million, knowing that eventually that water will come into Canada.

Since I have been in the Senate, an amount of money has been spent annually to build the Garrison, and particularly this year, in 1982-83, almost $30 million will be spent, yet they say to us that no water will affect Canada. I would like to suggest that possibly no water will affect Canada now but the overall plan will, and that is what the people of Manitoba and Saskatchewan are concerned with, notwithstanding the fact that Senator Robichaud mentioned that he was Chairman of the International Joint Commission in connection with the commitment by both governments.

Therefore, I believe it should be given some consideration and that there should be some understanding before any further money is spent by the United States whereby we know it will affect Canada. It is time that representations at cabinet level should be made to the American government and the American Senate to emphasize our concern—not only the concern of those of us who are in Ottawa but also of those of

us who are from Manitoba and Saskatchewan—knowing the effect it will have in years to come.

● (2100)

Hon. Arthur Tremblay: I am not sure if the Leader of the Government is going to answer Senator Guay's question.

Senator Olson: I am going to. Senator Guay has expressed his opinion concerning the answer. I listened extremely carefully but did not detect another question.

Senator Guay: I can put a supplementary question. Will the Leader of the Government make representations to the cabinet on our behalf requesting the Government of Canada to make representations once again—and soon—to the American government outlining our concern regarding the continuation of money being spent on the Garrison dam project on the United States side which will eventually harm Canada's fresh water supply?

Senator Olson: I will relay those representations to the Secretary of State for External Affairs.

VETERANS AFFAIRS

DISABILITY PENSIONS, WAR VETERANS ALLOWANCE, CIVILIAN WAR ALLOWANCE—RECIPIENTS—BREAKDOWN BY PROVINCE

Question No. 90 on the Order Paper—**By Hon. Jack Marshall:**

To the end of October, 1982, what is the breakdown by province of the numbers of recipients of disability pensions, war veterans and civilian war allowances including those numbers published in the last Annual Report of the Department of Veterans Affairs?

Reply by the Minister of Veterans Affairs:

	At March 31, 1982*		At October 31, 1982
	WVA	CWA	CPC**
Newfoundland	2,322	2,988	1,809
Prince Edward Island	1,408	34	1,824
Nova Scotia	8,300	516	9,595
New Brunswick	6,321	77	6,169
Quebec	11,069	197	15,916
Ontario	29,751	245	46,647
Manitoba	4,378	10	9,803
Saskatchewan	3,626	9	5,562
Alberta	5,256	24	10,318
British Columbia	12,875	215	22,430
Outside Canada	1,154	29	6,309
TOTAL	86,460	4,344	136,382

* A comparable breakdown of War Veterans Allowance and Civilian War Allowance is not available for October 31, 1982. During the transition to a computerized delivery system for these allowances, accurate totals by province are available only at the end of the fiscal year.

** CPC includes disability pensions, survivors' pensions and compassionate pensions.

OLD AGE SECURITY ACT

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE ADJOURNED

Hon. Douglas D. Everett moved the second reading of Bill C-131, an act to amend the Old Age Security Act (No. 2).

He said: Honourable senators, Bill C-131 is a measure to amend the Old Age Security Act. The bill is part of the government's six-and-five restraint program, a program that I suggest to honourable senators has been extremely successful.

Governor Bouey appeared before the National Finance Committee in December and told us that at that time the inflation rate in Canada had fallen below 10 per cent, and indeed, taken on a basis comparable to the method used in the United States, was probably closer to 8.5 per cent.

Hon. Jacques Flynn (Leader of the Opposition): Don't start that again!

Senator Everett: This does not equal the reduced rate of inflation achieved by the United States, but there is no question that the policies of restraint initiated by this government have been successful.

Senator Flynn: Especially with 1.5 million unemployed.

Senator Everett: There are unemployed in the country; that is one of the unhappy consequences.

Senator Flynn: That is the main reason.

Senator Everett: The fact of the matter is that the policy of restraint followed by this government has been successful in reducing the rate of inflation in Canada.

Senator Flynn: If everybody stopped working, you would also reduce the rate of inflation.

Senator Everett: There are many people working. Indeed, the effect of government policy will be non-inflationary growth and one in which most people will be working.

Hon. Duff Roblin (Deputy Leader of the Opposition): No such luck!

Senator Everett: In any event, it was necessary, to bring under control the incomes of those not governed by the market place. That is what necessitated the six-and-five restraint program. One should remember with respect to that program that if it is successful, and it appears that it will be, the restraint will not be costly to those who are restrained.

Honourable senators will forgive me if I review for a moment the Old Age Security Act so that we can understand

the effect of the amendments. There are three elements to the act: old age security; the guaranteed income supplement; and the spouse's allowance.

Old age security is the basic part of the Old Age Security Act. A person is eligible for it at the age of 65. The basic pension was set at $100 per month in 1973 and has been escalated since 1968. In 1972 the pension was fully indexed to the consumer price index. In 1973 the index was changed again from being computed annually to being computed quarterly. Honourable senators will be aware that in October 1982 the old age security payment was $246.92 per month.

The second part of the Old Age Security Act is the guaranteed income supplement. The guaranteed income supplement is payable if a person's income or a couple's income falls below a particular floor. According to the release of the Department of National Health and Welfare in January 1983 that floor is $6,075 in annual income for a single person, $9,360 combined income for married persons, and for a married couple with one spouse not on pension the combined income can be $15,160. In October 1982 the guaranteed income supplement for a married couple was $191.42 per month each, and for a single person, which would include a person whose spouse was not a pensioner, it was $247.98 per month. Since 1973 the guaranteed income supplement has been indexed quarterly to the full increase in the consumer price index. It is interesting to note that 53 per cent of all pensioners receive a partial or full supplement under the guaranteed income supplement.

The third element of the Old Age Security Act is the spouse's allowance. To be eligible for this allowance one must be between 60 and 64, and married and living with a pensioner under the old age security plan. The amount payable is equal to the sum of the old age security payment and the guaranteed income supplement payable to a married couple. In October 1982 the spouse's allowance amounted to $438.04 per month. I might mention that due to recent amendments that allowance is now payable, after a spouse's death, to age 65 or until the survivor remarries.

Honourable senators, I would like to deal briefly with the effect of the amendments in the bill that is before you. The old age security payment will be limited to an increase of 6 per cent in 1983 and 5 per cent in 1984. That increase will be applied for the first year at a rate of 1.5 per cent per quarter to the December 1982 payment and for the second year at the rate of 1.25 per cent per quarter to the December 1983 payment. It will affect the 47 per cent of the pensioners who have income that is above the floors that I have just mentioned.

The estimate of the effect of it is as follows: In December 1982 a pensioner under the Old Age Security Act receiving the old age security pension would have received $246.92. In the fourth quarter of 1983 the capped amount will be $261.47. If that amount had not been capped and had been fully indexed, as it was prior to this act, the amount would have been $264.66, a difference of roughly less than $3 per month.

As far as the 53 per cent of pensioners who are on the guaranteed income supplement are concerned, the government has articulated a principle. They state that no guaranteed income supplement recipient will suffer a decrease in benefits under this act. As a result, the guaranteed income supplement is, first, fully indexed to the consumer price index and, in addition to that, an additional amount of indexing is applied to offset the loss due to the cap on the old age security. So it should be plain to honourable senators that those 53 per cent of pensioners who receive the guaranteed income supplement will be as fully indexed for what they receive as they would have been had this act not been passed.

I might mention that there is also a special provision in this act for couples only one of whom is on the old age security pension. That couple, one of whom is on the pension and the other of whom is not, can receive an additional income equal to the amount of the old age security and still receive the guaranteed income supplement. The effect of capping of the old age security would, of course, be to apply the cap to that income allowance, thereby lowering the amount of additional income that that couple could receive and still receive the guaranteed income supplement. For that purpose, and that purpose alone, the old age security amount is not capped.

Honourable senators will be aware that it was hoped by the government that this act would take effect before the January payment. Of course, January went by and the payment came due before the act was passed. What the government has decided to do is make the payment as though there was full indexation for the month of January. Then in February, with the act passed, the amount will be the amount that would have been in effect for the first quarter. The government will not recover the additional payment that was made in January. I can illustrate this for honourable senators by pointing out that in December 1982 the old age security payment was $246.92. In January 1983, which comes under full indexation with the additional cost being met by the government, the payment will rise to $251.12, but in February 1983 the capped amount will take effect and the pension will drop to $250.62.

Honourable senators, I believe this is a sound bill. I think it will have a positive effect on inflation in this country. What is interesting is that the legislation does the least amount of damage to those who receive the guaranteed income supplement. The 47 per cent of those pensioners who receive only the old age security are those who, by definition, are receiving incomes greater than the floors that I mentioned. I remind honourable senators that those floors are: $6,075 for a single person; $9,360 for a married couple where both are on pension; and $15,160 for those who are married with one spouse not on pension. The other 53 per cent who are drawing the guaranteed income supplement are not affected by this bill. Their pensions and supplements are fully indexed. One should remember that if inflation is brought below the six-and-five—there is every indication that this will happen in Canada—then even those who are on old age security will not be affected.

• (2110)

Senator Roblin: Honourable senators, would my honourable friend tell us, if he can, the amount of money the government expects to save in 1983 as a result of the implementation of this legislation.

Senator Everett: It will take me a few minutes to find that figure. If I could have the opportunity to look for it while the debate continues, I will intervene when I find it.

The government is not as concerned about the amount of money it saves as much as it wishes to create an additional condition of restraint in its attempt to overcome inflation.

Hon. Peter A. Stollery: Honourable senators, I have a question for Senator Everett. It seems to me that we are talking about people who, in many cases, have very low incomes. If we are saying that we can take away a small portion of the income of someone who is earning less than $7,000 a year, and then saying that the money to be saved is not that important but we hope the rate of inflation is coming down—as seems to be indicated—then I am afraid I fail to see the point of this legislation. It seems to me that we are taking a small amount of money away from people who have the lowest incomes in the country, the only purpose of which is to make the point that we have a six-and-five environment, and then saying they will not be affected all that much because the rate of inflation is coming down.

I seem to be making a comment in the process of asking my question, but could Senator Everett enlighten me as to the actual purpose of taking money away from the poorest people in the country?

Senator Everett: The government was endeavouring, as one of its main policies, to bring down the rate of inflation in Canada. Part of the method of achieving that was to have a tight money policy which had its effect on the rate of inflation. As far as market wages are concerned, many of them have dropped below six-and-five. Many companies in Canada are granting no increases. The government was faced with the fact that there are a number of people working in Canada who are not subject to market pressures. These employees could demand increases. If they were successful, they could create a two-tiered rate of increase in pay in the country. This is something the government could not afford to ignore if, indeed, it wanted to successfully fight inflation. Therefore, it developed the concept of the six-and-five to bring under control those wages and salaries over which it had control.

Then you are faced with the problem of which groups should be controlled. If the government makes an exception for one group, then another group will say that they ought to be excused from the restraint, and before you know it your restraint program has failed. That has been the history of restraint programs. There have been exceptions, and every time the exceptions are acceded to there are more exceptions, and, finally, the program breaks down altogether.

[Senator Everett.]

The problem the government faces with the restraint program is that it has to apply it to everyone and, politically, that is very difficult to do. I am sure the government does not like applying the six-and-five restraint to some people, but if it wants to lick inflation it has to do that.

What it has done to the 47 per cent of pensioners who are drawing old age security pensions, and who have incomes above the floors that I mentioned, is not to lower their incomes but to restrain increases in their pensions to 6 per cent in 1983 and 5 per cent in 1984.

Senator Stollery asked why the government holds as hostage the lowest paid people. Of course, they have not done that. The 53 per cent of the people who are drawing the guaranteed income supplement have the lowest incomes. I tried to make it clear that they are not affected at all. As far as they are concerned it is as though this act were not passed. I think the government has been eminently fair in trying to deal with the lower income people in the application of this measure while not allowing the restraint program to be chipped away bit by bit.

I was as ready as anybody in this chamber to criticize the government, but when I read the bill and the accompanying material, I came to the conclusion that it was good policy and, more importantly, equitable.

Some Hon. Senators: Hear, hear.

Senator Stollery: I have a supplementary question. I fully understand the question of the supplement. I believe it was originally conceived in 1965 to assist people who would not qualify for the Canada Pension Plan. It was found that some people were so poor that they could not do away with the supplement. It was supposed to go down as people got their CPP, and the reason we continued with the supplement was because people were so poor that we could not take away the supplement, even though it was meant to be taken away when it was first instituted.

My point may not have been well made, but I am thinking of someone, an old age pensioner in 1983, who started working in 1928, went through the great depression, earned a very small income, or had no income, from approximately 1930 until 1947, lived in very difficult circumstances, who stopped working in the 1960s or early 1970s, and whose meagre savings were then eroded by the great inflation of the 1970s. The savings of such people were eroded more than the savings of anyone else because they had no way of increasing them. Here we are, in 1983, saying to those people, who had the most difficult time of any generation in this century, that, for reasons that are almost tantamount to penalties, they must suffer. We are talking about people who are, for the most part, earning a small income—just enough to not get the supplement. We are saying that it is this famous business of equity: everyone has to suffer, so they have to suffer. They did not have a means by which to make a living from 1930 to 1947. Then, when they did have a few years in the work force and had accumulated some money, the value of that money was eroded in the great inflation of the 1970s. We are saying to

those who have never had much of a defence that we want to make them suffer as much as everyone else suffers. Frankly, honourable senators, I find that unacceptable.

• (2120)

Senator Everett: I am not sure whether the honourable senator was asking a question or whether he was making a speech, but I want to mention just one thing; that is, I think the honourable senator has missed the point. He has made a ringing speech about the position in society of some people. I think we could have a discussion about that and he might very well find me on his side. I doubt if I would take a different attitude. It seems to me, however, that what the government has done has been to protect, as far as it is able, the very people the honourable senator is concerned about.

With respect to those who are drawing the old age security and the guaranteed income supplement—which he states is not very much, and I do not think I would disagree with him—the government is saying that, for those people, the act does not apply. It seems to me that that is the important point. Perhaps he and I can agree that the amount that is being paid to them is too low. I am sure that if we got Senator Croll involved in the debate he would agree, as would many other senators. The government, however, has taken those people who are very low on the totem pole—that is, the 53 per cent who are drawing the guaranteed income supplement—and has said that the act does not apply to them; that they are fully indexed.

Honourable senators, I should like to answer Senator Roblin's question about the saving to the government in this program. The estimated after-tax savings, as a result of limiting indexation of the basic pension, amount to $49 million over the next two years.

Senator Roblin: Thank you.

Hon. Arthur Tremblay: Honourable senators, may I ask of Senator Everett a question of fact? As many pensioners did, I received a cheque in January. From what I read in the pamphlet which was sent out at the same time, in January the cheque was computed on the existing system, which means that we are supposed to have received full indexation in January. Is that right? I ask the question because the numbers mentioned in the pamphlet and the numbers on the cheque do not correspond to that assumption. Am I right in assuming that the January cheque was computed or established on the basis of full indexation?

Senator Everett: Yes, honourable senators, that is correct. The January cheque was paid on the basis of full indexation, but the February and March cheques will return to the capped amount that would have existed in January, February and March had the act been passed prior to the end of January.

Senator Tremblay: May I ask Senator Everett, then, to make sure that my reading of the pamphlet was correct and that on the January cheque we were supposed to have received full indexation? If I am right, the difference between the December cheque and the January cheque was only around $4 on the basis of an amount of approximately $250. I believe that indexation was at the rate of something like 9 or 10 per cent. I did not understand the numbers which were mentioned in the pamphlet. May I ask Senator Everett to make sure that the January cheque was in fact established on the basis of full indexation?

Senator Everett: My understanding, honourable senators, is that the December cheque was in the amount of $246.92, and the January cheque $251.12.

Senator Tremblay: How, then, do you reconcile that with full indexation at 10 per cent?

Senator Everett: Does the honourable senator want me to find out how that was calculated?

Senator Tremblay: The difference between the two cheques is $5.

Senator Everett: That is correct, yes, it is just under $5.

Senator Tremblay: Ten per cent of $246 would be $24.60.

Senator Everett: Yes, but we must then take one-twelfth of that, Senator Tremblay.

Senator Tremblay: That is the explanation, just one-twelfth of that?

Senator Everett: I cannot give the honourable senator the exact formula on which it was calculated. I could get it for him, but I would think that, if he is using a rough calculation of 10 per cent, then 8.333 per cent would have to be applied to that amount.

Senator Tremblay: My concern is for the people who will receive that pamphlet.

Senator Everett: Perhaps I could just change that, senator. It is actually calculated every quarter, and the rate remains the same for the three months of that quarter. Therefore, if one starts at $246 and the rate of 10 per cent is applied to the December payment, the one would take 2.5 per cent of $246. Two per cent would be $4.80. I would think one would come out pretty close to the difference between $246.92 and $251.12, if the rate used was 10 per cent. I do not know what rate was applied; that is what I would have to find out.

Senator Tremblay: I thank Senator Everett for that answer. I asked the question because I have heard the same question asked by people who care about a few dollars. We do not care, I suppose, but for many of those people who received their pension cheques even a few dollars are important.

I will not, at this time, discuss the question raised by Senator Stollery. I do not think that the pamphlet is well presented. I think it needs some explanation; it is worth looking at, just so that those people understand what is going on.

Senator Everett: Your point is well taken, senator, and I will pass it on to those responsible in the government.

Hon. Andrew Thompson: Honourable senators, I apologize to Senator Everett because I was out of the chamber and did not hear all of his explanation. I appreciated, however, his explanation with respect to the threshold. Am I correct in thinking that, if pensioners are receiving from private income

$500 a month, they then receive this $250, or whatever it is, of the pension, to bring it up to approximately $750, and that they are the ones who will be affected by the capping? Is that the level of the threshold?

• (2130)

Senator Everett: Honourable senators, I am not quite sure I understood Senator Thompson's question, but I will try to answer what I understood it to be.

The old age security pension in December was $246.92. Therefore, if both spouses were receiving that pension, they would be receiving a little less than $500 per month. Were their combined income less than $9,360 in the year, they would start to draw the guaranteed income supplement which would tend to raise that income towards that threshold. The threshold would consist of $9,360 plus $6,000, which would be roughly $15,360 for a married couple. For a single person the amount is $6,075 plus pension.

In the case of a married couple where one is on pension and one is not, and the one who is not on pension is not receiving a spouse's allowance, the threshold is $15,160.

Hon. Jack Marshall: The honourable senator mentioned a situation where one spouse is over 65 and the other is under 65. Let us say the man is over 65 and receiving the old age pension; his wife may be 60 and also entitled to the pension.

However, if during the period that this bill will be in effect, the gentleman over 65 receiving a pension dies and leaves a wife aged, say, 55 or below 60, she is not entitled to continue to collect that pension. Will the government look after that widow who will have to resort to welfare or some other means of income? The government is leaving out those people.

Senator Everett: Honourable senators, I am not terribly conversant with that point, but while I was reading the material I came to the conclusion that that has been a matter of concern to the government. I suppose it is a matter which would come up in the course of the review. All I can say is that Senator Marshall raises a good point, and I will pass it along.

Senator Thompson: Honourable senators, I would refer to an article in yesterday's Toronto *Star* by Robert Jackson. The author appears to be erroneous in this particular statement. He suggests:

> The pensioners who will be worst off will be those who have just over $500 a month of private income and are not eligible for the GIS supplement. They will have a monthly total income of about $750. The implication of the capping legislation is that this paltry sum is enough to live on. And yet, it will clearly border on the poverty line.

Is the honourable senator telling me that the threshold would be $14,600?

Senator Everett: Perhaps it would be useful if I read into the record the brochure issued by Health and Welfare Canada entitled: "January 1983 Increases in Old Age Security Benefits and Spouse's Allowance." In part, it states:

> If you are not now receiving a supplement, you may be eligible for a full or partial payment:
>
> if you are single, separated, widowed or divorced and your yearly income apart from the Old Age pension is less than $6075.00;
>
> if you are married, and you and your spouse are both receiving the pension, and your combined yearly income apart from the Old Age pension is less the $9360.00;
>
> if you are married, and your spouse is not a pensioner and is not eligible for a Spouse's Allowance, and your combined yearly income apart from the Old Age pension is less that $15,160.00.
>
> If you are married and your husband or wife is between 60 and 65 years of age, you may be eligible for a supplement and your husband or wife for a Spouse's Allowance if your combined yearly income is less that $13,395.00 and your spouse can meet the residence requirements.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 9, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Kelly be substituted for that of the Honourable Senator Tremblay on the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

NORTHERN PIPELINE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Kelly be substituted for that of the Honourable Senator Charbonneau on the list of senators serving on the Special Committee of the Senate on the Northern Pipeline.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Wood be added to the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Pitfield be substituted for that of the Honourable Senator Molgat on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Cameron and Le Moyne be added to the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

QUESTION PERIOD

[*English*]

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate.

Would the leader tell me what the current status of the Kirby Task Force report is, or, more importantly, the current status of the recommendations of the Kirby task force report? There have been bits and pieces of it leaked over the past few months, and the public has no way of knowing the accuracy of those leaks. Some suggestions have been made regarding the nationalization of the east coast fishing industry, which is quite frightening to many people, and nothing has been done to allay those fears.

There is also the ongoing and major problem of unemployment. Fish plants have been closing down on a fairly regular basis in isolated areas of Newfoundland. That, in effect, means that entire sections of the province close down. I mention Ramea as an example. When the fish plant closed down there, everything stopped.

So, I wonder if the leader could tell us what the status of those recommendations is, when they will be revealed to the public, and when some action will be taken on them.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the current status of the Kirby Task Force report is that it is under consideration by the ministers directly involved, as well as other members of the cabinet.

• (1410)

I would like to be more specific as to when the report will be released. I answered a question some time ago to the effect that ordinarily the government is asked immediately a report is

released as to which recommendations they accept, or reject, or modify. Certainly, that is expected with this report as well.

Hon. Jacques Flynn (Leader of the Opposition): You have not made up your mind.

Senator Olson: There are a number of very important considerations respecting not only the Kirby task force's recommendations with respect to the east coast fisheries but also other representations that have been made by people who are vitally concerned with that matter. I am sure the Leader of the Opposition would want the government to consider very carefully the ramifications that are involved for various interests that do not completely coincide with other interests. In any event, I shall try to obtain more precise information as to when the report will be made public. That answers the first question.

Hon. Lowell Murray: It is leaking all over the place already.

Senator Olson: Well, that is leaking.

The other question concerns whether the government has determined a policy, along with the necessary funding, to respond to some of the very severe conditions within that industry.

Insofar as the leaking, or the alleged leaking, is concerned, some of it may be leaks and some of it may be speculation on what may or may not be in the report.

Senator Murray: The staff is giving interviews about it, for heaven's sake!

Senator Olson: There is nothing new about that. It happens with all of them. I am sure that Senator Doody particularly would want the government to consider these recommendations from the task force and other people in a highly responsible way so that there will be a policy for the alleviation of those severe economic conditions as soon as possible.

Senator Doody: Honourable senators, I listened intently to what the minister was saying, but I am really no further ahead now than I was when I stood up a few moments ago to ask the question.

The fact that the government is concerned about the east coast fishing industry is certainly great solace to those people who are directly affected. I am sure that the people in Ramea Island, Burin and all the other towns where plants have closed down, resulting in people being out of work with their boats tied up or pulled up, would be very gratified, indeed, to know that the Government of Canada is interested in and concerned about their plight. That really adds nothing to or subtracts anything from the situation there.

What we would like to know is whether the Kirby task force report is an acceptable document. Is the Government of Canada so concerned with its contents that it cannot release it to the public? Is it prepared to continue letting out this series of dribs and drabs, some of which may be speculation, some of which may be based on some facts, and some of which, obviously, is based on nightmares, such as the nationalization of the industry on the east coast—one great crown corporation looking after all the plants?

[Senator Olson.]

Honourable senators, the problem is that nobody really knows what is going on down there. Apparently, the Government of Canada is still in the same position, although that report has been in its hands for many months. Is there some plan to do something soon—either to renounce the report, to accept the report, to accept parts of it or, at least, reveal the contents of the report to the people who are directly concerned? The government's interest is noted, but the people who are directly involved in making a livelihood from the fishing industry really should be considered in this context. I ask the minister to please release the report.

Senator Olson: I will take notice of that representation, but I think it should be pointed out at this time that the government was aware more than a year ago of the severe economic difficulties—whatever the cause may have been—within the whole structure of the Atlantic fisheries, and that they have taken some action along the way to find a policy and a plan that is acceptable to a wide range of people within that industry, as I explained a minute ago. Indeed, there was some very positive action taken for the fishing season that began on January 1, 1982. My honourable friend will recall that, along with the funding necessary at that time.

• (1415)

I am quite sure my honourable friend would not want the government to make a decision regarding a long term policy, bearing in mind the importance of that, without having a plan that has a reasonably high level of acceptability among the people.

Hon. Jacques Flynn (Leader of the Opposition): Release it, then. You will have the benefit of public opinion. You do not know what to do with it.

Senator Doody: The honourable minister tells us, quite properly, that the fishing industry on the east coast has been in serious trouble for several years and that the government has been aware of that.

Months ago the government appointed a commission to look into the matter, and the commission has reported back. Presumably, some of the contents of that commission's report are printable and publishable, even if they are not to the taste of the administration.

Is it not within the realm of reasonable expectations that the general public involved, and who have been involved for several years, as the minister himself says, should have the right to look at the contents of that report; or is it so abysmal that the government dare not put it forward?

Senator Olson: It certainly is doing so, but I do not want to repeat what I said some weeks ago when I was asked about it two or three days after the report was received by the government, nor do I want to repeat what I said about two weeks ago.

It still remains a fact that the government is expected to respond to that set of recommendations along with other recommendations. I am sure my honourable friend will be one of the first to ask, "Where is the government's green paper or white paper with respect to that?" We want to be in a position to respond positively.

Senator Doody: Honourable senators, I will try to approach this matter from another angle because, obviously, we are getting nowhere from this one.

If the minister is so concerned about the interests of those involved in the fishing industry on the east coast of Canada, has he taken steps, as yet, to consult with them on the contents of the Kirby report and the recommendations of either the Kirby report or the other parties involved who were mentioned by the minister a few moments ago?

Has the Government of Canada consulted with the governments of the four Atlantic provinces to date? If not, does it intend to do so before it implements its action plan? Has the Government of Canada consulted with the fishing industry along the same lines, or does it intend to do so? Has the Government of Canada consulted with the unions involved, or does it intend to do so?

Will the report be published and issued? Will the recommendations be announced or acted upon in isolation from the interested parties I have just mentioned?

Senator Olson: Senator Doody knows as well as I do that every one of the entities he mentioned was consulted in depth during the Kirby inquiry.

Senator Doody: I think the consultation the minister refers to was during the course of the preparation of the report and not in the course of the implementation of the recommendations. Is the minister now telling us that the consultation process is finished as far as the Government of Canada and the east coast interests are concerned relative to the fishing industry?

Will the governments of the four Atlantic provinces be consulted before recommendations are acted upon or before the action plan is put forward, or has the Government of Canada decided, in its wisdom, to formulate its own action plan and put it forward irrespective of the opinions of the four Atlantic governments?

Senator Olson: No. This government acts in a highly responsible way. The facts are that the consultative process in an industry as important and complex as the Atlantic fishing industry will go on. Even after a policy is announced, sometimes consultations continue during the implementation of that policy. That is the stance this government has always taken.

Senator Doody: Honourable senators, I hate to impose on the time of the chamber, but this is a matter of vital concern to a great many people in the eastern part of Canada and to the country as a whole.

What the minister is telling us now is that the governments involved, the industry and the unions will be consulted before, during and after the action plan is put into place. The document will be released. By then, of course, the government will have formulated its plan. The minister tells us that that is why it has not been released to date—the government is busily rushing around trying to put together an action plan; and that may be commendable, although it is certainly taking one hell of a long while. Once that action plan is in place, the other interests will be consulted—after the fact, during the fact and before the fact. Really, however, that will not influence the decision of the Government of Canada in this respect. The input from these concerns is already there. It was put there when the Kirby hearings were on.

• (1420)

Senator Olson: In answer, I will say that all of the scenarios that Senator Doody has tried to outline are inaccurate.

Senator Doody: Honourable senators, I am not surprised at that, because I am acting in total isolation on this matter. I am fishing—if you will excuse the expression—trying to get some information on the deal. I was granted an interview by the CBC in St. John's on several occasions. They showed me parts of the report and asked questions of me on other parts of it. I was not in any position, however, to comment on it because it had not been released. They told me that all I had to do was leave a brown envelope in any corridor in Ottawa, go back and check it out in the morning, and part of the report would be in it. I hesitate to do that because, as the honourable minister said, this is a responsible government which is very concerned about the interests of the people on the east coast.

I ask him, in the interests of freedom of information, but, more importantly, in the interests of the industry, livelihood and traditions of the people down there, for God's sake do something about the report—throw it out, discard it, publish it, act on it, but do something about it. Months are drifting by and the misery down there is getting worse all the time.

Senator Olson: Honourable senators, that is a repetition of what was said earlier, and I think that at that time I gave a responsible answer.

Senator Doody: If there are no supplementary questions in that regard, honourable senators—

Hon. Royce Frith (Deputy Leader of the Government): Start fishing on the other side of the boat!

Senator Doody: —I will try an attack on some other area. The honourable minister who is now the Leader of the Government in the Senate was, only a few months ago, the economic czar of all of the economies. During that time, he took a tour of the east coast to consult with the various governments. They told him exactly what they thought the problems were on the east coast. The problems are worse, honourable senators; nothing has happened to change that.

THE ECONOMY

UNEMPLOYMENT—ALLEGED MISCALCULATION IN 1982 FORECAST

Hon. C. William Doody: On a different subject, the predicted unemployment statistics of the Government of Canada that were revealed on April 22, 1982, projected an unemployment rate of 9.2 per cent. This information was supplied by the then Minister of Finance, who has since been elevated to a more important and prestigious portfolio—one where, hopefully, his accuracy in predicting future events will not embroil us in foreign affairs to the same sad extent it did in financial affairs.

In any event, the estimate was way out. Unemployment averaged 11 per cent during 1982, a difference of 1.8 per cent, representing 200,000 Canadians. The minister may be tired of hearing us talk about the unemployment rates and asking what can be done to try to help these people, but I wonder whether he could tell us exactly what impact that 1.8 per cent error in calculation has had upon the revenue and expenditure figures of the Government of Canada. How far backwards have we gone in terms of our cash needs and our deficit position because of that one miscalculation in the projections of the Minister of Finance of the day?

Hon. H. A. Olson (Leader of the Government): Honourable senators, it is not a miscalculation, on the basis of the economic indicators that were available at that time. What has happened, of course, is that there has been a deterioration in a number of factors that have led into those economic indicators since April.

If the honourable senator is serious about wanting to know the other figures in terms of revenue and other problems, I will try to obtain that information for him. I do not think, however, that it would be wise for him to assume that this government or any other government can make projections on indicators that exist at any given time. If those indicators change—and some of them change or are influenced by factors over which we have no control—then any responsible person also changes his predictions.

THE PUBLIC SERVICE

PENSIONS—RECOMMENDATIONS OF HEALTH, WELFARE AND SCIENCE COMMITTEE RE BILL C-133

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. It is now two weeks since the Standing Senate Committee on Health, Welfare and Science made its recommendations concerning Bill C-133, an act affecting supplementary retirement benefits. What action has the government taken in these past two weeks?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not believe any action has been taken. Furthermore, I do not believe that any action on those recommendations was promised at the time they were presented to this chamber.

● (1425)

Senator Phillips: Honourable senators, I do not believe the committee asked for a promise from the government; it made recommendations to the government, and I would point out that the second recommendation, dealing with the threshold, is becoming more important as the end of the month draws near. I ask the government if they place the same urgency on the mailing of the cheques this month as they did last month, and will they take action before the end of the month?

Senator Olson: The government remains committed to the hope that pension cheques of all kinds will be mailed on time, so that people who expect them on a certain day in the month will receive them on that date. That is just as valid now as it was when I indicated to this chamber that that was one of our motivations for having the bill passed in time.

With regard to bringing in another bill dealing with some of the recommendations that were made—and I can only repeat myself—there was no commitment that this was going to be done in February, March or at any particular time.

Hon. Jacques Flynn (Leader of the Opposition): You do not take it seriously.

Senator Olson: Yes, we do take it seriously. Consultations and recommendations to the government are always taken very seriously.

Hon. Andrew Thompson: Honourable senators, I have a supplementary question for the Leader of the Government.

In connection with the threshold recommendation, when the minister appeared before the committee he took this issue very seriously. He said he would consult with his colleagues in the cabinet on it. It is for that reason that Senator Phillips and I are interested in knowing the outcome of the discussions the minister presumably had with the cabinet.

Senator Olson: Honourable senators, in reply to that question I simply have to say that I am not aware that any action has been taken since two or three weeks ago, or however long ago it was.

SPORT

LOTTERIES—STATUS OF DISPUTE BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF QUEBEC

Hon. Nathan Nurgitz: Honourable senators, I have a question for the minister responsible for fitness and amateur sport.

Hon. Jacques Flynn (Leader of the Opposition): A very popular minister!

Senator Nurgitz: I wonder if the minister could tell us when he will release the Kirby report!

My serious question, honourable senators, for the moment, is as to whether the minister could make the Senate aware of the present status of the court dispute between the federal government—in essence, the minister's own department—and the Quebec provincial government, in connection with lotteries.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I do not have anything further to report on the status of the issue referred to that is now before the courts. Indeed, I think it would be improper for me to make any comment on the subject of court action at this time.

I can say that we are hopeful that action will shortly be taken in the other place to pass the sports pool bill, and that we may expect it here in the Senate soon thereafter; but I have no further statement to make on the matter that is before the courts.

Senator Nurgitz: I certainly did not wish to embroil the minister in any impropriety, and I appreciate the delicacy of his reply. There was, however, a hearing in the province of Quebec and a judgment was rendered. Am I correct in assuming that the judgment was against the federal government; in other words, that it was in favour of the Province of Quebec?

Senator Perrault: I prefer to say that the judge presiding was not in favour of the federal position.

Senator Nurgitz: That is the answer I was seeking. Can the minister advise us about that? Has it been disclosed yet whether an appeal will be taken by the federal government?

Senator Perrault: That decision has not been taken as yet, honourable senators.

Senator Nurgitz: But I take it that it is being considered at present.

Senator Perrault: Several options are being considered, honourable senators. The fact remains, however, that there is a commitment to provide a certain level of funding for the Calgary Winter Olympics. That commitment will be kept, and impressive progress is being made with regard to making certain that that event proceeds on schedule.

The legal disagreement that the federal government has with the Province of Quebec with respect to this matter in no way affects the basic federal commitment to Calgary. I want to reiterate that.

ALLOCATION OF FUNDS

Hon. Nathan Nurgitz: While I am dealing with the minister responsible for fitness and amateur sport, I should like to say that I noticed a very flattering article in the Ottawa *Citizen*, accompanied by a photograph of the minister wearing what appears to be a Superman sweater.

Hon. C. William Doody: The clothes don't make the man!

• (1430)

Senator Nurgitz: The Ottawa *Citizen* had an extensive interview with the minister, in the course of which he is quoted as having said—

Hon. D. G. Steuart: Jealousy will get you nowhere.

Senator Nurgitz: —that a good deal of federal government money had been invested in certain sports that should not have received the kind of attention they had, and that "there are certain areas where Canadians have a natural excellence"—I think those were his words—and that perhaps that is where we should be devoting more of our effort and, I suspect, our resources. Can the minister tell us which sports will receive the added support and which sports we have, in effect, been wasting our time on?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, that is a valid and good question.

Hon. H. A. Olson (Leader of the Government): Congratulations.

Senator Perrault: May I be frank and share with the Senate a challenge that we as Canadians face? May I say in a preliminary way that, happily, sport and fitness and associated matters transcend party differences—I say, happily.

Hon. Jacques Flynn (Leader of the Opposition): Agreed.

Senator Perrault: In the last Winter Olympics at Lake Placid we finished in twelfth place just behind Liechtenstein. I believe there is a determination on the part of Canadians to improve considerably that performance not only at Sarajevo next year but certainly at the time of the Calgary Olympics.

Some Hon. Senators: Hear, hear.

Senator Perrault: We are tentatively targeting Canada's position for the Calgary Winter Olympics at third place. We hope that we can achieve that placing. It will take the deployment of additional resources, not necessarily all from the taxpayers but as well from the private sector and other sources. I believe it would be intolerable to have Canada place twelfth or thirteenth in Calgary. There are many undeveloped competitive skills in this country which can and should be developed. Should resources permit, there should be more federally-designated training centres established. I do not believe they should all be in central Canada or western Canada or any single area. For example, designated training facilities for cross-country skiing could be established in Newfoundland or in Labrador, as well as in other areas of Canada. I believe there are opportunities to establish facilities of other types in many parts of the country.

We hope to have, in addition to our "normal" program over the next few months and years, a special program to improve our excellence in winter sports, where Canadians have been doing particularly well recently.

I wish to emphasize, however, that we do not anticipate any major cutbacks in the present level of funding for the sports now being supported in part by federal resources. It must be said, however, that in connection with a few sports, where we have invested a considerable amount of money over the years, we have not achieved significant success. There is one sport—I shall not name it because I know that the participants in it strive mightily to excel—where we are still in forty-second place in the world, despite all of the money we have spent on that particular sport, and one may well ask the question, "Are Canadians really suited to excel in this particular activity?" But there are certainly sports in which we have done extremely well. I met with the Canadian ski team last week in Sarajevo. There is a high level of morale and I anticipate that before the season is over we shall win many medals in that sport.

So the answer is, no, we are not going to have drastic cutbacks for any sport. Like any responsible government would do, we are reassessing the levels of funding now being directed to certain sports. In the forthcoming fiscal year, certain sports may be getting slightly more than last year and others slightly less. In part, the level of funding will depend on whether or not the sports in question are involved in world competition or in national or North American competition during the next few months; but I anticipate no Draconian slashbacks in funding

for any sport. And we are determined to improve the standard of coaching in this country. In the ultimate, we want to ensure that people in every section of Canada have decent access to proper training and coaching. Youngsters, indeed, people of all ages, wherever they live in this country, deserve a fair opportunity to develop their athletic skills.

Some Hon. Senators: Hear, hear.

• (1435)

Senator Nurgitz: Honourable senators, I am almost sorry I asked.

An Hon. Senator: Aren't we all?

Senator Steuart: Why don't you leave well enough alone? We are thinking of having a leadership race at the next winter games.

Senator Flynn: Your turn is coming.

Senator Nurgitz: I should leave well enough alone.

I would still like an answer to the question I asked 20 minutes ago: What sports will receive the added attention? If the minister is reluctant to mention those sports which will receive less attention, perhaps he could tell us the sports that will receive added attention, and I will figure out the answer myself.

Senator Perrault: The answer is this: The differences, in my view, will be marginal. For example, last year certain sports received extra amounts because they were in certain additional competitions. That does not mean that these sports will receive exactly the same amounts of money in the forthcoming fiscal year, but the differences will be quite marginal and insignificant.

When I say that we are going to put greater emphasis on training Canadians to do well in winter events—not only in hockey, but in alpine skiing, luge and all the officially designated Olympic winter sports—that does not mean that money will come from the existing programs of sports funding. We are hoping to obtain additional amounts of money to enable us to give special emphasis to winter sports development. So winter sports, in preparation for the Olympics, may receive more emphasis over the next few months and, indeed, over the next four or five years, but that will not be at the sacrifice of the existing funding levels for the sports we now help.

Hon. Royce Frith (Deputy Leader of the Government): I think you finish with a bronze, Nate.

Hon. Andrew Thompson: Honourable senators, will the minister outline to the chamber his philosophy on sports?

Senator Flynn: Oh, come on! You are asking for a speech.

Senator Thompson: To paraphrase the poet, is the minister's philosophy: It does not matter whether you won or lost, but how you played the game?

Senator Perrault: I will not go into my philosophy.

Hon. Duff Roblin (Deputy Leader of the Opposition): Why not?

[Senator Perrault.]

Senator Perrault: Senator Thompson's question brings to mind a question asked by him a few weeks ago about the state of boxing in this country. We have worked out the draft of a plan in conjunction with certain provincial advisers. It is now under discussion, and I hope to have an announcement very soon about at least one possible approach to improving the standards of ring safety in this country, to make sure that those people who participate in boxing endeavours in this nation do not place their life in danger when they climb between the ropes.

Senator Flynn: But you are talking about shadow boxing.

OLD AGE SECURITY ACT

BILL TO AMEND (NO. 2)—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Everett for the second reading of Bill C-131, an act to amend the Old Age Security Act (No. 2).

Hon. Orville H. Phillips: Honourable senators, last evening when the sponsor of this bill spoke to his motion, he reminded me of a similar situation in which I often find myself in my practice. During the past 30 years I have had to lecture a good many children of two, three and four years of age on the fact that candy is bad for their teeth and for their general health. I do not think I have had a very high success rate in convincing them of that fact, nor do I think the Honourable Senator Everett had any more success last night in convincing the senior citizens of this country that this bill is a good measure on their behalf. I would suggest that the next time a task such as this arises, the honourable senator let one of the cabinet ministers sponsor the bill. After all, it would not interfere with the honourable senator's excellent reputation, and since nobody believes a member of this cabinet, they cannot destroy theirs.

Hon. Jacques Flynn (Leader of the Opposition): It was to give the appearance of objectivity.

Senator Phillips: Senator Everett seems to feel that in implementing the six-and-five program there can be no measure with exemptions. However, the honourable senator conveniently overlooked the 11.2 per cent increase to the Bank of Canada retired employees; he overlooked certain exemptions to Air Canada, and, of course, the CBC was one of the first to be exempted from the six-and-five ruling.

• (1440)

Senator Everett last night brought forth a favourite theory of his that we should adopt the American method of calculating inflation. Honourable senators, I cannot get excited about that because I think of the method used to calculate the cost of a weekly basket of groceries. When the figure reached around $265, the government decided to lop off $250 and started in again at $15. It was nice to be able to say, "A basket of groceries only costs $80 now, instead of $265," but, honourable senators, it still took a very healthy slice out of the take-home pay of the average salary earner.

It does not really matter how you calculate it, Senator Everett, inflation still hurts. It not only hurts our seniors; it hurts our working people and it hurts our unemployed.

The calculations Senator Everett gave last evening were based on the rate of inflation for the last month. I really have no basic objection to that, but I should like the honourable senator to give us an undertaking, an assurance, that those figures will continue as they are or will even improve over the next two years. If he can give us that assurance, I will be happy to accept his calculations. If not, then in my remarks I shall use the figures given by the minister in the other place in November.

Honourable senators, this is the second part of the Trudeau trinity: the three pieces of legislation that were to attack the children, the retired public servants and the recipients of the old age security—all in the name of "six-and-five".

With respect to Bill C-133, the Senate displayed a rare bit of dissatisfaction. A rare event, it was nonetheless pleasing to see. Since that time, however, the whip and the deputy government leader have been busy. I doubt that we will see the same amount of dissatisfaction openly expressed on this occasion.

Last evening Senator Stollery voiced his concern with the legislation, and it was not very long afterwards that I noticed the government leader over at the senator's desk sitting with him and explaining the facts of life to the honourable senator. I noticed the honourable senator here earlier, but apparently he has now left. I presume he will be here when the vote is taken.

Senator Flynn: I think the Honourable Senator Stollery has just returned.

Senator Phillips: Oh, yes; he is back. That's great. I am glad to see that he still has both arms intact.

This legislation reminds me of Robin Hood, but in reverse. It seems rather strange to me that legislation should be in reverse, but, honourable senators—and I am sure the Honourable Senator Everett will appreciate this more than I do—there seems to be something wrong with the transmission of this government; apparently, it is locked in reverse and nothing they do seems to be able to put it into first gear, second gear or drive.

This is the second measure of the Trudeau trinity that was brought in under closure. I fail to understand the determination of the government to deal with this legislation. The debate in the other place was cut off after five days. Surely, honourable senators, citizens who have contributed so much to Canada should be entitled to more than five days' consideration.

Apparently, there is no urgency to deal with the unemployed. Last October there was a grand announcement by the government to the effect of implementing make-work projects. Since October the government has created 4,200 jobs under that program. That has never been discussed in Parliament, and yet there are 2,135,000 Canadians looking for work, either part-time or full-time employment. Some of those people are able to obtain only four or five hours of work a week, but there has been no discussion in Parliament about those people or their circumstances. No, this measure has priority.

Why is this measure so urgent, honourable senators, when the situation of the unemployed seems to be so unimportant?

Last week the Minister of Finance said he did not have time to call a conference of the federal Minister of Finance and the provincial finance ministers. Nevertheless, he has had time to direct the Minister of National Health and Welfare in this matter and to supervise the President of the Treasury Board on the other legislation. Why has he had no time to deal with the economy?

Parliament could be dealing with the Crowsnest Pass rate or the Kirby report, but those matters are not introduced to Parliament. Oh, no. This measure, this abominable measure, must receive priority. Again I ask you why this matter is so urgent, when the other matters are not even to be discussed in Parliament.

Honourable senators, there are moments when I have sympathy for the members of the party opposite. Fortunately, however, my sympathy for a Grit never lasts too long. I place my sympathy where it belongs—with the victims of this legislation and of the Trudeau trinity.

Perhaps the government supporters would like to know against whom they are voting when they support this legislation. I question whether they realize just whom they are offending or how many people they are offending when they pass this legislation. It is not only the senior citizens who will be offended by this legislation, honourable senators: it is their children and their grandchildren who will be offended. So it is not a measure which should just be rubberstamped and cast aside in a hurry.

I am perhaps being a bit unfair when I call this "Liberal" legislation. In my years on Parliament Hill—and there have been more than I care to mention—I have known many fine members of the Liberal Party who were proud of the principles advocated by the Liberal Party of old. But I ask honourable senators what has happened to the Liberal Party. All those principles that were the basis of the grand old party have now gone through the parliamentary shredder. Who has taken over the Liberal Party, I wonder. Who has usurped control of the party and discarded those principles of what was once a great party of Canada?

I am never much of an optimist in respect of the Liberals, but I still like to retain just a faint hope that, when Trudeau, Lalonde, Gray, Olson, and about one or two dozen other cabinet ministers go, the party will return to its tradition of equity and fair play.

Honourable senators, the reduction of the old age security benefits contained in Bill C-131 affects 1.2 million Canadians. That may be a source of satisfaction to senators such as Senators Davey, Frith and Pitfield, who originated the program, but I believe that most Canadians will be shocked by the realization that this government has selected one group to target in on.

● (1450)

The Canadians being assaulted by this bill are those to whom Senator Stollery referred last evening. They are those who went through World War I, the Depression, World War II, and now another depression. They have worked hard, contributed to the growth of the country through the payment of taxes and have helped to develop Canada. Now the government says to them, "We are in a depression. It's your fault. You did it again. We are going to cut back on your security benefits."

Honourable senators, is it just possible that the Minister of National Health and Welfare pushed the wrong button on the Liberal computer and made a very grave error? I think so.

While the senior citizens were making their contributions through taxes, they kept thinking that the money derived from those taxes would be available for them to draw on some day if they lived long enough. I am sure all honourable senators have heard that hope expressed many times, but now that they have survived and are drawing benefits in their grey years of life, they now have to worry about the government's action and the intention of the government concerning old age security benefits.

Meanwhile, the Minister of National Health and Welfare keeps saying that Canadians are in an economic crisis and that they need stability. Honourable senators, I find this a very odd way to provide economic stability for our senior citizens. That, honourable senators, I would describe as a "Lalonde-ism".

During the last election campaign in the maritime provinces Liberal candidates, joined by a number of Liberal senators, promised a $35-a-month increase in old age security benefits. I wonder why that election promise has not received priority. Why is there not an increase in the old age security benefits as promised by a number of Liberal candidates and senators? I ask the Chairman of the Standing Senate Committee on Health, Welfare and Science, to which this bill will be referred, what happened to the promises he made on numerous occasions during the last election campaign. I am sure he will want to explain to the members of the committee just what happened to that promise. I hope it still applies and that this measure will be short-lived.

I mentioned earlier that there would be some discrepancy between my figures and those used by Senator Everett last evening. I believe I explained that I would be using the 11.2 figure, which is based on one year's experience, rather than the one-month figure used by Senator Everett.

This measure will cost the average recipient of old age security $290 by 1984, and will cost him that for every subsequent year of his retirement. For a married couple drawing old age security benefits, this measure will cost them $580 per annum for every subsequent year of their retirement.

Honourable senators, I consider this to be an insult, but it is an even worse insult for the government to keep saying, "We are doing this to provide economic stability." Surely, honourable senators, there must be another way of providing that economic stability.

[Senator Phillips.]

Hon. Douglas D. Everett: May I seek your indulgence and ask you to repeat those figures?

Senator Phillips: This measure will cost the average recipient of old age security $290 at the end of 1984, and will cost a married couple receiving OAS $580. You can find those figures in the report of the committee of the other place. They were provided by the minister, and that is where I got them from.

Senator Everett: Thank you.

Senator Phillips: Some unfortunate retired public servants will be hit twice. The retired public servant, under the provisions of Bill C-133, receives an average reduction of $800 per annum at the end of two years. Now, if we add the $580 to that, we find that the retired public servant is being taxed $1,380 per annum for the rest of his retirement.

The threshold principle is recognized. Single persons with an income of $6,075 per annum will still receive full indexation. Married couples with an income of less than $9,360 per annum will not be affected. I ask honourable senators why there is a distinction between Bill C-131 and Bill C-133. Why is the threshold principle included in this bill but ignored in the other?

Earlier, in Question Period, I asked the Leader of the Government in the Senate a question about that and he was very emphatic that it would not be placed in the previously passed bill. Despite recommendations of a Senate committee, the government will not give that any consideration.

Now, let us not get the idea, honourable senators, that all pensioners are protected by GIS/OAS. There are 25,000 single retired individuals with incomes of between $9,000 and $10,000 per annum, and there are 25,000 married couples who have an income of $15,000 to $16,000 per annum. Those people, honourable senators, are the ones who are bearing the brunt of the six-and-five legislation as outlined in this bill.

The average recipient of GIS/OAS receives $25 per day. That is to buy food, to pay rent, utility bills, heating bills, and for all other necessities of life. In the name of controlling inflation we have to restrict that, but, honourable senators, let us compare that with the salary to be paid to the Chairman of the Royal Commission on Economic Union and Development Prospects for Canada. He is to receive $800 a day, plus travelling expenses, and then there is the dandy little clause that says that if he leaves Toronto he is to receive $125 a day over and above the $800.

An Hon. Senator: It's worth it!

Senator Phillips: If the citizens of Toronto were offered $125 a day to leave Toronto, there would be a mass exodus from that city.

Hon. C. William Doody: They would probably settle for the bus fare.

Senator Phillips: One can hardly blame them for that.

Honourable senators, there is some lack of knowledge that needs to be explained. We have so many consultants hired by the government at $400 or $500 a day that the Auditor

General says he cannot find out what half of them are doing. He does not even know who they are. We also have many advertising agency executives receiving, in all likelihood, greater salaries. The federal government spends $200 million a year on so-called advocacy advertising. Never mind things like that because they are not important. It is those old age pensions that are causing inflation. It is the pensioners doing it again.

• (1500)

Hon. Duff Roblin (Deputy Leader of the Opposition): Don't forget Mirabel.

Senator Phillips: Let's not forget Mirabel.

An Hon. Senator: Don't forget the Kirby report.

Senator Doody: Incidentally, how much did that cost?

Senator Phillips: It is a very interesting question.

Senator Doody: Obviously, whatever it cost, it is not fit to publish.

Senator Phillips: I expect the Chairman of the Standing Senate Committee on National Finance will want to tell us that when he replies.

The cutbacks are in the wrong area. I suggest it is time to concentrate on the non-essential things. I know it costs a lot of money to train wild geese to fly east to west instead of north to south, but we can get along without the wild geese in the government advertisements and we can provide old age security at its present level.

The Prime Minister went to Thailand in January and with one scratch of the pen he gave away an amount almost identical to what is being saved by this legislation.

Honourable senators, let us be reaslistic. Let us cut out the six-and-five nonsense as it applies to this bill, and let us apply the six-and-five, and even more than the six-and-five, to some of the government expenditures.

It is interesting to note that this is not the first time that the Liberal government has used old age security in order to fight inflation. Indexation in a formal way began in 1968 but it had a limit of 2 per cent per annum, which was, if I recall correctly, adequate because inflation was not rampant in those days. In 1971, the government decided that it could no longer afford the 2 per cent indexation, so pensions were frozen. They were frozen to fight inflation—the very thing that this legislation is supposed to do. I did not work because inflation has increased considerably since then. I do not see that it will work on this occasion.

It is also interesting to note that those who are now being taxed by having their old age security reduced paid throughout their lifetime a surtax for old age security. Corporations paid a surtax on their profits from 1951 to, I believe, 1972. The money was to pay for old age security. Until 1972 there was a 3 per cent federal excise tax that was paid by these various people. Again, the money was to be used to pay for old age security.

When introducing this bill in the other place, the Minister of National Health and Welfare expressed concern about equal benefits accruing to old age recipients from income tax exemptions. She spent considerable time on that and seemed very perturbed that a person with a low income received the same exemptions as those with an above average income. I fail to see why that should concern the minister because the Prime Minister receives the same income tax exemption as an unemployed labourer and nobody is suggesting that that be changed. Why does the minister have this particular concern with the tax exemptions of the retired?

Honourable senators, part of the reason we have this legislation before us is that the Minister of National Health and Welfare refused to stand up in the House of Commons or anywhere else to protect the people she is supposed to protect under her portfolio.

There is a struggle going on within the ranks of the Liberal Party concerning universality. The majority of the cabinet favour removing that principle. I believe that we should get some indication of the government's intention concerning universality of old age security, either in this debate or in committee. If this legislation passes here and in the other place without any great argument, the government will feel encouraged—perhaps even justified—to put further restrictions on old age security, which is something that would not be acceptable to me.

There are many alternatives to this legislation. The amount of money saved by the government is not that great—a very small percentage of the total budget. An amount of 15 cents per month from each taxpayer in Canada would allow old age security pensions to be fully indexed so that our retired senior citizens can enjoy the benefits. I cannot imagine a taxpayer in Canada objecting to paying 15 cents a month.

There are a number of other changes which could be made. For example, we need not give the same priority to crown corporations such as Petro-Canada. They received a subsidy of $517 million last year, and $630 million was used to buy service stations for them. Every time a Canadian fills his gas tank he is paying five cents per gallon as the Canadian ownership charge. A decision must be made soon regarding the Canadian ownership charge because the amount of money required by Petro-Canada has now been collected and the government has shown no indication of removing the tax. Why not take that tax and utilize it to pay for the full indexation of old age security, supplementary retirement benefits and family allowances? It would do far more good there. Again, I emphasize that we are placing our priorities in the wrong order.

In closing, I should like to quote someone who is often quoted in this chamber. At the Liberal policy convention in November 1982, the Prime Minister was reported as saying—I will have to trust the newspaper reports because I was not there; for some reason I did not get invited—on that occasion:

> When conditions change, Liberals adapt. When old solutions fail, Liberals think anew. Above all else when economic adversity strikes, Liberals act.

Honourable senators, here is your chance to act, to think anew and to adapt. We have tried these measures before with old

age security. We have tried them with the wage and price controls, and they did not work. Reject this bill and move to other priorities and more logical solutions.

Hon. David A. Croll: Honourable senators, as Senator Everett said, the bill makes provision for the very poor. They can draw their old age security. They can qualify for the guaranteed income supplement and, in some cases, the spouse's allowance. The government is not holding as hostage the lowest paid people, but it is being unfair to about one million other people.

● (1510)

I accept Senator Everett's figures, and realize he is doing a very good job of equating the figures. On the other hand, I differ from him because I am equating the human figures. I do not want to appear more concerned than he is.

Senator Flynn: It is easy.

Senator Croll: Senator Everett was a member of the committee on poverty. He has a feeling for the poor. He and Senator Cook were the two millionaires on the committee. We did not count their money. They both went carefully through the recommendations, and they both signed the report.

Hon. Eric Cook: Senator Croll exaggerates.

Senator Croll: I have always had a very special feeling for both of those people.

Senator Everett understands the problem, but I have a different interpretation. Senator Everett said that the money saved was not the chief concern; the fitting into the six-and-five mould was the chief concern.

It does not make any difference whether Senator Everett's figures are right as far as the amount of money that will be lost is concerned. I oppose this bill if any man drawing the old age pension loses even a nickel, and I will tell you why in a few minutes.

The six-and-five program has met with considerable success, but it is hard for me to believe that retirees, old age pensioners and family allowance recipients could not have been spared what has been inflicted upon them. I believe they could be exempted.

I do not enjoy standing up and opposing my party. I am a loyal Liberal; I am a loyal rebel in the ordinary sense.

This bill has a special affinity for me. As a young man practising law, I played an active role in politics. Along came this old age pension problem. I was in there screaming that we must pass legislation concerning old age security. We passed it. My reward was that the next year I was elected mayor. They must have thought there was some merit in my stance. I have always been thankful for that. That legislation has always held a special meaning for me, and I will try to convey to you what that special meaning is.

The bill was rejected by the Senate of that day on two occasions. It is interesting to consider the reasons why it was so rejected. First, it was considered to be ruinously expensive for the poor provinces; second, the subject matter was assigned, under the Constitution, to the provinces; and third, it was thought the legislation was premature because there was no federal-provincial agreement. How things have not changed in 50 years!

On reading the *Debates of the Senate* of that time, I note that some senators went a little further and said that the act could be socially destructive, and the then Leader of the Government in the Senate rejected the bill because it relieved the child of a natural and civil obligation because it would constitute a "dole" as they had in Great Britain. That was 50 years ago.

The point I want to make to this chamber is that legislation laid the foundation for our future social services and policies of this country. Recipients were subject to a means test. They had to be 70 years or older and fulfil the residence requirements. The plan was to be administered by individual provinces that chose to participate and pay 50 per cent. From the beginning there was considerable demand for an increase in pension, and it was increased gradually. The chief objection was the means test. People felt it was meanly applied, and it was.

Twenty years later, in 1952, the government decided to appoint a committee of the House of Commons to study pensions. I was a member of that committee. The committee recommended universality, and the government adopted that recommendation and made it law. That was the cornerstone of our social system. Universality is the foundation of the retirement planning of every worker in this country; that is all he has with the exception of the Canada Pension Plan, which does not give him much. To interfere with that, to me, is unbecoming, whether we have a six-and-five program or a seven-and-eight program. The purpose is to build on top of the legislation; it is untouchable.

We have continued to increase the payments made under the old age pension plan. We have introduced the guaranteed income supplement which has never been fully adequate, but I will not argue that point. It has been very helpful to the old.

This chamber authorized a study on aging, which took us three years. We recommended that the age limit be reduced, year by year, from age 70 to 65, and that something be added. The Honourable Allan MacEachen was then the minister responsible, and he added a supplement. The original idea came from this chamber.

Now, 30 years after accepting the recommendation of universality, we are asked to take action that I never expected to be proposed by a Liberal government. I am opposed to cutting benefits received by anyone. There are only two things you can do to a benefit—you either freeze it or you raise it, but you never cut it. I am against cutting.

Senior citizens with little or no income will not be affected by the bill; I have told you that. The amount of loss to others is not great—somebody said it would be $300, and another said it would be $190. That does not make any difference. It is basically wrong. It has been pointed out that in other countries social security is being reduced. Honourable senators, I am not a supporter of President Reagan of the United States or

Chancellor Helmut Kohl of Germany. I am a Canadian and I want things handled in the Canadian way. Surely this country, with its boundless resources, is rich enough to work its way out of the economic doldrums without exacting an added toll from our older people. They have earned a little security in our society, and, believe me, it is little enough. Let us not, for heaven's sake, make things any worse for them than they are already.

● (1520)

Honourable senators, I quite accept that the way out of this recessionary period is going to be difficult and expensive. No one in his right mind thinks that there is an easy way out. To do it on the backs of the pensioners, however, is simply out of the question.

Put in terms of dollars, what would be saved by putting our old people in the six-and-five straitjacket would not amount to a hill of beans. It is not going to bail out Massey-Ferguson; it is not going to build 100 miles of railway; it is not going to bail out Chrysler; and it will not pay for much in the way of public works.

Honourable senators, I have been a card-carrying Liberal for something like 60 years. I cannot believe that anyone, least of all a Liberal administration, could even think of imposing the six-and-five formula on our old age pensioners. In these difficult times there are many groups in our society that can bear greater or lesser burdens, depending on their means, and these groups include organized labour, industry, farmers, the public sector, and so on. Our old age pensioners, however, are definitely not of such a group. They have no accumulation of savings, write-offs or perks such as those the other groups enjoy to help them through the bad days we are experiencing. There is no fat on our old age pensioners, honourable senators. They are down to the bone now. Too many of them are living below the poverty level, and it would be unthinkable to let continuing inflation further erode their already inadequate pensions.

The fact is that this country is not going to nickel-and-dime its way out of the recession—and, believe me, nickels and dimes are all we would get from the old age pensioners. Let us not lose all sense of decency for a few nickels and dimes. This country has a moral contract with its old people. They make up the most defenceless sector of our society. No powerful union fights for them; they have no organized lobby. Every other group has its vocal defenders—scratch one and listen to the howls. Well, honourable senators, I am howling for the old age pensioners.

Honourable senators, I mentioned earlier my chief objection to this bill. Universality made this pension the foundation for individual retirement planning. That is all these working people now have. Fifty-three per cent of the working people of this country have the GIS plus the pension plan and must, thereafter, make provision for themselves. It can be seen, then, how people have lived with the hope that they could build on this old age pension security. For the government to interfere with it in any way will give these people a feeling of insecurity.

The one thing they must have is absolute confidence that their pensions will be there tomorrow, the day after and the day after that. We cannot—we must not—break faith with them. Heaven knows, we are doing little enough for them as it is. I have been campaigning as hard as I can in favour of doing more for our pensioners. Let us not, in all conscience, do less.

Honourable senators, so long as one item of the benefit is being cut, I cannot support this bill. This bill lacks what we have always had in the Liberal Party, and that is compassion. The Liberal Party, through years and years of hard times, has impressed upon the people of this country its desire to help in every possible way.

I have seen and met many young people armed with these sharp pencils who can always tell you how to save. "Well, here, cut social security; that is one way to save." I will just say that sharp pencils and dull minds do not go well together.

There is not one other country in the world which pays its people of a certain age so much money. That has become part of our culture. It is part of our strength, and we ought to preserve it.

As far as I am concerned, honourable senators, I cannot support this bill.

Senator Flynn: Bravo!

Hon. Richard A. Donahoe: I will relieve honourable senators immediately of any anxiety regarding my position on this bill. I propose to vote against it. However, I should like to say a word or two about it.

Honourable senators, we live in parlous times. We see, in this country, a deficit in the order of billions of dollars. We see people coming forward urging that, for the sake of the economy, we spend more money, that we should have an even greater deficit. They say, "Thirty billion dollars is not enough; let us have more. Spend your money!" Where it comes from, I do not know.

A person of my age can remember the day, in this country, when the deficit was measured in millions of dollars. As a young politician, I travelled across the country and was told by university students that we must get rid of that man Diefenbaker. I was told then that any man who runs the country with the result that the deficit climbs into the millions is certainly not the right man for the job. Today I pick up my newspaper and find that, even now, they say that Mr. Diefenbaker had no ability in looking after money. Perhaps that is so; I do not know. But I do know this: he was rich in ability compared to some of those who are in positions of authority today.

Honourable senators, I merely wanted to say this: I looked at this bill and wondered how I could answer the Liberal position that we, as opposition members, are inconsistent because, on the one hand, we say that you, the Liberals, spend too much money and have policies that cost too much; and, on the other hand, when you try to limit costs, as you propose to do in this bill, the opposition rises to its feet and says this should not be done. Well, I was impressed by what Senator Phillips and Senator Croll had to say. One thing in particular that each of them said made me stop and think. In the first

place, whether or not it is inconsistent to say that we should vote against a measure which is going to cost the government less money, with which I am inclined to agree, the minute you apply such a cut to the portion of our population that is least able to bear it, then I no longer can agree with you.

● (1530)

Senator Phillips, in particular, spoke about the salaries that were to be paid to the members of the royal commission on the economy of Canada. The government says that we must save money because we are spending too much and our deficits are too high, yet at the same time the very people who preach economy make an extravagant gesture such as that with regard to this royal commission. I say to myself that, even if I did not have the feeling I do with regard to old age pensioners, I would recognize the arguments coming from the other side of the house as hypocritical, since one only has to read what is being paid to the members of that commission to realize that the people who are prepared to justify it are not greatly concerned at what they are doing.

I am not going to talk politics or about the Prime Minister very much, but I cannot help referring to what the Prime Minister said with regard to justifying the emoluments that are being allowed to the persons heading this commission. He said, "Oh well, one must always bear in mind that McCarthy & McCarthy have to pay their overhead, and that a large portion of what is being paid to the commission will be diverted to that firm." The answer to him on that should have been, "Who gives a damn about McCarthy & McCarthy?"

We feel for the old age pensioners, but we do not feel for people of that calibre. Just think about it. Mr. Macdonald, a former Liberal cabinet minister, a touted potential leader of the Liberal Party and a potential candidate to be prime minister of this country, will be paid for doing an outside job greatly in excess of what we now pay the Prime Minister. He will get, at $800 a day, if he only works five days a week, something like $200,000 a year, while we pay our Prime Minister something like $124,000 a year. I am sure you will say to me, "Well, you are assuming this. It is only a daily rate that Mr. Macdonald gets. To get the kind of figure you are suggesting you only assume he is going to work on that number of days."

I do not think an awful lot of Donald Macdonald, I can tell you, but I believe that even he would not have the gall to accept that kind of appointment, with that kind of allowance, unless he did what he deemed to be his level best to justify it. Anyway, if you are being paid on a daily basis, and if you get $800 a day, then I certainly say to you that there is very little incentive to remain idle. As long as we are being paid by the day, the chances are that we will work by the day and that we will work every day.

Do not think that Mr. Macdonald is alone, however. There are other people who are going to benefit. The order in council that sets up the payment to be made to the royal commission establishes a stipend of $750 a day for Michel Robert. I do not know Michel Robert. It says in the document to which I am referring that he is a Montreal lawyer. It also says that he is a Liberal supporter.

Senator Doody: Surprise, surprise!

Senator Donahoe: It mentions another name, also, at $750 a day. This name is Godsoe. I know him, because he comes from the same city I do, and I am perfectly delighted with the great good fortune that has come his way. I surely trust that he will be able to survive on that paltry amount of $750 a day.

Senator Doody: Is he a Tory?

Senator Donahoe: Some of the persons on the commission, however, receive amounts that approach normality. By the order in council they receive only $350 a day. It is interesting to note, and I really do not know what the explanation is, that one member of the commission is not mentioned in connection with salaries. The coincidence is that that person is the only Conservative member, that I know of, on the commission. There may be others—I will not say there are not—but she is a marked member of the commission. There is no pay for her. When a question was asked about what her pay would be, the answer was, "I really don't know, but I am sure she will be paid something." Well, I hope so. I feel that her work as a member of the commission might be frustrated if she found she was not going to receive something.

I merely want to say, with respect to the bill that is before the Senate, that from the point of view of political philosophy I sympathize with those who support the six-and-five approach. I am bound to sympathize with any move that is directed to the saving of money. I cannot accept this particular bill, however, because the burden of the saving, as I have said, is to be placed on the shoulders of those least able to bear it.

Finally, I want to say that any prospect that there might ever have been of my changing my mind, and becoming convinced of the verity and sincerity of those who preach the six-and-five philosophy, is lost completely when I read the story of the appointment of the members of this commission. Do not feel too badly about the commission, however. It only has a three-year mandate, so there is no danger of anybody becoming a millionaire. They may live like millionaires while the commission exists, but they will not end up being millionaires, because even at $192,000 a year, if you multiply that by three, you still do not quite reach a million.

I do not know whether or not this bill we are considering is motivated by a desire to put the government in funds with respect to its expenses in connection with the commission, but I do know that a large proportion of what is not going to be paid to pensioners by virtue of the provisions of this bill will, of necessity, have to be spent on that particular job. It is a job, I may say, that is of very dubious value to the nation. I listened this afternoon to one of the senators from Newfoundland attempting to urge that there be disclosure of a commission report which directly affects the livelihood of the people in both his province and mine. "For the love of God," he said, "disclose it. Do something about it." We now see hundreds of thousands of dollars being expended to produce a message which should be produced by the government of this country.

• (1540)

Don't forget that one must sympathize with the Liberals. They have a number of policies afoot in this country which mean that automatically, when conditions suit it, the cost rises. Oh, we have medical coverage; we have unemployment insurance; we have a wide variety of social benefits; but I have lived long enough to run election campaigns in which I was told that I was something less than proper when I said, "There are dangers in some of the policies that you, as a Liberal Party, are putting forward"; and I was mocked and laughed at. But I have now seen the day arrive when the very policies that were used to deprive some people of an opportunity to take part in the government of the country, and were used to provide that right for a certain group of people, have come back to knock on their door and to tell them that those who said there were dangers inherent in the policies were not gloom bringers, were not people who tried to suck sunshine out of a cucumber, or people who were mean, narrow and selfish—that is the way they were depicted—but were people who saw a reason for what they said.

Honourable senators, I do not propose to say much more in connection with this bill. I do not know that what I have said is of great value to anyone but me, but I had the desire to stand on my feet in this chamber and say all of the things I have said in order that those in my province who are interested in what takes place in this chamber will not say that I voted against a measure which the government brought forward in an attempt to save money, to attempt to curb the deficit, to attempt to control the economy. I do not want people to say that I voted against that kind of bill, but that I voted against this bill because those who have proposed it are the victims of their own policies, to begin with, and, secondly, they are not serious about attempting to solve the economic problems of this country. They use the Donald Macdonald commission as a means of pushing aside and escaping the blame for the conditions which exist in this country. That is all it is.

So I shall vote against this bill for those reasons. I shall vote against it because the people who promote it are not sincere in what they say. I shall vote against it because the bill does the very thing that Senator Croll says it does: it demonstrates that the spirit of equity and fairness that used to dominate the Liberal Party no longer exists. And when Senator Croll asks the question, "What has happened to the Liberal Party? Why do I have to stand on the floor of this house and suffer, to take the position that I do take because the government of the day insists on bringing in bills that are entirely inconsistent with the philosophy which made the Liberal Party the government?" my only answer is: Well, perhaps your party has fallen on evil days; perhaps it has fallen into the wrong hands; perhaps it is led by people who are not genuine Liberals. Perhaps some of you on the other side of the house who like to take your lessons and vote as you are directed are looking to the wrong source when you seek to know what you should do. If some of you followed your own natural, generous instincts, if some of you were logical and realistic, as I know you to be, then perhaps this vote and many other votes in this Senate would come out very differently from the overwhelming way in which we see them develop.

Hon. John M. Godfrey: Honourable senators, I had no intention whatsoever of joining in this debate, as you will hear enough from me later; but I feel that I should rise on the point raised by Senator Donahoe, namely, Mr. Macdonald's fee of $800 per day.

As honourable senators know, the Standing Senate Committee on Banking, Trade and Commerce is a most effective committee, highly regarded and respected. One of the reasons for that is because we have excellent professional assistance. We have a lawyer from the largest law firm in Montreal—a firm that corresponds in that city to McCarthy & McCarthy in Toronto—who goes through the tax bills for us and gives us excellent advice. Last spring I took it upon myself to find out how much we were paying that lawyer per day, and it was $850. I then inquired around Toronto, including my old law firm, to see whether or not that was reasonable, and I discovered that it was. So all I am saying—and there has been no objection from the Conservative members of the Banking, Trade and Commerce Committee to paying our lawyer $850—is that we are getting Mr. Macdonald cheap at $800 per day.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, notwithstanding the comments just made by Senator Godfrey, I see no one on the government side supporting the bill, except for the bill's sponsor. Yesterday, Senator Croll asked one question, and Senator Stollery made his position quite clear. Last week, when we were discussing the bill about capping indexation of public service pensions, Senator Thompson, and even Senator Thériault, expressed their disapproval. Granted, on third reading Senator Thériault managed to find a reason to toe the party line. In any case, I see only Senator Everett, and when I was listening to him yesterday, I thought it was rather amusing that he should have been chosen on the government side to introduce this legislation. Senator Everett is a finance expert, chairman of our Committee on National Finance and a technician, and I thought it was rather amusing that in his speech yesterday he used almost exclusively technical arguments, which, however, were less than convincing. In fact, it would be interesting to see whether anyone on the Liberal side would be able to produce some really convincing arguments in support of this bill.

First of all, I would like to comment on Senator Everett's introduction, in which he explains that the bill is part of the 6-and-5 program. I have previously had an opportunity to express my doubts and my disagreement with this view, because I feel that the 6-and-5 policy is concerned with wages and nothing else. To extend it to public service pensions, as was proposed last week, or to old age security benefits which we are discussing today, I think an entirely different set of arguments should be used. The aim is to restrain wage increases, and that is a matter of economics. But Senator Everett told us that it was part of the policy which to date "has been extremely successful".

If that is true, why is this particular bill being tabled? We do not need it. If the program has been successful, why add this particular measure? You can hardly label as successful a measure that has not even been adopted. The 6-and-5 program was adopted, but to talk about success when a bill has not yet been given effective force of law is rather stupid.

Then he added another argument, his favourite one on inflation rates. He told us that Mr. Bouey appeared before the committee in December and told us that if the inflation rate in Canada were calculated in the same way as the United States, it would be even lower, and he said 10 per cent. However, I checked what Mr. Bouey said to the committee on National Finance; he said that it would be 3 or 4 per cent less, if the inflation rate in Canada were calculated in the same way as in the United States. If we have an inflation rate of 10 per cent, and we subtract 3 or 4 per cent, then we get 6 per cent, so that this legislation is entirely unnecessary. If we are really down to 6 per cent, forget the legislation and let us just change the way we calculate inflation. We do not need legislation that seems to be persecuting the poor. There was a whole series of arguments like that.

Further on, Senator Everett told us:

• (1550)

[*English*]

> The government is not as concerned about the amount of money it saves as much as it wishes to create an additional condition of restraint in its attempt to overcome inflation.

[*Translation*]

It is all done with mirrors. They just want to say that they are doing something extraordinary, but in fact, whatever they would have us believe, they are making people pay who can least afford to.

I agree that the bill provides for people who receive the guaranteed income supplement, but those who are barely above the poverty line are going to suffer.

Another statement by Senator Everett, which I think is too transparent for words, appears on page 5322:

[*English*]

> Then you are faced with the problem of which groups should be controlled. If the government makes an exception for one group, then another group will say that they ought to be excused from the restraint, and before you know it your restraint program has failed.

[*Translation*]

Well, it is common knowledge that a lot of groups are not going to be affected: people getting Canada Pension Plan benefits, veterans, CBC employees and many others. With so many exceptions, why did they have to hit on Old Age Security? I cannot accept that.

This morning, *Le Devoir* published an article by Paule des Rivières, under the heading: "Poverty more widespread". I shall quote a few paragraphs of interest, without leaving out anything that might support the arguments of those who are going to vote in favour of the bill later on, I promise:

> On the other hand, the situation of families where the head of the family is 65 years or over improved during the last decade, but has remained unchanged since 1980. Elderly couples without children who are mainly dependent on government pensions are in fairly serious trouble, according to the Canadian Council on Social Development, in a book providing basic data on poverty in Canada which was made public yesterday. The author is Mr. David Ross, an Ottawa economist.

Further on:

> Among people living on their own, women over 65 are the worst off.

This bill is going to affect the people mentioned in this report, without really making a substantial cut in Government expenditures and without making a meaningful contribution to the 6-and-5 program, which, in my opinion, should only apply to wages and prices. As far as inflation is concerned—and Senator Everett touched on the subject yesterday—the high interest rates we have been using for years to fight inflation have only led to an endless number of bankruptcies and the high rate of unemployment we are saddled with today. The former President of the Treasury Board, Mr. Johnston, who is now Minister of State for Economic Development, said not long ago that it was perhaps just as well that these lost jobs should disappear because they would eventually be replaced by other jobs.

I do not doubt it, but meanwhile, the government's job creation policies are only creating temporary jobs which are far less valuable than the jobs that no longer exist. In any case, this government's policy is a total mess. This particular measure will not have the expected results. It is only punishing people who need security. The arguments put forward by Senator Croll, Senator Stollery, and by others such as Senator Thompson last week and also by my very good friend, Senator Thériault, should convince the Senate that this bill should be voted down.

[*English*]

Hon. Douglas D. Everett: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Everett speaks now, his speech will have the effect of closing the debate.

Senator Everett: Honourable senators, first, I would like to correct an impression that was made or attempted to be made during the speeches we have just heard, and that is that somehow the income of pensioners under the old age security program will be cut. That is not the case.

Senator Flynn: We know very well that it is.

Senator Everett: You may know it very well, sir, but the impression was left that the benefits had to be reduced—

Senator Flynn: They will be.

Senator Everett: —and that an old age pensioner will receive less than he or she had before. That is not so.

Senator Flynn: Yes it is, in relation to the cost of living.

Senator Everett: The increases are to be held to 6 per cent in 1983 and a further 5 per cent in 1984. That does not mean that there will be a reduction in benefits, but that there will be an increase in benefits. Senator Phillips had some figures on the reduction between full indexation and the capped rate after two years of the program for a single person. I believe he said that the reduction for a single person would be somewhere in the neighbourhood of $290 and for a married person in the neighbourhood of $500-odd. The figures I have indicate that the difference ranges from 50 cents per month from January to March 1983 up to $3.43 in October and December 1984. I will not take the average between the two because that might be misleading, but let us take $3, which is a little on the high side. The amount would be $36 per year and $72 over the two years for a single pensioner, and for a married pensioner it would be $144 per year. Based on $3, those would be the figures, and I think they are a little on the high side. I do wish to correct the impression that—

Senator Phillips: I apologize for interrupting the honourable senator. According to the figures he gave last evening, I believe the $3 per month would apply at the end of 1983, not 1984 as he just stated. Am I correct in that?

• (1600)

Senator Everett: At the end of 1983 the amount is $2.92, and in 1984 it is $3.32. Obviously, the 5 per cent is a lower increase in the second year than the 6 per cent is in the first year. However, there is still a substantial difference between our figures, and I do want to correct the impression that the old age security pension cannot increase.

But what is really important here? What is the real issue? It is that we reduce inflation so that the thresholds are not necessary at all. If we can lower inflation below 6 per cent in 1983 and below 5 per cent in 1984, then no pensioner at all will be harmed by this legislation. That is the important thing.

It seems to me that of all the people in the economy the old age pensioners have the greatest stake in the success of the six-and-five program. Senator Stollery was talking about somebody who had endured the depression and gone through the Second World War and had put away savings, and had then watched those savings eroding over the last few years of inflation. Surely, what is important to such people is for us to lick inflation in this economy.

I contend that the six-and-five program is working. Inflation is down. It may disappoint Senator Flynn that it is not up, that he cannot cry about rates of 15 per cent and 20 per cent. The fact of the matter is that in December of 1982 compared to December of 1981 the annual rate of inflation was reduced to 9.3 per cent. If we compare that to the American figure, as Senator Flynn says, it is likely 3 to 4 per cent under that. But what is even more dramatic is that the monthly difference between December 1982 and November 1982 is one-tenth of 1 per cent.

Senator Flynn asks, "Why persecute the pensioners unnecessarily?" Has it occurred to him that if we can reduce inflation, pensioners will not be persecuted at all? And that is what is really important.

What is even more important is that the lowest-income people, those who are least able to protect themselves, are protected by this bill. The opposition, the people who speak against the bill, choose conveniently to ignore that fact. Let me reiterate it. Everyone who draws the guaranteed income supplement will not be affected by this bill.

Senator Flynn: We all know that. I have said that myself. Don't build a straw man.

Senator Everett: It is not a straw man. It is what the bill says.

Senator Flynn: And that is what I have said too.

Senator Everett: The guaranteed income supplement is indexed for inflation. Moreover, the difference between the fully indexed amount and the capped amount of the old age security payment is indexed for those who are on the guaranteed income supplement. Let me reiterate that what that means is that the people who are drawing the guaranteed income supplement will not be affected by this bill at all.

Who are those people? They are the people whose incomes are below certain thresholds. Single persons must be making less than $9,080 per year; the combined incomes of married couples must be less than $15,375 per year; married couples, one of whom is not drawing old age security pension, must be making less than $18,165 a year.

Certainly, it is a pity that the government has to apply restraint. However, I make no apologies for the fact that this government entered upon a restraint policy to reduce inflation. The Conservatives, when they were in power, endorsed exactly the same policy and defended it. They defended the action of the Bank of Canada. They reappointed the Governor. They were in favour of that policy.

Nobody has said it is an easy road. It is a tough policy and people are hurt. But they are hurt worse by inflation that increases year after year after year. That is what harms people even more.

Whether under a Conservative government or a Liberal government, we could not have avoided the pain. There was no way to avoid the pain. Either we had to accept inflation, which would have worsened egregiously, or we had to take action to reduce that inflation and, in doing so, pay a price.

Senator Croll has said that he is howling for the old age pensioners. He says we cannot and must not break faith with them. Well, I contend that within the anti-inflation policy of the government we have gone as far as humanly possible not to break faith. Those who are drawing the old age security pension will have increases of 6 per cent in 1983 and 5 per cent in 1984. If we bring inflation down, the ceilings will have no effect whatsoever. Those who are drawing the guaranteed

income supplement with incomes below the thresholds that I mentioned are fully protected and are not affected by this bill.

If hard measures have to be taken to beat inflation, honourable senators, I cannot think of any way that could be fairer than that provided by this bill.

[*Translation*]

Senator Flynn: It is all done with mirrors.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Everett, seconded by the Honourable Senator Godfrey, that this bill be read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1620)

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Lapointe
Anderson	Leblanc
Argue	Le Moyne
Austin	Lewis
Barrow	Lucier
Bonnell	McElman
Bosa	McGrand
Cameron	McIlraith
Davey	Molgat
Denis	Neiman
Deschatelets	Olson
Everett	Perrault
Frith	Petten
Godfrey	Rizzuto
Graham	Rousseau
Guay	Stanbury
Haidasz	Steuart
Hicks	Thériault
Lafond	van Roggen—39.
Langlois	

[Senator Everett.]

NAYS

THE HONOURABLE SENATORS

Asselin	Macdonald
Balfour	Macquarrie
Beaubien	Manning
Bélisle	Molson
Bielish	Muir
Charbonneau	Murray
Cook	Nurgitz
Croll	Phillips
Donahoe	Roblin
Doody	Stollery
Flynn	Tremblay—22.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Everett moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

• (1630)

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-672, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF DAUPHIN—SECOND READING

Hon. Gildas L. Molgat moved the second reading of Bill C-672, to change the name of the electoral district of Dauphin.

He said: Honourable senators, in view of the fact that some objections were raised previously when proposals were made for changes in other constituency names, I will attempt to give as much background information on this proposal as I can to assure honourable senators that it does have wide approval.

Hon. Martial Asselin: That is a good reason.

Senator Molgat: The suggestion is not a brand new one; it is not something that has just come up in the House of Commons this week and has been forwarded here. The proposal was initially made by the member for the constituency, Mr. Laverne Lewycky from the town of Dauphin. He made this proposal in a brief presented to the Electoral Boundaries Commission at its meeting in Dauphin as a result of its initial proposals for new boundaries in Manitoba. I will not read the

complete text of his submission at that time, but merely a summary. He states:

> Given Swan River's distance from the riding's other major centre (Dauphin—some one hundred and ten miles), and the need to emphasize its importance with the riding as a whole,
>
> Given its geographical uniqueness both in and of itself and as a part of the Swan River Valley as a whole,
>
> Given its historical and socio-economic distinctiveness, as the second largest town in the constituency,
>
> Given the support of the proposed constituency name change from fellow constituents throughout the riding—

—he asks that the name be changed.

Mr. Lewycky appended to the brief a number of resolutions from town councils and letters from private groups supporting the proposal. That was the first public statement in this regard made to the Electoral Boundaries Commission.

I presume most honourable senators know, but I would point out that Mr. Lewycky is not a member of the same party as I am, so there is no party interest in this matter.

Hon. Nathan Nurgitz: Are you sure?

Senator Asselin: You are from the same province.

Senator Molgat: Yes. I was very pleased that he asked me to make the proposal in this chamber because my old provincial constituency of Ste. Rose is part of the Dauphin constituency. Therefore, I suppose I do have a personal interest in the matter in that regard; I certainly have a personal knowledge of the region.

I would point out that the bill received complete support in the other place from all parties. It was introduced there on Tuesday, February 1, and on Wednesday, February 2, by unanimous consent, the bill was read a second time. It was considered in committee, reported, read a third time and passed. There were certainly no objections raised in the House of Commons with respect to this bill.

The constituency itself was created in 1903, and from the beginning had the name of Dauphin. It is a historical name in many ways from a Manitoba standpoint. The constituency and the town took the name from the lake when it was originally named by the first explorer coming overland to western Canada, Sieur François de La Vérendrye, a notable explorer of western Canada. In 1739 La Vérendrye stood on the shores of the lake he had just discovered and called it Lac Dauphin in recognition of the heir to the throne of France. It is a historical name in that regard.

The region of Swan River, which is now suggested as an addition, is a distinct geographic region. As I have indicated, it is some 110 miles from Dauphin itself and is a separate geographic feature. There is, in Manitoba terms, a mountain between the two areas, and Swan River has a forested region and is a separate geographic and economic unit.

The Swan River portion has not always been appended to the Dauphin constituency. It was previously in The Pas constituency or the Churchill constituency; it has varied. However, it is now part of the Dauphin constituency.

Because of its geographic distinctiveness, it is proposed that the name should be added. Part of the reason for doing it now is that this year the town of Swan River will be celebrating its seventy-fifth anniversary, and the proposal would be to have a scroll presented to the town at the time of the anniversary which, I believe, is in the month of May.

The last point I would make is that, if there were a name change, it would make things a little easier because the provincial constituency also bears the name of Dauphin. We have to speak constantly of Dauphin provincial and Dauphin federal. If there were a distinct name, it would be very clear; when we speak of Dauphin, it would be the provincial constituency, and when we speak of Dauphin-Swan River, it would be the federal constituency.

I commend this bill to the Senate.

● (1640)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, from what we have just heard, we must be aware of the fact that the bill comes well vouched-for by one who is knowledgeable not only in the history of the area but in its configuration as well. All I wish to say is that I think Senator Molgat has done his subject ample justice this afternoon. I am sure that there will be a general disposition in the house to agree to his recommendation.

Hon. Senators: Hear, hear.

Hon. Paul C. Lafond: Honourable senators, in view of the judgment made public yesterday or the day before by the Federal Court of Canada, could the sponsor of the bill assure us that the passage of this bill will not directly effect a change in returning officer?

Senator Molgat: I regret that I am unable to answer that question, honourable senators. I shall be happy to find an answer, but, at the moment, I cannot do so.

Senator Lafond: Honourable senators, until I have an answer I will have to call division.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think the question could very well be put to the Deputy Leader of the Government. Some honourable senators may not be aware of the judgment to which Senator Lafond refers. On previous occasions when the name of a constituency was changed, the government decided that it was a new constituency, and that, therefore, under the provisions of the Elections Act, a new returning officer could be appointed even if the territorial limits of the constituency were not changed. That happened in Ste. Hyacinthe and in two other constituencies on which the Federal Court ruled just a few days ago.

My understanding is that, since the change of government, in 17 other constituencies all of the returning officers who had been appointed by the short-lived Clark government were replaced under the pretext of a change of name. Very often the member for the riding was asking for the change of name only for the purpose of replacing the returning officer. The Federal Court has ruled that the government had no justification, by the mere fact of a change of name, to replace a returning

officer, unless there was something about which to reproach him.

Honourable senators, I think what happened in those constituencies was a terrible practice. Therefore, we should ask the Deputy Leader of the Government to find out, first, whether the Minister of Justice is going to accept the judgment of the Federal Court or whether he intends to appeal that judgment; and, secondly, whether, at least in practice, they will not use this pretext of a change of name simply to appoint a new returning officer of the colour of the party in office. I think the deputy leader should inform us with respect to those two matters.

Another point which has usually been raised by Senator Lafond has to do with giving a double name to a riding. I will not object formally, but it seems to me that this is a bad practice and should be used rarely. Perhaps, however, in the present case, in view of the historical and geographical reasons given by the sponsor of the bill, we should be satisfied simply to register a caveat of some kind. When an attempt is made to describe every corner of a constituency, the result is a name that is much too long. This creates complications of all kinds in the printing of the electoral documents, and so on.

I hope that, with respect to the judgment to which Senator Lafond has referred and with respect to the two questions I raised, the Deputy Leader of the Government will give us satisfactory answers before third reading of this bill is sought.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it seems to me that the decision of the Federal Court is in effect until appealed. I am sure that the government would not do anything illegal in the meantime, as would be the case if all we are talking about is a change of the name. I assume that the government will abide by the decision of the Federal Court. In the meantime, whether I can find out between now and third reading debate tomorrow if there will be an appeal of that decision, I do not know.

On the other question, as Senator Flynn has pointed out, we know Senator Lafond's views. All honourable senators have views on it. Mine is that the matter of how constituencies are described for representation in the House of Commons is essentially their business, subject to our passing on our views, but not to the point of refusing the legislation. If the House of Commons wants its areas designated by certain names, it seems to me that we should support its wishes.

I will try to find out what I can on these matters, but I cannot undertake to have an answer by tomorrow. If it is of great importance, of course, we could adjourn third reading of the bill.

Senator Molgat: If I may, honourable senators, in closing the debate I will be brief. I am sorry that I cannot specifically answer that question; as the deputy leader has indicated, he cannot do so either. I tried to make it clear in my presentation of the bill, however, that those uses to which Senator Flynn referred were certainly not the intention or the purpose of the bill. I was aware, from personal discussions prior to presenting the bill, of that concern. That is why I tried to make it clear that the origin of the change of name in this case is different from that which might be feared. I might point out that the member for the constituency in question is a member of the New Democratic Party, not a member of the government party.

On Senator Flynn's point regarding the multiple name, I recognize the difficulty that arises if we extend certain names. While I might personally have preferred to call the constituency Dauphin-Swan River-Ste. Rose, for example, for historical reasons in my case, I did not press that point. I find that, partially because of the provincial constituency also called Dauphin, there is logic to the name "Dauphin-Swan River," so I forgo the addition of Ste. Rose.

Motion agreed to and bill read second time.

On motion of Senator Molgat, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

On the Order:

> The Senate resumed from Thursday, December 9, 1982, the debate on the consideration of the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain aspects of the Canadian Constitution", tabled in the Senate on November 26, 1980.—(*Honourable Senator Deschatelets, P.C.*)

Hon. Jean-Paul Deschatelets: When Senator Frith made his speech on Senate reform, I mentioned before moving adjournment of the debate that I would also like to speak on the matter. Subsequently, a joint committee of both chambers was formed to consider Senate reform, which was something of an anti-climax. I am therefore not going to make the comments I intended to make. As far as Order No. 4 is concerned, if other senators wish to take part in the debate, that is all right with me, but, personally, I do not intend to follow up on the adjournment motion I made.

By the same token, as far as Order No. 5 is concerned—the motion put by Honourable Senator Roblin and seconded by myself—I hope that before the end of this session the motion can be put to a vote, so that the committee that will be examining the Senate reform issue will have some idea of the views of honourable senators as to the formula proposed by Senator Roblin. That is what I wanted to say.

Hon. Royce Frith (Deputy Leader of the Government): I am very sorry but I forgot that Senator Deschatelets told me just before today's session that he intended to make these comments regarding Orders No. 4 and No. 5. If I understand correctly, he agrees to having Order No. 4 stand in his name but he is giving other senators a chance to express their views.

Hon. Jacques Flynn (Leader of the Opposition): That is not what he meant.

Senator Deschatelets: I merely said that I was not going to speak on this item, since a joint committee will be considering this issue.

Senator Frith: If I understood correctly, you intend to let the order stand on the Order Paper?

Senator Flynn: Unless another senator has something to add in this regard.

Senator Frith: But in Senator Deschatelets' name, meanwhile?

Senator Flynn: No. Senator Deschatelets is saying that if no one else wishes to speak on this item, it will be dropped from the Order Paper.

Senator Frith: That was not the impression I got from his comments. I understood that he agreed to let the order stand in his name and that he was giving other senators an opportunity to comment on the issue.

Senator Deschatelets: I have no interest in keeping this order in my name. I prefer to have my name dropped as far as the order on the Order Paper is concerned. If someone else wishes to speak on the subject, he is entirely free to do so. If not, the order is dropped.

Senator Frith: Which means right away?

Senator Deschatelets: Yes.

Senator Frith: So you mean that if no one else is prepared to comment on the issue right now, you are dropping this motion from the Order Paper?

Senator Deschatelets: Yes.

Senator Frith: That is all right with me.

• (1650)

[*English*]

Hon. John M. Godfrey: Rather than have that happen, honourable senators, I would prefer to move the adjournment of this debate. In a few minutes I am going to speak partly on Senate reform, and if I do not cover everything I might speak to this order at a later date.

On motion of Senator Godfrey, debate adjourned.

[*Translation*]

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—ORDER STANDS

On the order:

> Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Deschatelets, P.C.:
>
> That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.—(*Honourable Senator Marshall*).

Hon. Royce Frith (Deputy Leader of the Government): Order No. 4 is, therefore, adjourned in the name of Senator Godfrey. As for Order No. 5, Senator Deschatelets has suggested that the motion of Senator Roblin might be put to a vote. This order now stands in the name of Senator Marshall. Under Rule 29, this is certainly a substantive motion. Senator Roblin has the right to close the debate. I believe that we can let the order stand in the name of Senator Marshall until then. As I understand it, all the other orders stand.

Order stands.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of Thursday, April 29, 1982, moved:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and
>
> That a message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

He said: Honourable senators, earlier, Senator Croll mentioned that he had taken the first action respecting his interest in old age pensioners some 50 years ago. I had a similar interest in human rights, and I was just a year behind him. It was 49 years ago that I wrote a letter to the papers on this subject, and it was published. I know it was 1934 because it was the year of the hundredth anniversary of the Tolpuddle Martyrs. They were a group of agricultural workers in a small village in south-west England who formed what was really part of the first trade union in that country. They were prosecuted because they committed, under the common law then in existence, a criminal offence in that they were a conspiracy in restraint of trade. They were sentenced to seven years' penal deportation to Australia. Eventually five of them, after they had served their sentence, came and settled in Canada. I might say that a very famous radical member of the House of Commons in England, John Arthur Roebuck, Q.C., defended the Tolpuddle martyrs and he was the uncle of Senator Arthur Roebuck, to whom I shall refer later.

The relevance of the Tolpuddle Martyrs to my present motion is that in 1934 we had something called section 98 in the Criminal Code of Canada. That was passed because of the Winnipeg riots in 1919. Section 98 said that anybody who belonged to an organization which advocated the overthrow of the Government of Canada by force could be sentenced to 20 years in jail. The section was directed really to the members of the Communist Party. In 1926 the Liberal government sponsored and had passed in the House of Commons a bill repealing section 98. The Senate threw the bill out. They used their

veto power much more extensively in those days than we do now. In 1927, 1928, 1929 and 1930 the Liberal government introduced and passed through the House of Commons similar bills, and on each occasion the Senate threw them out. In 1931 Tim Buck, the head of the Communist Party in Canada, Sam Carr and six of their cohorts were prosecuted under section 98, which the House of Commons had voted to repeal on five different occasions, and were sentenced to Kingston Penitentiary for five years. Their sole offence was that they were members of the Communist Party. The letter I wrote to the paper said that there wasn't much difference between the way we treated the Communists in Canada in the 1930s, under section 98, and the way the Tolpuddle Martyrs had been treated in England some 100 years before.

In 1936, upon the return of the Liberal government to power, again a bill passed through the House of Commons, and this time the Senate approved the bill and section 98 was repealed.

To continue with the history of human rights in the Senate, in 1947 there was a joint committee of the Senate and the House of Commons formed to look into the question of human rights and fundamental freedoms. That committee had as its Senate co-chairman Senator Gouin, and as the House of Commons co-chairman, the Honourable J. L. Ilsley. That committee did not complete its work in 1947. It was reconstituted in 1948. I would like to read a few short extracts from their report. They say, at page 209:

> —your Committee would not be justified in recommending, without a great deal of further study, the adoption of recommendations such as those contained in the submission of the Committee for a Bill of Rights, Toronto.

Further down that page they say:

> In making this report your Committee wishes to state its belief that Canadians enjoy a large measure of civil rights and liberties. That they must be maintained is beyond question. But to attempt to define these rights and liberties in statutory language is a task not to be undertaken lightly.

Later again on this page they say:

> If imperfections appear, are recognized and are remedied progress is made towards full realization of the ideal of general observance of human rights and fundamental freedoms for all envisaged in the Charter of the United Nations.

That completed the work of that committee. In 1950, a special committee of the Senate was formed, not a joint committee, to look into the same subject of human rights and fundamental freedoms. The chairman of that committee was Senator Arthur Roebuck, the nephew of the English M.P. who had defended the Tolpuddle Martyrs. They held eight meetings and examined 30 witnesses; so they went at their job with considerable vigour. I should like to read one paragraph from their report to give honourable senators its flavour:

• (1700)

> Let the Canadian Ship of State embark on her glorious voyage into the future with the rule of law at the helm, liberty at the mast-head, and beauty, culture and happiness on the prow.

Some Hon. Senators: Hear, hear.

Senator Godfrey: That sounds like Senator Roebuck, to me. They continue:

> Now the practical method for making these ideals effective is to write the provisions protecting human rights into the Canadian Constitution, so that they may be administered in our Courts, and so that they may become binding and obligatory alike upon individuals and upon government.
>
> The preferable place for such fundamental law is in the Constitution, which at present in Canada is the British North America Act.

Later on they say:

> The enactment of a National Bill of Rights, however, presents difficulties. In Canada, because of her history and the harmonious association of peoples of different races, language and religion, respect for Provincial rights as they have been defined in the past is essential. No informed person with any sense of responsibility would suggest that the Dominion Parliament forcibly invade the Provincial jurisdiction. Concurrence, therefore, is an essential requisite to constitutional progress.

That is rather interesting in view of what has happened recently with respect to patriating our Constitution. Later on they continue:

> For these reasons, your Committee is of opinion that it would be wise to await the time, which we hope is not far distant, when prospective Dominion-Provincial Conferences will have worked out a method for the control within Canada of the Canadian Constitution, and agreement has been reached as to incorporation in the Constitution of a national Bill of Rights.

Later they say:

> Your committee therefore recommends that, as an interim measure, the Canadian Parliament adopt a Declaration of Human Rights to be strictly limited to its own legislative jurisdiction. Such a Declaration would not invade the Provincial legislative authority, but it would nevertheless cover a very wide field. While such a Declaration would not bind the Canadian Parliament or future Canadian Parliaments, it would serve to guide the Canadian Parliament and the Federal Civil Service. It would have application within all the important matters reserved to the Canadian Parliament in Section 91 and in other sections of the British North America Act. It would apply without limitation within the North West Territories.
>
> A Canadian Declaration of Human Rights could follow in its general lines the Preamble and certain of the articles

of the United Nations Universal Declaration of Human Rights subject to the reservations expressed by the Canadian Delegates at the United Nations.

Might I say that with that report I believe the Senate more than redeemed its rather sorry record on human rights in the 1920s when it threw out the repeal of section 98; and, of course, some 10 or 11 years later we had Mr. Diefenbaker's Bill of Rights, which stemmed from the recommendations made in that report.

Shortly after I was appointed to the Senate, I became convinced that this subject of human rights—

Hon. Royce Frith (Deputy Leader of the Government): Tell us how it happened that you were appointed.

Senator Godfrey: I could tell the same story I have been telling for years and get a good laugh.

I recall making a proposal at a meeting of the Liberal caucus, but it did not stir up much interest. However, I was on the committee, which has been referred to as the Goldenberg-Lamontagne committee, which brought in a report on Senate reform. Technically, it was dated November 1980, but actually the substance of the report was finished in September of that year. I should like to read one paragraph from that report. It is headed "Standing Committee on Human Rights", and states:

> We recommend the establishment of a Standing Committee on Human Rights. Even if such rights are embodied in a charter of human rights entrenched in the Constitution, what happens to them in practice will need to be carefully watched, not only to see that the charter is, in fact, effective, but also to suggest remedies for deficiencies that experience may reveal. If there is to be no entrenched charter, the committee might be still more necessary. In any event, it would be its duty to monitor continuously the whole human rights situation; examine and report on the human rights aspects or implications of any legislation brought before Parliament;—

Notice that. To continue:

> —review the annual reports of the Human Rights Commission; and provide a forum for discussion of the whole subject.

After that report had been decided on, but before it became public, I travelled to Canberra, Australia with a delegation from the Joint Committee on Regulations and other Statutory Instruments for the Commonwealth Conference of Delegated Legislation Committees which was held at the end of September 1980. The first paper that was delivered to that conference was by Professor Gordon Reid who is one of the leading experts in Australia on this subject. He had experience as an officer serving in the Australian House of Representatives, as Professor of Politics at the University of Western Australia, and as Professor of Political Science at the Australian National University in Canberra. I might say that we are having the second conference in Ottawa, commencing on April 11. The first two days of that conference will be held in this chamber, and I am delighted to say that I have received word that Professor Reid will be attending.

I should like to read from the transcript of the proceedings of that conference. I shall read an extract from Professor Reid's paper, contained in volume 3. Professor Reid says, at page 28:

> In June 1978, the Senate reinforced the above initiative with another. Under the heading "The Scrutiny of Bills" it asked the same Committee on Constitutional and Legal Affairs to examine and report on:
>
> > The desirability and practicability of referring all legislation introduced into Parliament to a committee of the Senate for the purpose of it examining the legislation, and reporting to the Senate as to whether there are provisions in the Bills . . . which . . . in effect, endanger the liberty of the subject.

Later on he says:

> And the second report, on the scrutiny of bills supported the long standing proposition of early inquiries into the field—for example Lord Hewart, *The Committee on Ministers' Powers* and the Senate Select Committee on Standing Committees—for:
>
> > The creation of a parliamentary committee—in this case a joint committee of 8 members—to examine the clauses of all bills introduced into the Parliament, to look for these particular qualities.
>
> The report continues:
>
> > Many bills come before Parliament with provisions that: significantly interfere with personal rights and liberties.

Later on he says:

> —logic is not the fuel of political action. The Parliament waited 12 months to receive the outcome of the Executive Government's "careful consideration" of the recommendations. On 22 November 1979 the Senate was told that the Committee's proposals were "unacceptable" to the Executive Government because they would:
>
> > (1) . . . amount to injecting a new element into the legislative process . . . which . . . will distort, and may lengthen, the present arrangements.
> >
> > (2) . . . there are already ample opportunities for the examination of legislation that comes before the Parliament to ensure that what might be objectionable is revealed.

I might interject at this point and say that that sounds very familiar. To continue:

> The alleged "ample opportunities" for examination of bills were—
>
> > departmental inquiries;
> >
> > the work of parliamentary counsel; the unofficial backbench party committee of parliament; and
> >
> > the existing methods of the Senate and the House of Representatives in passing legislation, which motivated the Committee's call for change.
>
> Finally, the Executive's response stated:

> The Government does not see the need to impose further restrictions on the legislative process. Adequate opportunities are given under existing procedures to ensure protection of personal rights and liberties. The proposal could only serve to frustrate the legislative program without compensating benefits.

Again, that sounds familiar. To continue:

> It is evident that these two reports touched a very sensitive nerve in the Executive's part of the body politic in Australia. In the light of that reaction, we should ask ourselves more frequently: Why is it that the Executive Government in this abundant land is so dogmatic and unyielding in its resistance to proposals that elected personnel should have a greater say, formally, in the shaping of original statute law—

• (1710)

Of course, I can ask the same question here.

Also, I would like to refer to comments made upon the paper by Senator Missen. Senator Missen is from Victoria and is an outstanding senator in Australia. He was the chairman of their Regulations and Ordinance Committee and the man behind this proposal. He is now chairman of the committee that was recently formed. He had this to say:

> I strongly support what Professor Reid has just said in regard to the need to scrutinise legislation in the course of its going through the Parliament. The Senate Standing Committee on Constitutional and Legal Affairs, in recommending that both the delegation of powers and also other provisions in Bills which conflict with civil liberties and the rights of the citizen ought to be dealt with by a committee of the Parliament, had in mind that what is happening at the moment in, I think, all parliaments and particularly in ours, and that is that the debate in the Parliament is on the major issue of Bills. Questions of improper entry and search and some particular provision which is restrictive or changes an onus of proof are matters which are overlooked in the course of a debate in parliament.
>
> It is all right to say that one achieves the result and that members of parliament ought to look at these things, but they do not do so. Therefore, we made the recommendation for the establishment of a joint committee of the two houses of parliament. As Professor Reid points out in his paper, that recommendation has been rejected by the Government. Professor Reid suggests that we should go on to set up a Senate committee to do these various things. We suggested that it should be a joint committee because most of the Bills start in the lower house of the Parliament. It is invidious for a Senate committee to scrutinise the detailed terms of a Bill which is still awaiting debate in the House of Representatives, perhaps have another go at the Bill when it comes before the Senate and criticise it publicly before it even reaches the House of Representatives where it perhaps will be amended. We, as a committee, regarded the idea of a Senate committee doing this as very much the second best. It ought to be done by a committee of both Houses as both Houses have equal responsibility in the passage of legislation.

Later on Senator Missen said:

> Clearly, many provisions go into a number of Bills through oversight and an inability to attract attention.

I would like to refer now to the Australian Law Reform Commission Report of January 1982. It was not until some time in April that I discovered what had happened to this proposal. It says at page 22 of the report:

> *Senate watchdog.* Meanwhile, the Australian Senate in the last quarter accepted a motion by the Government Senator, Senator Alan Missen, (Lib, Vic), to establish a Senate committee to scrutinise Federal Bills for breaches of civil liberties. The motion was carried 35:21 after a number of Government Senators crossed the floor to support Senator Missen despite the Government joint parties attitude against the committee. The Opposition Senators supported the proposal, which was opposed by the Federal Attorney-General.
>
> Just prior to the passage of the resolution establishing the committee, Senator Missen claimed that Bills passed through the Parliament during 1980 had contained at least 79 provisions which appeared to infringe civil rights or to give Ministers and public servants excessive administrative power.

In Australia the government is represented in the Senate by 31 supporters and the opposition by 33. So, if the government received only 21 votes, then at least 10 members of the government switched or did not vote. Before I was aware of what had happened in Australia and what action they had actually taken I wrote a letter to Senator Perrault on February 23, 1982. I apologize for taking up so much of the chamber's time to read most of the letter but I think it is pertinent.

Hon. M. Lorne Bonnell: Table it.

Senator Godfrey: No. This letter is familiar to some honourable senators, as copies went to all committee chairmen, including Senator Bonnell, deputy chairmen and Senators Lafond, Flynn, Frith, Roblin and Petten. The letter begins:

> In the speech that Senator Stanbury gave in the Senate last week on Senate Reform, he pointed out that there were areas in which the Senate could increase its effectiveness without any constitutional or legislative change. He made the same point in a speech he delivered in the Senate on October 25, 1978.
>
> I have, since I was appointed to the Senate, become a firm believer that the main justification for the Senate in its present form is the work of the Senate Standing and Special Committees. I also believe that the work of the Committees could be improved if they were more co-ordinated and if, in certain areas, they pursued common objectives. With that in mind, I have proposed in the past that meetings of Comittee Chairmen should be held from time to time so that these matters could be discussed and, where practicable and desirable, policies established. The

only co-ordination at the present time appears to be the allocation of time for meetings of Committees which is supervised by Senator Lafond. This in my opinion is not enough.

I believe there should be discussions at meetings of Committee Chairmen and decisions made after each recess, and from time to time thereafter, as to which, if any, bills which have originated in the House of Commons should be pre-studied by the appropriate Committee under the so-called Hayden formula.

It is interesting to note that the committee of 1947 actually studied the subject matter of a House of Commons private member's bill the purpose of which was to re-institute section 98, which means that the so-called Hayden formula actually dates back to that year. My letter continues:

Before doing so, there should be general agreement as to the type of bills that should be pre-studied, and the actual process that should be followed to originate and carry out a pre-study. Recent discussions in a Committee on this subject revealed both unfamiliarity with the process and a wide divergence of views amongst Senators as to when it should be used. While I have been a member of the Banking, Trade and Commerce Committee for the last couple of years, which committee is constantly pre-studying bills, I am only generally familiar with the reasons for but not the details of the process by which a decision is made by it to pre-study a bill. All I know is that the Chairman announces to the Committee that there will be a pre-study of a certain bill and that it always appears to me to make sense to do so. Such pre-study seems to me to be more effective in achieving desirable amendments to bills than waiting until a bill formally reaches the Senate. A briefing of Committee Chairmen on the whole question of pre-studying of bills by Senator Hayden, and a discussion of the subject, would in my opinion be very helpful.

I would point out that I gave a short speech on this very subject last week in which I indicated that if a bill is urgent and has to pass the Senate in short order we should adopt the pre-study route, so that it can be considered by a Senate committee before it actually reaches the Senate. Even yesterday when Senator Argue was talking about a bill, he completely overlooked the possibility that it might be pre-studied by the Senate committee where even amendments could be recommended. Senator Argue confined his remarks to the bill's being referred to the House of Commons committee, saying that amendments would be proposed before that committee, thus completely overlooking a possible role for the Senate in suggesting amendments. I come back to my letter:

One area in which the Senate has been criticized is whether or not it is properly performing its function to represent the regions. I can recall long discussions on this subject in the Senate Committee on the Constitution, chaired by Senator Stanbury, in 1978. One of the conclusions we reached informally was that the Senate Committees should all adopt a policy that whenever a bill or a subject was being considered that affected Provinces, the Provincial Governments always be asked if they wished to make representations to the Committee. This again is an area which should be discussed by Committee Chairmen and a policy adopted.

Honourable senators, I would interject at this point that during the meeting to which I am referring, the committee chairmen did not have time to get around to this letter except to deal with one small point. So, to keep this subject alive, I proposed a motion in June. Previous to that, Senator Frith co-operated in trying to arrange another meeting of committee chairmen, but it had to be postponed. So it was obvious that we were not going to meet again until the fall. I therefore proposed this motion on June 22:

● (1720)

That whenever a bill or the subject-matter of a bill is being considered by a Committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the Committee as to whether or not they wish to make written and/or verbal representations to the Committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

I need not remind honourable senators that there had been previously considerable resistance from some committee chairmen to follow what I proposed in that motion, although everyone agrees that one of the main functions of the Senate is that we should represent the regions. However, to complete the picture, the committee chairmen did meet in the fall and because there then seemed to be general acceptance of that principle by the committee chairmen I withdrew that motion as being unnecessary.

That, honourable senators, is a typical example of how we can improve the function and operation of the Senate without having to change its structure.

The question of human rights is an area in which the Senate should act as a watchdog with respect to proposed legislation. I agreed with something that the Honourable Otto Lang said in a letter to me, and I referred to that in a speech I gave on the Constitution on December 3, 1981. Let me quote what Mr. Lang said:

As I observed government in action I came to conclude that in far too many cases simple neglect or too little attention would leave an individual deprived of rights where a legislature really did not intend and would not want to support that result.

In essence, he is saying exactly what I quoted Senator Missen as having said.

I go on in my letter to say:

Certain researchers from the Library of Parliament could assist the work of Committees generally by being assigned the task of studying all bills with a view to seeing whether there is a specific regional interest or human rights question involved, and alerting the appropriate Committee Chairman.

As I pointed out, I was not aware of the disposition and what action had been taken in Australia when I wrote that. When I did become aware of it, I proposed specific action, which I will refer to later.

Continuing my letter:

> As Co-chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, I have a particular interest in the subject of Regulations. In our Committee Report on reform of the process by which regulations are enacted, dated July 17, 1980, we made the following observations:
>
> "The confining of subordinate law to its proper sphere, and the regularisation of its use will be impossible of accomplishment if Parliament continues in the habit of giving larger and vaguer grants of law making power to the executive in skeletal statutes many of which are devoid of any clear enunciation of policy."

Later we said:

> "Insufficient attention is paid to enabling clauses in Bills before Parliament. They should be the subject of searching scrutiny during the Committee stage. The Regulatory Review Committee is well placed to undertake such scrutiny as it sees week by week the consequences of the powers so readily granted by Parliament in the past. Your Committee, therefore, further recommends that the Regulatory Review Committee be charged with the duty and responsibility of examining and reporting upon all powers in Bills to make subordinate law or to issue, make or establish other instruments. Its reports should be made to the appropriate Standing Committees of the Houses having the committee stages of the Bills."
>
> The whole subject of Parliamentary Reform and the consideration of these recommendations is under active consideration by the Hon. Yvon Pinard at the present time. Our Committee, however, decided not to wait for this lengthy process to be concluded. We have instructed our Committee Counsel to consider in all new bills the enabling clauses which permit the enactment of regulations. Where he has critical comments with respect to same, they are passed on to the Chairman of the Committee which is, or will be, considering the bill. This is an example of the practical implementation of a proposed reform without waiting for formal authorization. A policy on the enabling clauses of a bill is another area which could be fruitfully discussed by Committee Chairmen.

I might just comment at this point that members of the Standing Senate Committee on Banking, Trade and Commerce will remember that we were considering in that committee a bill implementing an international tax treaty which was the fifth such bill that had been presented to the Senate. Previous to that four had already been passed, commencing in 1975, and all had contained a most objectionable clause with respect to disallowance of motions, which nobody had noticed. It had been completely overlooked. Our committee drew that to the attention of the Standing Senate Committee on Banking, Trade and Commerce and they proposed an amendment to the bill being considered.

We then discovered that the same type of objectionable clause was contained in an energy bill—one of the famous bills in the omnibus bill that involved the ringing of the bells.

If I may, I will just refer to a letter in which I drew that to Mr. Lalonde's attention. The letter is dated March 31, 1982, and it reads as follows:

> I have today signed a letter as Joint Chairman of the Standing Joint Committee of the Senate and of the House of Commons on Regulations and other Statutory Instruments re the above. In that letter it is stated, "We note also that the proposed section 65.27 requires disallowance by both Houses before an Order to which it relates is to 'stand revoked'. The Committee stands firmly by its recommendation that either House should be able to effect disallowance."

And I go on, later in the letter, to say:

> Might I suggest that similar amendments should be made to your Bill?

In reply to that letter Mr. Lalonde sent me a letter dated May 21, 1982. To say that I was surprised at his letter is putting it rather mildly. Perhaps I had better read the letter I wrote to Mr. Lalonde on May 27 in answer to his. I said:

> I have received your letter of May 21 in which you conclude that you "do not at this time see any need to put forward amendments to the proposed negative resolution procedures set out in the energy legislation." I was somewhat surprised, to put it mildly, in view of the fact that on May 17 you gave notice of motion to amend the clauses of Bill C-102 dealing with the negative resolutions in a manner which substantially met the objections in principle raised by the Standing Joint Committee on Regulations and other Statutory Instruments and the Standing Senate Committee on Banking, Trade and Commerce when considering Bill S-24.
>
> May I say that I prefer the reasonable and sensible approach of your adviser who drafted the notice of motion of May 17 to the irrelevant arguments of the adviser who drafted your letter of May 21.

Honourable senators, I have a great deal of admiration and respect for Mr. Lalonde. He would not propose amendments to a bill without considering them personally. However, I am certain that in a busy minister's schedule there are certain occasions when he does not have the actual time to read all of the letters he signs. Obviously, some bureaucrat in his department, without consulting Mr. Lalonde in any way, decided to write that letter of May 21 rejecting the suggestions that had been made by our committee. Unfortunately, Mr. Lalonde did not read that letter but simply signed it. He did so four days after he had already proposed the amendments we wanted. The point that is relevant, I think, is that it was not Mr. Lalonde who wrote that letter; it was somebody in his department.

Hon. Richard A. Donahoe: He signed it, though.

Senator Godfrey: Yes, he signed it and he has to bear some responsibility for signing it. I am sure, however, that had he known what that letter contained he would not have signed it just four days after the position he took in proposing the amendments on May 17.

I raise the point only to indicate that it is relevant to say that ministers are not necessarily making these decisions when they apparently turn down recommendations from Senate committees. These rejections are often made by some bureaucrat in the department, and I will have another example of that later.

Honourable senators, it is obvious that I will be quite a long while yet. If honourable senators would prefer, I could stop now and continue tomorrow.

Senator Frith: Choose the best point at which it is convenient for you to break.

Senator Godfrey: I believe this is actually a good point at which to break off, honourable senators.

On motion of Senator Godfrey, debate adjourned.

• (1730)

HEALTH, WELFARE AND SCIENCE

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment, Senator Bonnell, the Chairman of the Standing Senate Committee on Health, Welfare and Science, has asked me to announce that the committee will be meeting tomorrow at 9:15 a.m. to consider Bill C-131, recently referred to that committee. The Minister of National Health and Welfare will be appearing before the committee then.

Hon. Duff Roblin (Deputy Leader of the Opposition): I hope that the chairman of the committee has arranged to have the staff telephone the members of the committee this evening—certainly those who are not in the chamber now; otherwise they may not receive notice until it is too late. If that could be arranged, that would be helpful.

Senator Frith: Yes, that can be arranged.

BUSINESS OF THE SENATE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if the deputy leader can give us an indication as to what he expects will be before the Senate tomorrow afternoon. Will there be any bills sent over from the House of Commons, or will we be dealing strictly with domestic items?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not anticipate any bills coming over from the other place tomorrow. They will be proceeding tomorrow with the third reading of Bill C-132, with a vote planned to take place at 6 p.m. That is the only legislation they will deal with this week, to my knowledge.

With respect to other business before the Senate tomorrow, if the Standing Senate Committee on Health, Welfare and Science reports Bill C-131, we shall give further consideration to that bill. We shall also have the continuation of the debate on the motion of Senator Godfrey.

There is a possibility that Senator Murray will proceed with the consideration of the Fourth Report of the Special Joint Committee on Official Languages, but I believe he is required to be out of town tomorrow and may not be able to proceed here.

In summary, honourable senators, that means that there is the possibility of further consideration of Bill C-131, Question Period, and further debate on Senator Godfrey's motion.

Hon. Jacques Flynn (Leader of the Opposition): If the committee reports Bill C-131 tomorrow afternoon, is it your intention to give it third reading tomorrow?

Senator Frith: Yes.

Senator Flynn: Is it not sufficient to have third reading on Tuesday next?

Senator Frith: My information, honourable senators, is that it would be possible to deal with it and meet the printing exigencies regarding cheques by Monday, February 14, but if third reading can be given to the bill tomorrow that will be preferable. However, it is not something that must be done tomorrow in the sense that any processes will start on that day or on Friday.

The information I have from the officials in the department is that it would be helpful if they knew the bill was going to receive third reading and Royal Assent by Monday. That being the case, we would prefer third reading on Thursday, but we can consider that further tomorrow because we will need leave of the Senate if the committee does report the bill to the Senate.

Senator Flynn: Another problem of printing cheques.

RESTAURANT OF PARLIAMENT

NOTICE OF JOINT COMMITTEE MEETING

The Hon. the Speaker: Honourable senators, I remind the members of the Joint Committee on the Restaurant of Parliament that there will be a short meeting in my quarters immediately after the Senate adjourns today.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 10, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OLD AGE SECURITY ACT

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Thursday, February 10, 1983

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-131, intituled "An Act to amend the Old Age Security Act (No. 2)", has, in obedience to the Order of Reference of Wednesday, February 9, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, rule 78(4) states:

> When a committee reports a bill without amendment, such report shall stand adopted without any motion, and the senator in charge of the bill shall move that it be read a third time on a future day.

I believe that Senator Everett will be asking for leave to move that the bill be placed on the Orders of the Day for third reading later this day.

If the Senate agrees to that, there is agreement that it be placed on the order paper after Order No. 2, which is the second reading of the private bill standing in the name of Senator Asselin.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): We are prepared to give leave, but I should like to add a word or two to what the deputy leader has said.

It would be useful if the bill were to receive Royal Assent today, but I understand the Commons does not like the idea of being disturbed when there is an order for allocation of time—

Senator Frith: Time allocation.

Senator Flynn: Yes, time allocation—closure in disguise.

Therefore, even if we dispose of third reading today, the bill will not receive Royal Assent today. We could, of course, sit tomorrow, but I do not really think that is necessary.

I wanted to draw this fact to the attention of the Senate because of what I said last week in regard to changing the procedure surrounding Royal Assent. Unless we are determined to maintain a very impressive ceremony, problems such as the one that faces us now should lead senators to consider seriously my suggestion of a simplified procedure.

Senator Frith: Honourable senators, I have two comments to make on what the Leader of the Opposition has said.

First, we are finding that the new rules in the other place affect our proceedings on Royal Assent. For example, if we were to have third reading of this bill today, we would normally adjourn until Tuesday evening at 8 o'clock and have Royal Assent at 9.45, but the other place does not now sit in the evenings, and, therefore, we will have to sit on Tuesday afternoon if we are to have Royal Assent, which would accommodate the legislative and administrative program relating to this bill.

For that reason, honourable senators, I take the opportunity—and I will say a little more about this when the motion is presented—to advise honourable senators that I will, in a few moments, be moving that when the Senate adjourns today it do stand adjourned until Tuesday afternoon at 4 o'clock.

The members of committees can figure out why the sitting will be at 4 o'clock. We want to avoid disturbing committee meetings planned on the assumption that we would be sitting at 8 o'clock. I shall say a word or two more about that later.

I agree with the other point raised by Senator Flynn, and I am studying the question, as he requested. We will be conferring with him when we have studied some of the material. I agree that problems respecting Royal Assent often turn on the ability of the other place to send over a delegation, as is illustrated here. So we should consider whether it is really necessary to have Royal Assent, in all cases, take place in the present formal way rather than just on special occasions.

Hon. John M. Godfrey: Honourable senators, as to the last point about Royal Assent, I must say that after our discussion I asked the Research Branch of the Library of Parliament to prepare a paper on the whole subject, going back into the history and how this is done in the United Kingdom. At that time I was told this would take about three weeks.

So, we will have a double check—the research paper against what Senator Frith reports.

Senator Frith: Honourable senators—

Hon. Martial Asselin: Is this a point of privilege?

Senator Frith: Yes, and the point of privilege turns on the word "check". I am always glad to have Senator Godfrey vet anything we do in this chamber. This is because we know what

a fine-meshed sieve he is, and how careful he is about matters of this kind. He will recall that when this was first raised I invited all honourable senators to participate in the research and discussion, and to give us the benefit of their views on whether or not we should change this procedure.

● (1410)

Senator Godfrey: Honourable senators, I might say that I have no confidence in my own research ability. With regard to sitting at 4 o'clock, I believe there is a committee meeting at that time. If the sole purpose of our meeting at 4 o'clock is for Royal Assent, why would we not meet at 5.30 or 5.45? I know that I have two committee meetings that afternoon.

Senator Frith: Honourable senators, I am quite happy to deal with the matter now rather than at the time the motion is put, and the simple and shortest answer to Senator Godfrey's question is that we are not meeting at 4 o'clock for the sole purpose of Royal Assent.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Douglas D. Everett: Honourable senators, with leave of the Senate, and notwithstanding rule 45(1)(b), I move that this bill be read the third time later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, February 15, 1983, at 4 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I should explain, as the second instalment of what I way saying earlier, that on Tuesday the following committees will be meeting: the Standing Senate Committee on National Finance at 1.30 p.m.; the Standing Senate Committee on Foreign Affairs at 1.45 p.m.; the Standing Senate Committee on Banking, Trade and Commerce at 2 p.m.; the Special Committee of the Senate on the Northern Pipeline at 3 p.m.; and the Standing Senate Committee on Legal and Constitutional Affairs at 3.45 p.m.

For the reasons I have already explained, the Senate will sit at 4 p.m. on Tuesday. We shall have Question Period either at that time or later, but the piece of legislation that we should like to start with is Bill C-132. It is expected that that measure will receive third reading by order of the other place at 5.45 p.m. today. As Senator Flynn has pointed out, we cannot have Royal Assent tonight because at 5.45 the bell will ring for 15 minutes and the House does not want to interrupt the amount of time allowed for the debate pursuant to the time allocation resolution. So my suggestion is that we not only sit at 4 o'clock to accommodate these committees, but that we proceed at 4 o'clock, if we can, with second reading of Bill C-132, led off by a government speaker, and proceed with it as we have with Bill C-131.

● (1415)

Hon. Eric Cook: Which bill are you talking about?

Senator Frith: The third of the bills dealing with the six-and-five program. We have passed Bill C-133, and Bill C-131 is on the order paper for third reading today. Bill C-132 deals with family allowances.

Hon. C. William Doody: They have dealt with the old age pensioners, and now for the widows and orphans!

Senator Frith: Thank you, Senator Doody, for spicing up this otherwise dull intervention.

There is one other thing we should do, and that is give the Legal and Constitutional Affairs Committee the power to meet while the Senate is sitting. I shall ask for leave to revert to motions later in the day when I have the motion in writing.

Hon. Ernest C. Manning: Honourable senators, would the Deputy Leader of the Government inform us as to whether it is the intention of the house to sit on Tuesday evening next week, as is usual?

Senator Frith: If we have not completed our business by 6 o'clock, then we shall sit on Tuesday evening, beginning at 8 o'clock, in accordance with the rules. I thank Senator Manning for his question because it may have an effect on the attendance of some honourable senators.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA GRAIN ACT

TABLING OF SECTION 15(2) ORDER

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate. I should explain that I am asking a question in my capacity as Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments. A similar question will be asked in the House of Commons.

Ordinarily when our committee runs into some irregularities of any kind we have reported to both houses of Parliament only to find that nothing ever happens. It used to be that I would make a motion approving the report, give a little speech, Senator Frith would adjourn the debate, and that would be it. So I have decided, in my quest for improving and reforming

procedures as well as other things in Parliament, that I am going to take a new line in some cases. Instead of reporting to the house, I am going to ask questions which will, at least, involve an answer, which we do not get when the committee makes a report. And I hope that Senator Frith will not rule me out of order.

Hon. Royce Frith (Deputy Leader of the Government): I do not have that power.

Hon. Jacques Flynn (Leader of the Opposition): You can try.

Senator Godfrey: Section 15(6) of the Canada Grain Act requires the laying before Parliament of an order made under section 15(2) within 15 days of the making of the order. Under that section an order was made on June 23, 1982, and it should have been laid before both houses of Parliament by July 8, 1982.

Hon. Duff Roblin (Deputy Leader of the Opposition): Where is it?

Senator Godfrey: That is a good question and the one I am about to ask.

First, however, we wrote a letter to the Department of Agriculture on September 20 inquiring as to the whereabouts of this order. The letter reads in part:

> As your Minister is responsible for the administration of the Act, I will appreciate confirmation of the dates on which the referenced amendment was tabled in the Senate and the House of Commons.

● (1420)

We received a reply on December 29, which reads:

> Thank you for your letter—
>
> Due to an oversight on our part the referenced Order was not tabled.
>
> We have now prepared the necessary documentation for Mr. Whelan's signature and we expect that the Order will be tabled when Parliament resumes sitting in mid-January 1983.

Honourable senators, it still has not been tabled in the Senate. My question to the Leader of the Government is: When will the government obey the requirements of the act and table that order?

Senator Flynn: It is above the law.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am sure that Senator Godfrey understands that I will have to take that question as notice. I will find out what has happened and try to get an immediate response that would appear to be in compliance with the rules that have been set down.

Senator Flynn: "Appear" is the right word.

Senator Olson: Yes, that is right, senator.

Senator Godfrey has attempted to demonstrate that the rules have not been complied with to date, and I accept that. I think, however, that Senator Godfrey could enhance his own position in getting the answers that he wants to the other questions by putting them now. I thought he said that this is the first of some questions he wants to ask. I presumed—perhaps I should not make those presumptions—that he had a list of other requirements that had not been met completely. If that is so, it would expedite matters if he could let me have the whole list. I will then try to answer them from time to time, since it would seem that, rather than write letters, the joint chairmen will ask questions.

Senator Godfrey: Honourable senators, I should explain that we decided to follow this procedure only at a committee meeting this morning, which adjourned at a quarter to one.

We have no other questions to ask at this time. I simply wanted to give the warning that this is the first of what may be a number of questions, in cases where we think it appropriate. I assure the honourable senator that, in the future, we will endeavour to give him advance notice of the questions.

Hon. George J. McIlraith: Honourable senators, I should like to raise a point of order arising out of the exchange between Senator Godfrey and the government leader in the Senate.

A committee has only the authority given to it by this house, plus any added authority that may be contained in our rules. It has that authority, and that only. If honourable senators listened to the exchange carefully, they will understand that an attempt is being made by the committee to follow a practice different from that of reporting to this house and awaiting a decision of this house, as it is authorized to do by its terms of reference. Allowing a committee to adopt a procedure that will circumvent the reporting to the house, and the consideration by the house of that report, is something that surely must be looked at rather carefully.

It is, of course, quite proper for an individual senator to ask any question he wishes, provided it is otherwise in order. The points that the senator wishes to address may well be dealt with in that way, but he cannot do it as the chairman of the committee. It may be quite proper to ask a question about a certain order or regulation. I have no objection whatever to that. I do, however, raise this question.

I hope the Senate will consider whether the committee is, in fact, trying to avoid reporting to the house and having its decisions or recommendations dealt with by the house, and if that committee is endeavouring to substitute some other procedure that its members, in their wisdom, have seen fit to adopt without the Senate's having decided that it is a proper procedure.

Senator Godfrey: Honourable senators, I should like to make several comments on what Senator McIlraith has just said. The primary effort of our committee is to avoid reporting to this house. We negotiate by talking and writing letters to the ministers and their officials. We are successful in that endeavour, in a great number of cases.

Today I rose and said that I was reporting as chairman of the committee. I will not be doing that in future. I am certainly not officially asking the question on behalf of the

committee. I am, in an informal way, showing my interest. I will allay the fears of Senator McIlraith by saying that, from now on, when I rise everyone will be aware that I am asking questions on my own behalf. Although I am a joint chairman of the committee, I am not asking those questions on behalf of the committee, but just because of my interest in the matter considered by the committee.

Honourable senators, I am trying to get at a practical solution to a problem. I must say it is rather interesting that, whenever a change is proposed in the Senate, someone gets up to complain that the change is not in accordance with the rules.

In any event, the honourable senator and this house may rest assured that I will bear in mind everything he has said so that, in future, I will so frame my questions that no technical objection can be made to the way I proceed.

• (1425)

Senator McIlraith: The real point is whether you have the right to change the practice or whether the Senate has the right. With respect, I think that that power belongs to the Senate.

[*Translation*]

SPORT

REGULATION—FEDERAL AND PROVINCIAL RESPONSIBILITY

Hon. Jean-Paul Deschatelets: Honourable senators, I would like to put a question to the Minister of State for Fitness and Amateur Sport. It is actually a continuation of a question asked yesterday by my colleague, Senator Thompson.

Hon. Martial Asselin: About boxing?

Senator Deschatelets: My question relates to the policy and philosophy the Minister has in mind for regulating sports.

I do not really expect a reply today. However, could the Minister, in due time, explain exactly what the Minister's jurisdiction is regarding the regulation of amateur and professional sport in Canada? The Minister is aware that there are provincially-run commissions in several provinces. In Quebec, for instance, the Néron Commission has been operating for at least two or three years, and it has a very substantial budget. I think we ought to know how the Minister intends to co-operate with provinces that have commissions to regulate amateur and professional sport in Canada, when both levels of government have jurisdiction—I think that is the case—meaning that both the provinces and the Federal Government have jurisdiction over sport.

If that is indeed the case, does the Minister intend to meet with the provinces with a view to setting national standards? If so, I wonder why this has not been done before, since the Minister was appointed, or does he intend to have a meeting with the provincial ministers within the near future?

[*English*]

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I thank Senator Deschatelets for his question.

When I assumed responsibility as Minister of State for Fitness and Amateur Sport, one of my first meetings was with the provincial ministers responsible for recreation and sport. The meeting was held in the great city of Saskatoon, and it was a good meeting. One of the questions raised was the matter of ring safety.

Shortly before the meeting a very tragic incident had occurred in a boxing ring, of which I am sure Senator Deschatelets is aware, and concern was expressed that in the near future a similar tragedy might occur in Canada due to the fact that not all of the provinces have competent and able boxing commissions. Of course there are good boxing commissions in Canada, one being in the province of Quebec. However, the situation in Canada is that certain provinces do not have boxing commissions. We have had incidents where participants in boxing contests, some of whom have had very little ring experience, have suffered serious physical damage by fighting in jurisdictions where no controls of any kind exist. In my view, and in the view of the provincial ministers, that situation should not continue.

• (1430)

Jurisdiction over boxing, for example, is clearly provincial. It is not within the federal jurisdiction. The position I have stated, as minister, is that we would like to help them in their efforts to ensure the highest standards of ring safety, and I have asked what we can do to help.

We have proceeded on that basis with a very constructive dialogue with the provinces. We are trying to evolve a system by which the federal government can be helpful, can assist, can promote the process of information-sharing from coast to coast.

The advent of the computer and data terminals offers a great opportunity for the provinces to share in information of all sorts—for example, information with respect to boxers. If, for instance, a bout is held in British Columbia, or in Manitoba, and there is a co-operative arrangement involving the federal and provincial governments, that information can be provided to the boxing commissions in the other provinces. Thus, if a promoter signs a fighter to a bout in a particular province, at least that fighter's record will be well known in the province and the data will be easily accessible to the boxing commission of the province because of that computer access.

Senator Deschatelets: And it will be accurate?

Senator Perrault: Yes, it will be as accurate as human beings can make it in programming these computers.

The plan I made reference to yesterday involves a good degree of working co-operation between the federal and provincial governments. It is not an attempt by the federal government to usurp any power. It is an attempt, however, to be as helpful as possible within our jurisdictional limitations.

NATIONAL UNITY

PUBLIC OPINION POLLS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on December 7, 1982, concerning public opinion polls being conducted by one or more departments of government on the question of western alienation.

The answer, which is quite brief, is simply that the Canadian Unity Information Office (CUIO) regularly subscribes to surveys in western Canada in order to determine in a systematic, accurate and on-going fashion what issues most preoccupy western Canadians.

Results of these surveys are used by the CUIO and other government departments as background information to enhance the development of future policies, strategies and activities.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been granted to revert to motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(g), moved that the Standing Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting next Tuesday, February 15, 1983, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

• (1435)

[*English*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-672, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF DAUPHIN—THIRD READING

Hon. Gildas L. Molgat moved the third reading of Bill C-672, to change the name of the electoral district of Dauphin.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday Senator Flynn asked me to attempt to find out whether or not the Department of Justice intends to lodge an appeal from the judgment of the Federal Court relating to the question of changing returning officers when a riding's name has been changed, with no other changes being made.

I do not have that information for the Senate today, but I will take his question as notice, as if it had been put during Question Period, and will respond to it in due course.

Motion agreed to and bill read third time and passed.

[Senator Perrault.]

[*Translation*]

PRIVATE BILL

POLYVENTREPRISE LTÉE—SECOND READING

Hon. Martial Asselin moved the second reading of Bill S-34, to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act.

The said: Honourable senators, the purpose of this bill is to revive Polyventreprise Ltée, which has its chief place of business in the City of Quebec. This company was federally incorporated by letters patent issued on July 20, 1970.

Through inadvertence, the company failed to file the annual returns that all companies are required to submit under the *Canada Corporations Act*. The Department of Consumer and Corporate Affairs sent notices to the company that it would be dissolved if the returns were not filed. This default on the part of the company was never corrected and the company was accordingly dissolved by a notice in the *Canada Gazette* on December 4, 1976.

The owners of the company were unaware of the company's dissolution and continued to operate the company as if it had not been dissolved.

The proposed bill would revive the company with retroactive effect to the date on which it was dissolved. This would serve to validate all transactions by the company during the time that it had no legal existence. It will have tremendous legal consequences, because meanwhile, any transactions the company carried out may be invalidated at any time by the courts, because legally, the company no longer exists. Thus, the aim of this Bill would also be to make legal any commercial transactions carried out by the company during the time it was dissolved.

There is also an additional clause to provide for the continuance of the company under the new *Canada Business Corporations Act*. Under that Act, every company incorporated under the earlier *Canada Corporations Act* was required to apply for continuance under the new Act prior to December 15, 1980. The additional clause would, in effect, extend that deadline by allowing the company to be continued under the *Canada Business Corporations Act* within three months after the coming into force of this bill.

This bill, honourable senators, is similar to other bills introduced in the Senate and passed by Parliament in the present session. I am thinking, for instance, of a Bill that was introduced by Senator Leblanc. I raised several objections at the time, because after considering the Bill and hearing witnesses in committee, we found that there had been considerable negligence on the part of the president of the company, who had neglected to apply for continuance and submit the required reports to the Department of Consumer and Corporate Affairs. I also remember that the president of the company was then living in Germany. He had received at least five notices from the Department to which he did not bother to reply. He actually refused to reply, and that is why a Bill was proposed by other administrators in order to revive the company.

The Bill we are considering today will allow the company to be revived administratively and to be continued under the new *Canada Business Corporations Act*.

Honourable senators, if the Senate agrees to adopt the second reading stage of this Bill, I intend to move that it be referred to the Standing Committee on Legal and Constitutional Affairs.

● (1440)

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we support the motion for second reading and referral of this bill to the appropriate Senate committee for consideration.

I also congratulate Senator Asselin for his underlining the fact that, as time goes by, it will be less and less likely that we will be receiving these kinds of petitions because of the fact that the new legislation allows what we are now doing by legislative act to be done by administrative act.

[*Translation*]

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this Bill be read the third time?

Senator Asselin moved that the Bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

[*English*]

OLD AGE SECURITY ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-131, an act to amend the Old Age Security Act (No. 2).

Hon. Andrew Thompson: Honourable senators, at the outset allow me to say that, for me, there are some positive aspects to this bill.

The first is that the minister responsible for this legislation appeared before the Standing Senate Committee on Health, Welfare and Science. I personally have deep respect for her kindness of heart and intelligence. I believe that over the years she has demonstrated her conviction that those who are at the bottom of the economic scale must be helped. I held back from making a judgment as to how I would vote on this bill until I had had an opportunity to hear the explanations the minister gave to the committee this morning.

The second positive aspect is that there is a threshold provision with respect to those whose income is below a certain level. The GIS is going to be indexed. I feel that that is an important aspect. I only regret that there has not been consistency in the three bills which are designed to fight inflation.

Unfortunately, I was not present when Senator Bosa presented the report of the Standing Senate Committee on Health, Welfare and Science last week. However, from reading *Hansard*, I see that he did so thoroughly and ably. However, there is one matter I wish to draw attention to. It is that he identified me as being the sponsor of the first recommendation; whereas, in fact, I was the sponsor of the second recommendation, which asked that there be a threshold. I believe strongly in that principle and was delighted to hear that, when she appeared before the committee, the minister emphasized that principle and had put it into practice in this legislation. I urged her to attempt to have on her colleague, the Honourable Herb Gray, the same stimulating effect as she had had on me, so that he might place a threshold provision in the other legislation.

The third aspect which has inclined me towards a positive approach is that the greatest beneficial effect of this legislation, not only for senior citizens but for Canadians in general, is to bring down inflation. For our senior citizens, that is the crux of the dilemma they are facing—the inflation rate trend that has persisted over the past several years.

It takes a great deal of courage for this government, for individual members of Parliament in the other place, and for the Minister of National Health and Welfare to take this drastic step in an attempt to show the country that they are going to include in the battle against inflation this large group of senior citizens. The government is not asking them to be part of that battle, but is telling them that they are going to be part of the large army of Canadians who will make a great sacrifice in an attempt to bring down inflation.

From questions put by Senator Bosa, I was pleasantly surprised to hear that the six-and-five may not be the cut-off point for pensioners. I am sure that all of us will take heart from that.

I was pleased to hear the minister explain this morning that, from the point of view of cash flow into the government, this measure will not have an anti-inflationary effect, but will have psychological effect that will be evident across the country.

● (1450)

I note that reference was made to two millionaires in this chamber. There are others outside—

Hon. Jacques Flynn (Leader of the Opposition): Who is the other one?

Senator Thompson: They don't want me to mention their names, but they recognize the seriousness of intent of the government with regard to this matter.

My real concern was with the threshold requirements. I apologize to Senator Everett. I said to him on Tuesday night that it looked as though the *Star* writer, Robert Jackson, had erred in his statement; but actually, as I re-read that statement, together with that of Senator Everett, I saw that they were agreeing with each other, so that neither had erred.

When questioning the minister I dealt with those who live just above the poverty line and who do not get the GIS. Those who earn an extra $1,000 or so above that level are in a grey area, and are going to suffer greatly. I asked the minister how many there are in that group earning up to $1,000 above the level at which they are excluded from the GIS. I stand to be

corrected, but my understanding of what she said was that there are 160,000 in that grey area. They would be making, as Senator Everett pointed out, roughly $15,160 for a married couple with one spouse not on pension; $9,360 for a married couple where both are on pension; and $6,075 for a single person. Honourable senators, I do not intend to wax melodramatic on this, because I know that there is not a senator in this chamber who is unaware that if he had to live in a city on $6,075 a year he would be awfully hard pressed to survive.

When the government says how serious it is about the war on inflation, I cannot help being deeply worried at the idea that the government, in focusing on these 160,000 people just above the GIS, is making an example of victims of inflation, rather than focusing on the healthy citizens with a good income who can survive if their income is slightly reduced—and I put myself in that latter category, as well as every senator in this chamber.

I think the threshold is too low, and on the basis of statements the minister has made in the past, I know that the minister herself recognizes that too many pensions are too low. The minister has fought hard to try to get the private sector and government to work at the inequities that exist across Canada in the field of pensions. In her green paper on this subject the minister recognizes just how tough it is for the older person, living on or below the poverty line.

I asked both the minister and her director general what their definition of the poverty line is. There are several, it appears. There is the definition of the National Welfare Council; there is the definition produced by the group of bishops in Montreal, and others; and, certainly, the threshold level fixed at $15,160 for a married couple and $6,075 for a single person in the cities is unfortunately at the poverty line. In fact, the National Welfare Council has said that it is $500 below for a single person. I find it difficult to think of suggesting that we pick a person living at $500 below the poverty line and say to him, "Look, we are going to enroll you in the battle against the devastations of inflation." Such a person is under restraint from the point of view of his spending. He is under restraint to a very severe extent. I do not think we can honestly say that he is contributing to inflation with the meagre amount he has to live on.

The minister, who is an honest person, admitted that in the context of bringing down inflation this measure, apart from its psychological aspect, is not having any effect. Mind you, I do not want in any way to diminish the need for a psychological effect across Canada, but if we really want to have a dramatic psychological effect, I suggest that we go to such people as blind pensioners, saying to them that they have to tighten their belts more. Thank God, however, we have more humanity, as Liberals and as a government, than to go that far. Indeed, we have gone too far already. I would therefore like to see a higher threshold. Frankly, I cannot but feel that this is an awfully blunt way to ask people across Canada, with their varying incomes, to make a sacrifice.

[Senator Thompson.]

Senator Tremblay made a telling point in this regard. He said that he receives the old age pension. With his usual generous spirit, he said that he will gladly sacrifice the extra $4 to help in the fight against inflation. But he added, "I am concerned about persons in that grey area who just manage to keep going. Should they have the same amount taken from them as is taken from me?"

I agree that that is iniquitous. I asked the minister about using the income tax approach, and she said it was too involved. She said the supplement based on indexing is the right approach. I would have liked to see this tightening done through the income tax act, as was done with regard to children's allowance, because one hopes that income tax is more progressive than the method used in this particular measure.

I helped in years past in promoting a number of projects, such as medical insurance and other measures that have been brought in by the Liberals. I have always liked the universality aspect of them. I always think that to emphasize a point it is not a bad idea to refer to its effect on a particular individual. I hope you will excuse me if I speak about the universality aspect of these measures from the point of view of someone for whose old age pension I am trustee. He is a wonderful character. He is a farm labourer who has worked most of his life on farms in the area where I have a farm. My wife and I were driving to our farm one evening and noticed lights on in an old house we have there. We found that Charlie had moved in as a squatter, with a sense of independence and also the conviction that it was going to be his home from then on. I learned from the community that he was nearing the age when he could get a pension. I recall talking to him about that. He said, "I don't go for any kind of welfare. My welfare is these"—and he held his arms up and proudly displayed a large pair of biceps. I assured him that a pension was his right, that some of the wealthiest people in Canada were getting the pension—although one hoped their income tax took it from them. I pointed out that it was something that he had earned over many years as a farm labourer. For a period of his life prior to moving to that house, he slept in a barn. I explained to him about the universality of the pension, that there would not be questioning by social workers for him to get the pension. Charlie does not pay rent, and he now lives in the country with the dignity he deserves and without the nagging fear of poverty, because of the pension and the GIS he receives. Having seen the effect on Charlie of the universality aspect, I understand exactly Senator Croll's concern about the Liberal government tampering with that universality.

● (1500)

With regard to the GIS, some may feel it dilutes universality, for it is a kind of means test, although of a humane kind, without there being visits by social workers and others. A form is used to fill out how much income one receives, in order to assess how much pension one will get. However, it seems to me that there is a danger that its wider application might be a first move towards diluting the universality aspect of our social legislation. Perhaps we have to examine the concept of universality more closely, but I would hope that in this time of economic difficulty we will not lose sight of the advantages of

universality to soothe a certain reactionary mood that may exist in the country. I hope that the government and, indeed, all Canadians are proud of our social legislation, which is among the best in the world, and that we will not tinker with it or change drastically some of the basic principles that exist in medicare and other areas.

Most honourable senators will recognize that I have struggled with the question of how I will vote on this bill. I have tried to examine the legislation carefully. Yesterday I left the chamber hoping that I would be convinced by the minister, who I know is a convincing and humane person. However, I regret that in accordance with my conscience I have to vote against my party and against the government, because solely for a psychological effect, I cannot see how we, as a party or as a government, can take money, even though it is not much, from those in this grey area, those $9,000 and $6,000 income persons, who are struggling to survive. We should set an example by trying to protect that group that is struggling so hard to survive, and we should direct our attention to people such as ourselves who are able and willing to tighten our belts. For that reason, I cannot vote in favour of this legislation.

Hon. L. Norbert Thériault: Honourable senators, I listened carefully to what Senator Thompson had to say, and I had thought that his conclusion would be contrary to his saying that he could not vote for this bill. I also listened to the minister this morning and I thought that the senator received satisfactory replies to his questions.

While I had problems concerning the bill that was before us earlier relating to public service pensioners, I find that this bill fulfils my philosophy of looking after people from the point of view of their need. I understand that one might have some qualms about this legislation, and might say that the negative psychological effect that was apparent in this country last June or July, or perhaps a year ago, is probably disappearing and that we should not now be asking senior citizens to make a financial contribution from their pensions. However, the fact of the matter is that inflation was reduced considerably in the last three months of 1982, and it is projected that inflation is now at the level of approximately 6 per cent. Therefore, the effect, in dollars, may not even be the 50 cents mentioned by Senator Thompson, and, of course, it will be much less than what Senator Phillips mentioned yesterday.

I rise to say that I support this bill. Naturally, everyone would like to see our economy in such a state that this kind of legislation would not be required; but we cannot live in dreamland. It is a fact of life that for at least the last year and a half inflation has been the number one problem not only in Canada but in many countries of the industrialized western world.

There is, however, a point that bothers me, and I take advantage of this debate to make this point. I am concerned about the problem of single persons, mostly women, who are living below the poverty line in Canada. The information I have is that there are 750,000 single persons over the age of 65 living below the poverty line, and that poverty line figure has now been determined by the Department of National Health and Welfare to be $6,300 a year. I am told that it would require in the next budget the sum of $250 million merely to bring those people to the level of the poverty line. It is my hope that all honourable senators, members of Parliament, and people in all walks of life will give serious consideration to this matter. We understand that the Minister of Finance is at present discussing the possibility—it has been suggested to him even by private corporations—of increasing the deficit to $30 billion. I accept the fact that there are pros and cons with regard to that, and there always will be. However, at a time when we are talking about the difference between $25 billion and $30 billion, I would hope that no one in government, no one in a position of decision making, would hesitate to add $250 million to a $25 billion or $30 billion deficit with a view to bringing at least some comfort, some hope, to those 750,000 people who are now living in Canada below the poverty line.

• (1510)

Hon. Douglas D. Everett: Honourable senators, obviously this bill has engendered a great deal of emotion in a number of participants in this debate. Of course, it is difficult when the government introduces a bill that purports to restrain pensions, because very often the most defenceless people in our society are those who receive pensions. But when we take a look at this bill, it is very easy to overlook the fact that, while it has to be part of a policy of restraint, nonetheless it does try to do as little damage as possible while maintaining and not departing from the policy of restraint.

I wonder if honourable senators are aware of this fact—which I have reiterated in the past but which I feel I should reiterate again—that anybody who is single and makes less than $9,597 per year in October 1983 will not be affected by this bill, nor will a married couple making in total $16,265. Senator Thompson talked about the poverty line and whether those figures are above or below the poverty line. My information is that they are above the poverty line. I have in this briefing book various poverty lines established by various groups. In 1978 the base, for Statistics Canada, for a single person was $7,941 and for a couple $10,413. That figure is somewhat out of date, but the Canadian Council on Social Development, as of 1982, establishes as its threshold for a single person $6,898 and for a couple $11,496. The Special Committee of the Senate on Poverty, Senator Croll's committee, established as its base $7,726 for a single person and $12,876 for a couple. The Metro Toronto Social Planning Council uses the base of $9,045 for a single person and $12,672 for a married couple. The figures I have given are over the poverty line.

Hon. Jack Marshall: What about families of three or four people?

Senator Everett: I only have figures for single people and married couples.

Senator Marshall: You will find that you are a little out when it comes to larger families.

Senator Everett: That would not surprise me, but most pensioners do not have families of three or four.

Senator Marshall: "Most"? You would be surprised.

Senator Everett: Yes, "most", and I think I could defend that point, but let us deal with the figures I have. The figures are $9,597 for a single person and $16,265 for a married couple, and those figures are above the poverty line.

One of the dilemmas the government faced in bringing in this legislation is this question of universality which Senator Thompson mentioned. All those over 65 receive the old age security payment regardless of income. I can just imagine what would happen if they were not subject to the restraint program and they could point to people who were making large incomes or were enjoying great wealth who were not subject to the restraint program. I disagree with Senator Thompson in respect of the principle of universality. I think it is a terrible principle. I would prefer to see those who do not need government support not get it, so that we could give those who do need government support an adequate amount. Indeed, if there were no universality then we would not be having this debate because, in fact, there is an element of non-universality in the old age security system, and that is that the people below those threshold incomes do get the guaranteed income supplement to bring them up. Not everybody receives the guaranteed income supplement. Instead of debating this issue, I would rather we were debating the issue dealing with those who are in need of support receiving support and those who are not in need of support looking after themselves. That is what would appeal to me.

Nonetheless, we have universality and we have to deal with it. The government is faced with a restraint program and with the fact that the old age security pension is paid to everybody regardless of their income and their wealth. Therefore, the government has taken the attitude that those who are drawing the guaranteed income supplement and those who are below the threshold will not come under the restraint of this bill but will be fully indexed in every way possible.

What is really important and what we should keep in mind is that, no matter what we do, we can best benefit those who are drawing pensions by lowering the rate of inflation, because if we lower the rate of inflation below 6 per cent in 1983 and 5 per cent in 1984 the bill will have no effect at all. That does not mean that the bill is unnecessary, because we have to show that we have the resolve to lick inflation, and the government has shown that resolve. But the real benefit to the pensioner is getting inflation below 6 per cent in 1983 and 5 per cent in 1984.

We must not give up the concept of helping pensioners through lowering inflation, no matter how much people's heart strings may be pulled. Under the system as it is today, pensioners in the lowest income brackets are being protected and the policy is functioning.

Hon. Peter Bosa: Will the honourable senator accept a question?

Senator Marshall: Come on! The debate is finished.

Senator Bosa: I am asking a question of the Chairman of the National Finance Committee. Did I understand the honourable senator to say that the restraint of the six-and-five program will not be imposed on those pensioners who qualify for the guaranteed income supplement benefit?

Senator Everett: If I understand the honourable senator's question, the bill will not apply at all to somebody who is drawing the guaranteed income supplement.

Senator Bosa: So the six-and-five program will apply uniformly to the old age security pensioners, but the difference will be made up by the guaranteed income supplement; it is not that those pensioners who qualify for the guaranteed income supplement will be exempt from the restraint program?

• (1520)

Senator Everett: The operation of the bill, as I understand it, is that the old age security payment is restrained to a 6 per cent increase in 1983 and a 5 per cent increase in 1984. If somebody is below the income threshold and is drawing the guaranteed income supplement, however, the guaranteed income supplement is not restrained, it is fully indexed. In addition to that, the amount of the restraint of the old age security payment will be added to the guaranteed income supplement, so those people will not be affected by the bill at all.

Motion agreed to and bill read third time and passed, on division.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Godfrey:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and
>
> That a message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

Hon. John M. Godfrey: Honourable senators may recall that just before I adjourned the debate last evening I read a letter to the Senate which was addressed to Senator Perrault dated February 23. In that letter I suggested that four areas could be studied by committee chairmen: namely, the question of the pre-study of bills; human rights and freedoms; enabling clauses of bills; and the regional function of the Senate. For example, committee chairmen should write to provincial governments with respect to bills in which they had a particular interest, inviting them to testify before or make written representations to the Senate committee considering the bill.

At that meeting of committee chairmen, as I mentioned, there was not enough time to deal with the matters which I raised in the letter, except for one small procedural item to which I have not referred. The meeting adjourned and not one single person present asked whether we were going to consider at a later meeting the questions I raised in my letter. I must say that I felt rather frustrated and depressed when not one single committee chairman present showed the slightest interest in the suggestions I had proposed. I did not know what to do.

A few weeks later, however, I found out about what had been done in the Australian Senate. My spirits somewhat revived, and I resumed my efforts, thinking that the splendid example set by the Australian Senate might have some effect on my fellow senators.

At this point, honourable senators, I should like to read an extract from a brief that the Standing Joint Committee on Regulations and other Statutory Instruments presented to the Special Committee of the House of Commons on Standing Orders and Procedure. As honourable senators are aware, that was the committee which was considering reform of the House of Commons. On page 9 of this brief it states:

> The Proclamation of the Constitution Act in April has raised a new reason for parliamentary scrutiny of Bills: the need to ensure conformity with the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms. This is especially important because there is no provision in the Constitution Act for scrutiny of Bills and report to the Houses by the Attorney-General as there is in the case of the Canadian Bill of Rights. The Standing Joint Committee, having the advantage of regular counsel accustomed to scrutinizing delegated legislation under its criteria as to whether or not it is in conformity with the Canadian Bill of Rights, is in a position to take on the scrutiny of Bills in terms of the Charter. The Standing Joint Committee's Senate Co-Chairman has a motion for a reference for such scrutiny before the Senate. It would be infinitely better if the reference were to be made by both Houses.

I might say that it had been agreed between the Honourable Perrin Beatty, who is the joint chairman, and myself, that, from a practical point of view, we should pursue this through the Senate first. If we could get this motion through the Senate, it would not matter, initially, whether it went through the House of Commons; we could proceed to operate on the Senate resolution alone.

I continue reading from the brief:

> We are aware that the suggestion of scrutiny of Bills immediately raises suspicions in the Government and may even cause some members of the Commons House to feel that their functions are to be usurped. What the Standing Joint Committee has always had in mind is technical scrutiny and not policy scrutiny, the scrutiny of a Bill to determine its legal consequences or lack of them and not to criticize the policy that the Bill seeks to implement. We would like to point out that what we suggest is not novel. The Senate of the Commonwealth of Australia has recently appointed a Committee for the Scrutiny of Bills, the terms of reference of which are these:
>
> (1)(a) That a Standing Committee of the Senate, to be known as the Standing Committee for the Scrutiny of Bills, be appointed to report, in respect of the clauses of Bills introduced into the Senate, and in respect of Acts of the Parliament, whether such Bills or Acts, by express words or otherwise—
>
> (i) trespass unduly on personal rights and liberties;
>
> (ii) make rights, liberties and obligations unduly dependent upon insufficiently defined administrative powers or non-reviewable administrative decisions; or
>
> (iii) inappropriately delegate legislative power or insufficiently subject its exercise to parliamentary scrutiny.
>
> The Australian Committee has elaborated on these terms of reference as follows:
>
> The Committee considered the Bills in accordance with the principles defined in paragraph 1(a)(i) to (iii) of the terms of reference set out in this Report. Principles (ii) and (iii), which concern themselves with administrative discretion and legislative powers and scrutiny, are self-explanatory. For the purposes of considering the Bills under the more open-ended principle (i), to establish whether they might trespass unduly on personal rights and liberties, the Committee, while not confining itself to these aspects, had regard to matters such as whether, and in what circumstances, the legislation—
>
> (a) placed the onus of proof on a defendant in a criminal prosecution;
>
> (b) conferred a power of entry on to land or premises other than by warrant issued according to law;
>
> (c) conferred a power of search of the subject, land or premises other than by warrant issued according to law;
>
> (d) conferred a power to seize goods other than by warrant issued according to law;
>
> (e) purported to legislate retrospectively;
>
> (g) affected the liberty of the subject by controls upon freedom of movement, freedom of association, freedom of expression, freedom of religion or freedom of peaceful assembly.

Honourable senators, the next paragraph is very important.

> The Committee wishes to make it clear that, by identifying clauses of Bills as raising questions under one or other of its principles, it does not necessarily have a concluded view that the principle in question is in fact infringed. The Committee regards its role as being to alert the Senate, rather than to perform a function, similar to that undertaken by the Regulations and Ordinances Committee, of recommending to the Senate that action be taken.

Honourable senators, when I read this my enthusiasm was revived. At that point we were about to amend our Constitution; we were going to have a Charter of Rights and Freedoms. I went to discuss the matter with Senator Frith. I suggested that this is a practical way in which the Senate can be of assistance. We know that things are put into bills which are overlooked. I suggested that, the minute the Charter of Rights became effective, I would propose that we put a motion to this effect and that we follow the original Australian recommendation, that it be a joint committee. I must say that I thought the Senate would get a little bit of credit for this.

I pointed out that this committee would not be making any decisions as to whether there actually was an infringement of the Charter of Rights. It would merely alert the committees actually considering the bills as to the possibility of that occurring, so that such possible infringement would not be overlooked.

At our meeting, Senator Frith was not, as I recall, exactly receptive. He said he was a little suspicious. He asked how the government could be sure—Senator Frith will correct me if I misquote him, because we had that meeting some months ago—that the committee would confine itself to alerting the committees and that it would not be holding up bills. I said to him that I would draft a notice of motion which would contain the words "draw to the attention of the Senate". Senator Frith then suggested that I write him a letter to explain what I had in mind, which I did.

• (1530)

I shall first quote from a speech I gave in the Senate on May 27, 1982 on another matter, which will again explain one of my reasons. I pointed out that section 29 of the Statutory Instruments Act, which had been passed in 1970, actually amended section 3 of the Canadian Bill of Rights—the Diefenbaker Bill of Rights. It provided that:

> The Minister of Justice shall, in accordance with such regulations as may be prescribed by the Governor in Council, examine every regulation transmitted to the Clerk of the Privy Council for registration pursuant to the *Statutory Instruments Act* and every Bill introduced in or presented to the House of Commons, in order to ascertain whether any of the provisions thereof are inconsistent with the purposes and provisions of this part—

That is, the Bill of Rights.

> —and he shall report any such inconsistency to the House of Commons at the first convenient opportunity.

In that same speech I pointed out that:

> As far as I know, the Minister of Justice has never reported to the House of Commons any regulation as offending the Bill of Rights, and has only once reported a bill, and that was in connection with an amendment that the Senate made to the Feeds Act in 1975. The Minister of Justice reported it as being inconsistent with the Bill of Rights and it was, therefore, turned down.

I will now read three paragraphs from the letter I wrote to Senator Frith dated April 19 before the Constitution was patriated. On the second page I said:

> As you know, the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments examines regulations under 15 Criteria which have been approved by both Houses of Parliament. Criteria 13 is to determine if it "is not in conformity with the Canadian Bill of Rights." Thus, as far as regulations are concerned, not only does the Executive Branch examine them to see whether they infringe on the Canadian Bill of Rights but also the Legislative Branch of our Government through the Statutory Instruments Committee. It seems to me that a committee should also examine bills to see whether or not they infringe the Canadian Charter of Rights and Freedoms and as our Committee will be concerned with this as far as regulations are concerned, we have some expertise in this area and would, therefore, be competent to deal in the same area with respect to bills.
>
> Taking my clue from the stated intentions of the Australian Committee, I have drafted the Motion so that the Joint Committee will not pass judgment upon whether or not there is an infringement, merely it alerts the Senate, and hopefully the Senate and House of Commons Committee considering the bills, as to a possible infringement by drawing their attention to clauses which may infringe. You will recall that the various reports of the Australian Committee start off with the words "The Committee draws the attention of the Senate to clauses of the following Bills which contain provisions which the Committee considers may fall within the principles expressed in paragraph 1(a)(i) to (iii) of the Resolution of the Senate of 19 November 1981."
>
> I am not suggesting that on a long-term basis what I am proposing should necessarily be followed. There may be better solutions which will be proposed when the whole question of Parliamentary Reform is being considered. In the meantime, if my Motion is accepted it will show that the Senate is taking some initiative, on an interim basis, which may possibly turn out to be the best way in the end.

After sending that letter I gave notice of a motion and I phrased it in order to allay Senator Frith's suspicions that we might go beyond alerting. My original motion stated:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine and draw to the attention of the Senate the subject-matter of clauses of Bills—

We used the words "draw to the attention" following exactly the words used in reporting by the Australians. Following that notice of motion, Senator Frith said that he thought it was out of order and might be against the rules. Senator Flynn said: "Why draw it to the attention of the Senate? Why not report to the Senate?" I did not mention in my motion that we should ask for the concurrence of the House of Commons because they have referred the subject-matter of bills to joint

committees on many occasions when they have not asked for our concurrence. I wanted action to be taken on it in the Senate and I did not want there to be any suggestion made that we would be holding up bills. While there were many objections, after three different tries at it, the motion was amended and it is finally in its present form which, as far as I am concerned, is perfectly satisfactory, as the debate on the form of my motion adequately explained the purpose. We are simply examining the subject-matter of bills, to alert the committee studying them.

After this motion was proposed, I believe it was Senator Perrault who said to me that the Minister of Justice was very worried about this motion. He said that they thought I was trying to chisel in on the duties of the Department of Justice in examining bills and that that was showing no confidence in the ability of the department to perform that job. Senator Perrault said that that is their job and not really the job of the Senate. I then suggested that Senator Perrault and I have a meeting with Mr. Chrétien, the Minister of Justice. At that meeting I opened the discussion by saying that I had heard that he had some objections to my motion. Mr. Chrétien said he did not know what I was talking about. He said he had never heard about it until that very minute. He said that obviously some official in his department had heard about it. Because of a comment by Senator Perrault, I gathered during the course of our conversation with Mr. Chrétien that it was Senator Frith who had drawn to their attention his concern that—

An Hon. Senator: Oh, oh!

Hon. C. William Doody: Not Senator Frith!

Senator Godfrey: —if we pass this motion it might be used to block government bills and cause delays.

I left the Minister of Justice on the basis that I would interview the bureaucrat who had opposed the motion in connivance with Senator Frith. Mr. Chrétien said that I would be hearing from the official concerned; and several days later he and another gentleman arrived at my office and I did my best to convince them. In fact, I gave them half the speech I am giving this afternoon, but to no effect. Eventually, I told them how angry and annoyed I was, thinking that might change their attitude, because I was hoping they would go back to the Minister of Justice and say that really there is nothing to worry about here. But that did not happen.

I have known Senator Frith for 25 years. We have worked together. I am very fond of him and I have a great deal of respect for him. I think he is doing a terrific job as Deputy Leader of the Government in the Senate. He is very diplomatic and I believe everyone is very pleased with his performance, so it hurts me to say that as far as his being an innovator or approving of innovations or pressing for new ideas on reform are concerned, I must confess that he has been a disappointment.

I can recall the first inkling I had of this was when we were in opposition and Senator Bosa proposed what I thought was a most sensible motion, that the rules should be amended so that we could abstain from voting, because at that time the opposition was in the majority in the Senate and there might be some bills that we would not want to oppose and yet not vote for. Senator Frith gave a very fiery speech opposing what I thought was just one small step forward to reform our procedures. He was so persuasive that he had it referred back to the Committee on Standing Rules and Orders, with the result that it was two years before it was reconsidered, and we now have it in our rules.

• (1540)

I am rather reminded of what Professor Trevor Roper, the great historian at Oxford, said about that institution. Incidentally, this doesn't apply only to Senator Frith, but to other senators as well. Professor Roper said:

> As so often happens, what we call the genius of the place quickly absorbed its would-be reformers.

I think that rather applies to the Senate, too. New senators arrive full of fire and brimstone and with great ideas about reform, and then the genius of the place gets to them.

I was not present when Senator Frith gave his two-part speech on the elected Senate, but I read his speech with a great deal of interest. I must say I was rather incredulous—I think that is the best word to describe my feelings—at his suggestion that, if we do have an elected Senate, that fact should not affect any of the present senators; they should be able to carry on for life, if they are life senators, or carry on until they retire at the age of 75. Personally, I have only four and a half years to go. For that reason perhaps I can be a little more objective on this matter than Senator Frith, who has 16 years to go.

I must confess that in the past, if I wanted to get a laugh when somebody asked me how I got appointed to the Senate, I simply gave the facetious reply that was reported in the paper the other day. But I have given that up. I get a bigger laugh by telling them that Senator Frith gave a speech in which he proposed that we reform the Senate by electing it, as long as it did not affect any of the present senators. Some people who don't laugh sort of look at me and say, "You've got to be kidding!"

In his speech Senator Frith, in giving an example of an elected Senate, mentioned New South Wales to indicate that you could have appointed senators in a transitional period to an elected Senate. I believe somebody pointed out, however, that in Australia the senators in New South Wales had, in effect, been appointed for six years, and half of them were appointed every three years so that when there was a transitional period to a fully elected Senate it was only something like a three-year wait until the election date, and then half were elected so that the former senators were only in office for three years. So that is not really relevant to the suggestion Senator Frith made, where we could have some appointed senators overlapping elected senators for 30 years.

I might also point out that the question of people retiring was considered by the Senate in connection with the provincial supreme court judges in 1960. You may recall that there was

no retirement age for the provincial supreme court judges and that there actually had to be a change in our Constitution to provide for that. On that occasion the government improved the pensions of all supreme court judges before the bill was proposed.

I might say that when a similar act affecting the judges of the Supreme Court of Canada was introduced in 1927, all those judges who were over 75 had to retire, and at that point they just received their ordinary pensions. However, in 1930 another act was passed providing that they retired on full salary.

According to *Debates of the Senate* in 1960 the two leading debaters against the bill for retirement of judges at 75 were Senator Farris and Senator Roebuck. They were both 82 years of age at the time. Senator Farris referred to the "slap-dash resolutions" of the Canadian Bar Association. Since 1935 there had been eight different resolutions of the Canadian Bar Association proposing that supreme court judges retire at 75. So we have a precedent of the Senate approving in 1960 a resolution for a constitutional change which required mandatory retirement.

When I read Senator Frith's speech I noticed that he said that one of the five desirable aspects of Senate reform was that the Senate should be interested in the matter of human rights. With that in mind I wrote Senator Frith a letter, during the Christmas break, saying that I was just delighted to hear that he had been converted at last.

Hon. Royce Frith (Deputy Leader of the Government): Remember Perry Como? "We get letters. We get letters."

Senator Godfrey: So I said to Senator Frith, "I don't expect any opposition to my motion, because you are now finally converted." Senator Frith tells me that he has a speech tucked away in his desk which he is waiting to use when I have finished making my speech on this motion. In any event, I said, "I presume that you will not be opposing it, and I will then go ahead."

Not having heard from Senator Frith, I asked him, when I returned to Ottawa: "What about my motion? What is your attitude on it?" He said, "Oh, whatever the government decides. I am the Deputy Leader of the Government in the Senate."

Senator Frith: Hear, hear.

Senator Godfrey: I said, "Well, what action are you going to take? If you don't like what I propose, surely you should be proposing something with respect to the role of the Senate on the Charter of Rights and Freedoms. After all, we had a Senate committee two and a half years ago saying we should have a committee. What are you proposing?"

"Oh," he said, "I didn't say I was in favour of the Senate taking an active part in human rights. I was really talking about regional interests. I was only reporting what the Lamontagne committee had recommended."

I was a little startled at that. Consequently, I looked back at Senator Frith's speech to refresh my memory. I will now read exactly what Senator Frith did say on December 9, 1982.

[Senator Godfrey.]

> Honourable senators may recall that for a listing of what I considered the desirable functions of the Senate I used those listed in the Lamontagne report. As referred to at page 5111 of *Debates of the Senate* for December 2, those functions are, first, the legislative function; second, the investigative function; third, the regional function; fourth, the representation of minorities function; and, last, the human rights function.
>
> I pointed out, honourable senators, that it would be on that basis that I would try to build my model for an elected Canadian Senate, and that I would emphasize particularly the third function, that of representation of regional interests.

Honourable senators, in view of Senator Frith's dedication to doing whatever the government decides should be done, I would remind you of what I said in a speech I made on March 11, 1981, on the Constitution, as reported at page 2011 of *Hansard*.

> On that subject, I would like to quote Senator Dandurand, when he became government leader in the Senate in 1922, and I remind honourable senators that he remained Liberal leader in the Senate for 20 years:

This is what he said:

> I shun party discipline and the party whip. I invite criticism of the measures of the government, criticism from the right as well as from the left; I feel it is the responsibility of each senator—

Including the government leader in the Senate.

> —to try to improve the legislation that comes before us.

Honourable senators, in case I have given the impression that only a few of us are in favour of this, I should like to refer to a report of a study group of the Commonwealth Parliamentary Association on the role of second chambers. The report is reproduced in the October 1982 edition of *The Parliamentarian*.

I should first point out to you who the members of that study group were. The chairman was Lord Shackleton. The members were Sir Condor Laucke, former President of the Australian Senate; Senator Eugene Forsey, former member of the Canadian Senate; Sir Arnott Cato, President of the Barbados Senate; the Honourable Ram Niwas Mirdha, MP, former Deputy Chairman of the Rajya Sabha, India; Y. A. B. Tun Omar Yoke-Lin Ong, former President of the Senate of Malaysia; and the Honourable N. C. Makombe, President of the Senate of Zimbabwe. I quote from page 201 of *The Parliamentarian*. Their report states, in its introductory part:

● (1550)

> —there was agreement that in two areas, the early scrutiny of draft Bills, and in the protection of human rights, there is scope for beneficial reform in most countries. Committees of the Upper Chamber are seen as the appropriate instruments for increasing the democratic protection of peoples' liberties.

It so happened that the youngest of the Commonwealth legislatures, that of Zimbabwe, provided an excellent example of the working of such a committee, operating under the umbrella of a constitution which specifically prohibits racial, sexual, religious, and tribal discriminations. In the Upper House in Harare, the Senate Legal Committee examines all Bills, except Money Bills and Constitutional Amendment Bills, to ensure that the provisions do not infringe the entrenched fundamental rights.

I would also refer to page 204 of *The Parliamentarian*. The report states:

Not surprisingly, we agreed that the most important justification for the existence of an Upper House is the need for a body of experienced people to revise and amend ill-considered, defective, hasty, and even oppressive legislation coming from the House elected by universal suffrage. Numerous instances were given of the changes recommended and later accepted by the ruling Government to legislation which could have harshly impinged on human liberty.

I quote further from page 254, which is a quotation from the paper prepared by Sir Condor Laucke, who is a former President of the Australian Senate and whom I met when I was in Australia two and a half years ago. He said:

—nobody will ever convince me that two sieves are not better than one.

He was talking about the desirability of a lower and an upper house. Senator Frith talked about one sieve, but what I am proposing in this motion is two sieves, that is, that the executive branch will look at bills and see whether or not they infringe the charter, and then the legislative branch will also look at them—I do not mean in an adversarial way, but just to make sure no mistake has been made.

He goes on to say:

The Australian Senate's record as a House of review is impressive and has been of particular significance in the area of the defence of the rights and liberties of the citizen—an area which crosses party lines. A recent development in this area has been the appointment of a Senate committee on the scrutiny of Bills, of which I will have more to say later.

That, of course, is the committee that I have referred to.

At page 260 he says:

The Australian Senate has always been prominent in the protection of the rights and liberties of the citizen, both with respect to legislation and delegated legislation.

Can that be said about the Canadian Senate—that we have been very protective? Later, he says:

The potential of this Scrutiny of Bills Committee for ensuring good legislation, and for protecting the personal rights and liberties of the citizen, is considerable and it promises to be one of the great successes of the Senate's standing committee system—and a manifestation of the real value of Upper Houses.

I would like now to refer to the report of the Canadian Bar Association on the reform of Parliament issued in August 1982. I must say that it is an absolutely first-class document. It makes a lot of sense, and not just in the matters to which I will refer.

At page 24 it states:

—backbenchers from all parties have many common interests in parliamentary reform and resisted any suggestion that the process should be left to the control of party leaders or bureaucrats.

I might mention here that the House of Commons committee dealing with reform did not have as a member a minister, and they did not ask a minister to testify before it. They did not even ask the house leaders to testify. They completely ignored them and said, "We are going to bring in our own report"—which, of course, has since been unanimously adopted.

I now continue with the quotation from the report, which states:

This was put particularly forcefully by one government backbencher:

The enemies of parliamentary reform are the party leaders—all of them;—

So, you are in good company, Senator Frith. It goes on:

—the cabinet, because reform means giving up and sharing power; the people who understand the system and are comfortable with it (this includes most front benchers); those people who think they alone have the right view and will fight for that view against everything. They all make recommendations on reform to further their views of what Parliament should be doing to further their own interests . . . What we should be seeking are rules to guide our political life that are going to provide the maximum benefit to the electorate.

Later on, at page 79, the committee reports states:

There are, of course, significant limits to the role that Parliament can play as a supervisor of public administration. The shortage of parliamentary time and the lack of expertise are limiting factors. Furthermore, the painstaking examination of government activity that is associated with the Statutory Instruments committee or the reports of the Auditor General is not suited to the generalist and partisan approach of most members of the House of Commons. Nevertheless, Parliament is a great engine for accountability; indeed, it is the only significant counterweight we have to the power of the bureaucracy.

That report is stating what Senator Missen from Australia said, which I have already quoted. Parliamentarians are generalists; they just do not have the time to go into all the technical details.

Then, on page 81, the report goes on to say:

> There is a fine balance to be struck here between government demands for efficiency and passage of its legislation and opposition demands for time to debate, consider and propose alternatives.

There is only one correction or suggestion I would make on that comment: This should not only apply to the opposition, but to friends of the government and friends of the government in the Senate. They want to improve legislation, and not in an adversarial way. If they discover some mistake has been made or that something has been overlooked, they want to make a contribution just as much as any member of the opposition does.

I should also like to refer to the January-February edition of *Policy Options* that is published by the Institute for Research on Public Policy. The institute has published some articles on parliamentary reform. Included in them is an article by Paul Thomas called "Practicable Reforms for Parliament." At page 22 he says:

> Attitudinal change is, to a great extent, a prerequisite for successful institutional reform. Participants in the parliamentary process must recognize that neither the government, the opposition, Parliament as an institution, nor the country benefit in the long-run from present practices. A comprehensive package of reforms should contain a balancing of interests involved in procedural change but the main goal should be to make Parliament a body that the government must listen to and be influenced by more often than in the past.

I would also like to refer to an article by Michael Valpy of the *Globe and Mail*. When talking about reform in the House of Commons, he said that there "should be an altered psychological environment in which MPs will be able to work, combined with a stronger mandate for them to scrutinize the actions of the executive." This again emphasizes the importance of the attitudinal climate.

I should also say that about two or three weeks ago I ran into Mr. MacGuigan, the present Minister of Justice, in Toronto. He gave a speech there, and I had about five minutes with him. He was not aware of this motion, so I told him what I was proposing. His immediate reaction was to tell me that his department was doing this scrutinizing even though Parliament has not yet passed any legislation to provide for it similar to section 3 of the Bill of Rights that I have referred to. In fact, he said that his department had reported against a proposed bill because it was in contravention of the Charter of Rights and Freedoms. I pointed out to him that that was fine, that was the function of the executive branch, even though there was not any statutory authority for it yet, but that there should also be input and scrutiny from the legislative branch of government. I must say that he saw the point immediately. He did not commit himself in any way, but he said: "Of course, you have to have the legislative branch check against the executive branch."

[Senator Godfrey.]

• (1600)

Before I go any further, I shall read one other quotation on structural changes versus attitude, and it is from an interview which was given recently by Professor Arthur Lower, the dean of Canadian historians, about the recent reforms in the House of Commons. He was asked:

> How do you feel about the reforms?

To which he replied:

> I would say those changes are relatively unimportant because it is not mechanical changes that are necessary to improve Parliament.

In other words, it is something more than that that is required. There must also be a change of attitude.

Last week I discovered for the first time that Graham Eglington, who had been counsel to our committee, had come across an article that had been written by Professor Mallory around 1971 or 1972 in which he had pointed out that when Mr. Turner, the then Minister of Justice, was introducing the Statutory Instruments Bill in the House of Commons, he wrote a letter to ministers telling them the principles upon which they should be governed in the drafting of regulations. Mr. Perrin Beatty, the joint chairman of the joint committee, wrote to Mr. MacGuigan about it and asked for a copy of Mr. Turner's letter. Mr. MacGuigan replied immediately and enclosed a copy of the letter. That letter is dated December 22, 1971. Our committee had never seen it before.

He also sent along a document which is dated April 1981, entitled: "The Preparation of Legislation". Again, our committee had never seen that document before.

The letter is an excellent one, and, in part, states:

> When bestowing the power to make regulations upon a person or a rule-making authority care should be taken to ensure that the statute is not couched in unnecessarily wide terms. Specifically, certain powers should not be granted.

Then he sets out such powers, one being:

> power to subdelegate regulation-making authority:

Our committee has for years had a running battle with various departments on that question of sub-delegation, and we never knew of the existence of this letter which would have helped us considerably.

Another power is:

> power to make regulations that might trespass unduly on personal rights and liberties;

The very thing that we are talking about today he said they should not do.

Mr. Turner goes on to state:

> Where it is intended to confer a power that exceeds or goes beyond the guidelines set out under paragraph (a), specific Cabinet authority must be obtained.

In other words, althought the contravention of human rights is prohibited, it can, in effect, be permitted as long as the Cabinet agrees.

In the latest document to which I referred the following is set out at page 9:

> Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:
>
> (a) power to make regulations that might substantially affect personal rights and liberties;

So, there is a provision in this document that cabinet can authorize regulations that substantially affect rights and liberties.

I must say that I have reached the end of my speech, as you will be delighted to hear, but I have one further reference to make. It is from a recent article on Senate reform. I will not quote what I said, but will quote what Senator Frith said. The article states that:

> —"sober second thought," in John A. Macdonald's words, was debased to the point where "we're just a bunch of pussycats and the House of Commons doesn't worry about us," according to Senator Royce Frith.

Senator Frith: Do you want me to correct that now?

Senator Godfrey: Yes.

Senator Frith: I said that the House of Commons treats us like a bunch of pussycats.

Senator Godfrey: That is probably right, because the next point I was going to make was that I do not think anybody, including Senator Frith, cares what the House of Commons thinks about us. So, I am glad to hear that that has been corrected.

In any event, that may be true and we do act like a bunch of pussycats insofar as our dealings with the government are concerned. I have given two instances where one bureaucrat has, in effect, decided what the Senate should do, and I think it is time we changed.

There will be some kind of structural change, and whether it is going to be an elected Senate or an appointed Senate for a term of years, or partially appointed by the provinces, I do not see why we should sit back and wait for that to happen when, no matter what kind of structural change occurs, it will not change things unless we change our attitudes. We must take upon ourselves, without further delay, the duty to improve things. This is one step in that direction, a step that was in principle approved by a Senate committee two and a half years ago. I hope that the Senate will approve of this motion which, in effect, is to implement the report of that committee.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, February 15, 1983, at 4 p.m.

THE SENATE

Tuesday, February 15, 1983

The Senate met at 4 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

February 15, 1983

Sir,

I have the honour to inform you that the Honourable W. Z. Estey, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 15th day of February, 1983, at 4.05 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable W. Z. Estey, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to change the name of the electoral district of Dauphin.

An Act to amend the Old Age Security Act (No. 2).

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

DISTINGUISHED VISITORS IN GALLERY

BALTIC HONORARY CONSULS

Hon. Paul Yuzyk: Honourable senators, for several years we have had regular visits by the Baltic Honorary Consuls. I should like once again to bring to your attention the presence in our gallery of those three distinguished visitors.

I now introduce to you Dr. Jonas Zmuidzinas, Acting Honorary Consul General of Lithuania, the senior diplomat. Tomorrow the Lithuanians will be celebrating the sixty-fifth anniversary of the proclamation of the independence of Lithuania.

Hon. Senators: Hear, hear.

Senator Yuzyk: Next to Dr. Zmuidzinas is Mr. Ilmar Heinsoo, Honorary Consul General of Estonia.

Hon. Senators: Hear, hear.

Senator Yuzyk: And next to him is Dr. Edward Upenieks, Honorary Consul General of Latvia.

Hon. Senators: Hear, hear.

Senator Yuzyk: All of these gentlemen have offices in Toronto and reside in that city. The resounding applause accorded to each of them expresses the warm welcome of the leaders and members of both sides of this chamber.

May I add that we understand the important role of these consuls, who represent the freedom of their states, which, between the two World Wars, were independent democratic republics. Canada, the United States and several other countries have not, and do not, recognize the brutal Soviet occupation of these Baltic states in 1940 and the subjugation of the Estonians, Latvians and Lithuanians. We wish them the realization of their freedom.

Their people in Canada, numbering over 100,000, are among the finest and the most progressive citizens of our country, to which they have made significant contributions in all walks of life.

The Baltic consuls are in our capital city on the occasion of the Eleventh Baltic Evening, which will be held tomorrow in the Confederation Room and which will also be attended by

cabinet ministers, ambassadors and parliamentarians of both houses.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-132, to amend the Family Allowances Act, 1973.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): For the sponsor to explain the bill, yes.

Motion agreed to.

● (1605)

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Do I understand that the committee is already meeting?

Senator Frith: Honourable senators, I had hoped that was not so, and I am reassured to see the chairman still in the chamber—perhaps he is just on his way out—hoping to get that cooperation from his fellow senators.

Motion agreed to.

QUESTION PERIOD

[*English*]

NEWFOUNDLAND

CORNER BROOK—SUGGESTED ILAP DESIGNATION

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate.

The leader will recall that I brought up the concern of the people of Newfoundland with regard to the layoff of some 750 personnel at Bowater. A joint consultative committee has been set up, under the sponsorship of the federal government, one of whose objectives is to try to have the whole of the greater Corner Brook area designated under ILAP. That program, as the leader knows, comes under the Departments of Industry, Trade and Commerce, and Regional Economic Expansion.

What help can the Leader of the Government give in having prompt action taken for the designation of the greater Corner Brook area under that program, in view of the dilemma the people of that area are facing?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not think I should answer directly the operative part of that question, concerning the help the Leader of the Government can give, because I think, and very properly, I believe, that the minister and the members who are looking into the matter will be as expeditious as they can be, and that they are doing a conscientious job towards that end.

Senator Marshall: Well, the minister responsible for the designation of communities under the program is a member of the federal cabinet, and the committee was set up under the sponsorship of the government. Obviously, nothing can be done unless some action is taken by the government. There is no point in appointing a committee to try to arrange designation under ILAP unless such action is taken. If they agree to a committee being set up, the government should agree that the designation should be given. All I am asking the leader to do is to bend every effort to that end. They asked me, along with their M.P., who is from the opposite side, to get help in that area. I am now asking for that help.

Senator Olson: Honourable senators, I think the government and the members of the committee referred to are fully conscious of the task. I am sure they are trying to be as helpful as they can be in expediting measures that will relieve some of the distress afflicting that community.

SPORT

WINTER OLYMPIC GAMES—SITE OF SKIING COMPETITION

Hon. Sidney L. Buckwold: Honourable senators, I have a question that I should like to direct to the Leader of the Government in the Senate. It would have been directed to the Minister of State for Fitness and Amateur Sport, had he been present.

My question involves the forthcoming Winter Olympic Games that are to be held in the Calgary area. It has been reported on national television that the ski site that has been chosen is on the eastern side of the Rockies, in an area in which there is no guaranteed snow supply. It would be expected, then that the snow surface required for that level of skiing would be prepared with the help of snow-making equipment at a cost of some $4 million, which is estimated to go up to as high as $20 million, depending on different opinions. The reason given for the choice of the location is that events such

as Olympic skiing are not allowed by the Government of Canada to take place in national parks—in this case, Banff National Park. It seems to me that this is a matter of some concern. It is an expensive decision and one that does not necessarily guarantee—

• (1610)

Hon. Martial Asselin: "What's a million"!

Senator Buckwold: They care; that is why we are asking questions.

Senator Asselin: You care; they don't care.

Senator Buckwold: If I could start my ski run again, it seems to me that we are not likely to hold an event such as the Winter Olympic Games in one of our national parks very often in our lifetime, and that some rethinking should be done by the departments concerned—which I presume are Parks Canada and Senator Perrault's department—to take advantage of what I consider to be some of the best skiing areas in the world, only a few miles away.

I ask the Leader of the Government to respond, if at all possible, or to take my question as notice. I would like him to appeal to the government to reconsider this decision, in the interest of all those things they talk about.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Buckwold predicated his question on some opinions in the press respecting snow conditions on the mountain in question. The press has failed to mention, however, that there have been dozens, if not scores, of years when there has been more than an adequate amount of snow in the area to which he has referred. There is, of course, another factor, namely, that for the past six years—we are now into the seventh year—the area on the eastern slopes of the Rockies has experienced substantially below normal snowfall. This is not the first time we have gone through such a cycle, and whether or not anyone can predict with any accuracy that the cycle will continue until 1988 is a matter for speculation. It is quite likely that if the weather patterns of the past are repeated, we might experience a situation by 1986, 1987 or 1988 where there would be an adequate and abundant snowfall in the area suitable for first-class skiing.

The minister responsible for sport has now entered the chamber, but I have some knowledge of that area, having lived there all my life, that perhaps the very competent gentleman has not acquired in the short time he has been responsible for sport. I am, of course, talking about weather conditions, which is the purport of Senator Buckwold's question. I believe that the correct answer is that some of the speculation should be examined more deeply. There have been years—perhaps eight or ten years in succession—when, in the area in question, on the eastern slopes of the Rockies, there have been adequate snowfalls with excellent skiing for long periods, including that period in the year when the Winter Olympics are planned to be held. If any standby action is necessary, then I am sure that the Minister of State for Fitness and Amateur Sport will look into it.

Senator Asselin: Is he a good skier?

[Senator Buckwold.]

Senator Olson: Yes; he does all things well.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): I am excellent on a slippery slope.

Senator Buckwold: Honourable senators, I have a supplementary question for the Leader of the Government, who answered my original question. It would seem to me that in connection with any prestigious skiing event, when the eyes of the world will be on Canada, we should not take chances on whether or not we have a good snowfall; we should be assured of it. Millions of dollars might have to be expended. It is true that we might have a good snowfall, but we must not take that chance. The Leader of the Government did not really respond to my basic question.

• (1615)

Why would an exception not be made to utilize the very fine facilities which are available already, with a guaranteed snow supply, a few miles to the west?

Senator Olson: Honourable senators, that is a matter of judgment. As Senator Buckwold has already pointed out, those facilities exist; they do not have to be constructed. There are additional reasons for having the location closer than the national parks. There are the enormous logistical requirements involved with the large crowds that are expected to view those races. Many things have to be taken into account when considering a particular location.

I repeat that I do not believe we should be second guessing the Olympic Committee with respect to this, even though there are people who can tell us of years when there has not been sufficient snow to conduct first-class ski races in February. No one disputes that. The committee wants to have a standby capability in the event that that happens. The committee must take many things into account in staging such a massive operation and, with the eyes of the world watching, it wants to put on a superior performance.

Hon. Richard A. Donahoe: Honourable senators, I should like to ask the leader, when he stands in his place and denigrates the opinions of all the persons upon which Senator Buckwold's question was based, if he includes the opinion of the great Canadian skier, Mr. Ken Read, who is a contender for the World Cup and who, in all likelihood, will be a member of the Canadian Olympic Team. He has said that the selection made for the site of the races is the worst that could possibly have been made.

Senator Olson: I did not denigrate anyone's opinion, including that of Mr. Read.

EMPLOYMENT OF U.S. ATHLETES IN CANADIAN TELEVISION COMMERCIALS

Hon. Jack Marshall: Honourable sentors, I should like to ask the Minister of State for Fitness and Amateur Sport why the Canadian Ski Federation is using an American skier in Canadian television commercials instead of using people such as Ken Read and Steven Podborski.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): I regret to say that I have not seen the alleged commercials, and, as a result, I am not in a position to offer expert testimony or my opinion.

ENERGY

OIL PRICING—GOVERNMENT POLICY

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate, but I am somewhat reluctant to ask it, bearing in mind the snow job he has just done on Senator Buckwold.

International oil prices are declining. It is estimated that the government could lose $3.1 billion in revenues during 1983-84 and 1984-85 if the international oil price declines to $US 25 a barrel.

Will the federal-provincial arrangement on Canadian oil pricing be altered, or will the government maintain the arrangement of 75 per cent of the world price for old oil, despite the possibility of a loss in tax revenues?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the reality is somewhat different in terms of international oil price levels anticipated by all the experts, whether they are in OPEC, Europe or North America. Anyone who is so wise that they believe they could see all of this coming, of course, is using 20-20 hindsight.

Hon. Jacques Flynn (Leader of the Opposition): That is what you did in the election campaign of 1980.

Senator Olson: That is excellent if that is all one has. Today the international oil price is not in the area where it was projected to be when several agreements, including the 75 per cent level, were established. That level was agreed to, by the way. However, there are further concerns with respect to what might happen even with the present price level. Some of the OPEC countries, as you will have noted, are predicting a downward trend in the price, which is supposed to be somewhere around $34 per barrel for a certain quality of crude. The concern is that it may decline even further unless there is an agreed volume and price arrangement among those countries. Indeed, it is broader than simply the OPEC countries as far as that is concerned at this particular time. I think there have been discussions already, with respect to any modification of the agreement that was made, among the provinces, particularly the producing provinces, and the federal government. When an announcement is forthcoming respecting those modifications, I will see that Senator Phillips is one of the first to hear about it.

• (1620)

Senator Phillips: Honourable senators, yesterday the chairman of Petro-Canada was flying trial balloons. Mr. Hopper advocated a new energy policy in that the price of the so-called old oil, or conventional oil, be allowed to reach 100 per cent of the world price in order to allow oil companies sufficient funds for exploration. In turn, this would provide additional taxation revenue to the government of approximately $4 billion. That amount would be used to offset the $3.1 million anticipated loss.

Was the chairman of Petro-Canada acting on instructions from the Minister of Energy, Mines and Resources when he advocated the new energy policy and the Canadian oil price reaching world oil price levels?

Senator Olson: Honourable senators, I did not hear or read the speech that Mr. Hopper made in Toronto yesterday, but I did see the interview that he gave on *Canada AM* this morning. If Senator Phillips had listened to that interview very carefully he would have noted that Mr. Hopper indicated that he was expressing his own opinion.

EMPLOYMENT AND IMMIGRATION

JOB CREATION PROGRAM

Hon. Robert Muir: Honourable senators, my question is for the Minister of State for Social Development. I presume that I shall have to lay some groundwork despite the brilliance of the honourable gentleman. In November the Honourable Marc Lalonde, the Minister of Finance, and the Honourable Lloyd Axworthy, the Minister of Employment and Immigration, announced a federal-provincial job creation program to provide 60,000 jobs for unemployment insurance exhaustees. Mr. Axworthy promised that many jobs would be in place by the end of December 1982. In fact, by the government's own figures, a maximum of 4,000 jobs have been created to date. Nevertheless, Mr. Axworthy happily proclaimed a few days ago that the program would now create 80,000 jobs rather than 60,000, 30,000 of which are to be placed by April 1. Unemployment increased by 104,000 during January, yet the government job creation program has, by its own admission, provided only 4,000 new short-term jobs since its inception in November.

My question to the minister is: Does the government have plans to introduce other methods of creating jobs for the 1,598,000 unemployed, that figure being seasonally adjusted?

I am sure that he, in all his wisdom, will agree that there has to be another half a million people who are fed up and sick and tired of going to Manpower offices and not finding anything? Of course, this is not a reflection on the employees in the Manpower offices or the public service because they cannot provide jobs.

• (1625)

Therefore, what are the plans to introduce other methods of putting back to work the approximately 2 million unemployed that this program won't take care of?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Muir's question concerns one of the most important subjects in Canada today, and that is the state of our economy as it relates to the social and economic development of our work force, particularly those who are unemployed. That is a very high priority for the government.

When Mr. Axworthy announced the NEED program, the program to which the senator is referring, he announced it as a program that would involve the provinces, the municipalities and the private sector in matching funds. For example, the province of Ontario very quickly came forward with $100 million or more of matching funds if the federal government would give that province priority.

Mr. Axworthy has been involved in discussions across Canada with his provincial counterparts to work out those joint federal-provincial programs. That has taken some additional time, but most of the programs are now in place, and a NEED advisory committee with provincial as well as federal representation has been established in most provinces.

Those committees are now going through, in detail, the submissions of their respective provinces, federal and municipal agencies and private sector corporations with respect to actual job activities.

I believe this program will be successful in directly employing tens of thousands of Canadians. The rhythm of it is now well under way. When Mr. Axworthy announced it, he said that he would try to have the program ready to commence at the beginning of January of this year and, indeed, it did. The public service support structure behind it was in place right on time. I believe the committees in the provinces are, in fact, dealing aggressively with their responsibilities.

I am not in a position to give, on behalf of Mr. Axworthy, precise information with respect to jobs now created and jobs expected to be created, but I will be happy to seek that information and bring it to Senator Muir's attention in the next few days.

Finally, in answer to this very serious question, I want to say that the government has not said, and the Minister of Finance has not said, that the rate of unemployment in Canada can be appreciatively dropped over the short term. The world is in a cyclical downturn, and unemployment is generic to all the western industrial countries. We are working on this problem and endeavouring to make the maximum impact we can.

As far as the question of other methods is concerned, it can only be answered when the Minister of Finance presents his budget, as he is expected to do later this spring.

Senator Muir: I thank the honourable gentleman for his response. I am pleased to hear that he is optimistic and that he thinks we will get some people back to work.

He mentioned in his response the Province of Ontario, and what it is doing. Indeed, little Nova Scotia, whose treasury is not quite as large as Ontario's has also implemented a work program.

I am sure the honourable senator will correct me if I am wrong, but I presume these work programs are hindered by the fact that monies are not forthcoming from the central government to the provinces in order to establish jobs as they once were.

As a supplementary question, would the minister elaborate on just what sort of jobs the NEED program is designed to create? Mr. Axworthy seemed so enthused and excited about this when he mentioned that 80,000 jobs would be created. What sort of jobs is the program designed to create? Of what duration will the jobs be, and what societal purpose will they be designed to achieve?

• (1630)

Senator Austin: First, Nova Scotia is, indeed, one of the provinces cooperating in this NEED program and I understand that it has been putting forward its suggestions. Federal government funds are forthcoming. As soon as a committee decision is taken, the funds are available to proceed with the project decided upon. I do not believe I have heard at any time any suggestion of delay on the part of the federal government in supplying the funds.

As to the kinds of projects the NEED program includes, they are of the following character: federal infrastructure projects, provincial infrastructure projects, municipal infrastructure projects—in other words, capital investment in maintenance and repair programs relative to the public property of those three levels of government. In addition, the NEED committee sorts out the kinds of labour-intensive projects submitted by the private sector and is able to put funds into such activities. I do not have the precise details but one of the characteristics is that these projects create as many jobs as possible for a short term, in the range of 18 to 32 weeks. The goal is optimum employment with the funds available. However, I shall bring more precise details to the chamber in terms of expected tenure of employment under the NEED program.

Senator Muir: I thank the honourable gentleman for his answer and ask him: Is the NEED committee to which he has referred a joint federal-provincial committee?

Senator Austin: In each province which has agreed to participate in the program, the committee is a joint federal-provincial committee.

Senator Muir: Are the members of these committees working hard at their mandates? Is there any possible way that the minister can light a fire under the members of these federal-provincial committees so that they will move a little quicker with a little more alacrity to get things moving? Finally, does the Minister of State for Social Development regard as meaningful these jobs of 20-week duration which are designed to qualify people for unemployment insurance? I know that such jobs are of great help to the poor who do not have a thing to do, are living on welfare, losing their homes and having a rough time of it in general, but there is no permanence in these jobs.

Senator Austin: With respect to the honourable senator's first question, perhaps I could assist by telling him how the NEED committee in each participating province is constructed. For example, in the province of British Columbia the committee is chosen from among persons in the private sector who are involved in management and labour and it also consists of one federal and one provincial representative. The committee is largely composed of people from the private sector, people who are close to employment situations, such as businessmen and people in the labour force in general. I have

received no indication of anything but a high sense of urgency to review projects that will create employment as rapidly as possible.

With respect to the honourable senator's second question concerning the meaningfulness of labour, I hope that the projects chosen will, indeed, be meaningful. My understanding is that the projects are ones that have been delayed at the federal, provincial or municipal level as a result of the unavailability of funds, but are part of the capital investment and maintenance programs of those governments, and the work would have to be done at some time. So the NEED program is designed to advance the time when this work will be undertaken, thereby employing people who otherwise would not be employed over the next few months. But here, again, I shall make inquiries of the minister, and if there is anything more to add with respect to the characteristics of the work being approved, I shall include that in my response respecting the other items mentioned by the honourable senator.

Senator Muir: I thank the minister for his answer, and his explanation that some of the problems are tied up in committees. There is an old saying that you have to have half a dozen committees to decide what committee you are going to have next. The minister also mentioned that business and union representatives were involved in these committees, and that these people are close to the problem. Would the minister question those concerned in the government as to whether it would be possible to have on those committees a representative of the unemployed. I am quite sure that there could be no one closer to the problem than a person, man or woman, who is unemployed.

Senator Austin: I appreciate the honourable senator's suggestion and I shall certainly pass it on to the minister. May I say, though, that the qualifications for membership on the committee relate to the ability to make a judgment as to optimum labour performance from the funds invested. So whether a person has a job or not, if that person is skilled in this area then, certainly, that person would be qualified. But I shall pass on the observation.

Senator Muir: You are not saying that the person I have described would not be qualified?

Senator Austin: No, I say that those are the qualifications we need, and I recognize that unemployed people will have those qualifications as well.

TRANSPORT

MANITOBA—VIA RAIL SERVICE FROM WINNIPEG TO MINAKI-FARLANE AREA

Hon. Duff Roblin (Deputy Leader of the Opposition): May I raise with the Leader of the Government a matter which is, perhaps, minor in the overall context of affairs but very important to the people concerned? It has to do with VIA Rail. I do not think there is any statutory basis for VIA Rail, so I am not sure how the minister brings to the attention of the government problems involving this body.

There is an organization called the Winnipeg to Farlane Camping and Recreational Association that has been trying to discuss with VIA Rail the train service between Winnipeg and points east in the Minaki-Farlane area. The complaint is that they cannot get the VIA Rail people to talk to them. They have solicited my interest in their problem so that, at least, they can have a discussion with VIA Rail about the passenger service that concerns them.

There has been voluminous correspondence on the matter and I have read a good deal of it. VIA Rail just does not seem to be reacting in any cooperative way to talk to these people about their problem. I wonder if the minister could undertake to make some inquiries to see whether we could encourage VIA Rail to be a little more forthcoming in the discussions.

Hon. H. A. Olson (Leader of the Government): I shall make a reference to the Minister of Transport, who, of course, has the responsibility for VIA Rail, and I think that I should await his response. I am not sure, but it seems to me that there is a long history of communications, submissions and various other things with respect to that service.

Senator Roblin: I appreciate the minister's caution, but I think that he could give us an undertaking to ask VIA Rail to at least talk to these people.

Senator Olson: I am sorry if Senator Roblin did not understand me. In my first sentence in response to his question I said that I would make a reference to the Minister of Transport, who is directly responsible.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Haidasz on January 26, 1983, concerning the possible introduction of new Loan and Trust Companies Acts.

There is presently no such plan on the legislative horizon. However, the government is looking at such aspects as the question of foreign ownership and will eventually bring in amendments to the Loan and Trust companies Acts.

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Marshall on January 25 concerning job creation proposals submitted by the Department of National Defence for consideration by the government. If it is acceptable to the honourable senator, I would ask that the answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Minister of National Defence informs me that it should be emphasized that, contrary to Senator Mar-

shall's statement, the Department of National Defence did not submit the programmes to the Minister of Employment and Immigration using the premise "whereby certain individuals who have, for example, poor work habits and other disadvantaged youth in our country who could be helped by the service would be recruited into the Canadian army." The recruiting standards to be employed for the Department of National Defence job creation proposals will be those now used by the Primary Reserves, and, for the Regular Force. The Government is currently considering the proposals of the Department of National Defence as part of its total approach directed at job creation. The overall co-ordination of this assessment is, of course, being carried out by the Honourable Lloyd Axworthy, Minister of Employment and Immigration, in consultation with the Honourable Marc Lalonde, Minister of Finance.

• (1640)

GRAIN

CROWSNEST PASS RATES—STATEMENT BY MINISTER OF TRANSPORT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised by Senator Roblin on February 8 concerning the western transportation initiative and the reasons for limiting increases to farmers to 6 per cent after 1987 instead of the 4.5 per cent ceiling recommended by Dr. Gilson. This answer is rather long and detailed as to some of the calculations involved. With the permission of honourable senators, I ask that it be incorporated in *Hansard* as if it had been read.

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, the question of sharing railway cost increases due to inflation in 1986-87 and beyond has posed a difficult problem for the Government.

Given its commitment to pay the Crow benefit annually and to make other major expenditures, the Government considers that grain producers should, in principle, bear all future increases in the cost of transporting grain. The validity of this principle derives from the following considerations:

—Government expenditures in support of grain transportation in 1985-86 are expected to total about $1 billion;

—this amount represents about 15 per cent of the current value of grain exports;

—all other major industrial sectors generally pay fully for the movement of their products;

—the Government cannot continue to increase without limit its expenditures in support of grain transportation if it is to have available the resources to meet the legitimate needs of other sectors of the economy.

The Government decided to share in meeting cost increases through 1985-86 for two reasons. First, it is important to phase in the system of increased charges to grain producers. Second, producers at present face very difficult economic circumstances, particularly because of depressed grain prices.

With regard to the longer term, the Government recognizes that a number of factors could have a bearing on cost-sharing arrangements, including:

—the future export price of grain;

—the degree of cost increases in fuel, labour, fertilizer and other major cost items in grain production;

—the volumes of grain likely to be produced and marketed;

—the economic position of grain producers relative to other major participants in the economy;

—efficiency improvements in the grain transportation system that could abate the actual cost of moving grain;

—the fiscal position of the Government.

Because of such uncertainties, Dr. Gilson recommended that a full-scale review be carried out in 1985-86, and that further decisions about a number of important questions be taken on the basis of findings at that time. The Government agrees with this recommendation and will make provision for the review in its legislation.

The Government will also undertake during or before 1985 a special study with industry representatives, as recommended by Dr. Gilson, to ascertain the feasibility of linking the producer's share of transportation costs to the price of grain.

In the meantime, the Government will make provision in its legislation that, in the period from 1986-87, producers should pay the first six percentage points of railway cost increases due to inflation, or less if inflation is lower. If inflation is higher, the Government would pay for anything over 6 per cent. The reason for choosing 6 per cent is that over the past twenty years, railway cost increases for the total rail system, net of productivity, have averaged about 6 per cent per year. It would be appropriate for this normal escalation of costs to be borne by grain producers, especially if they are safeguarded against abnormal levels of inflation that might periodically occur.

In reference to the 6-and-5 program, it should be pointed out that the 6-and-5 program expires in 1984 and that this part of the program comes into effect only in 1987.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. In view

of the rumours that an important player, Mr. William Player, has already disappeared from the Canadian horizon, I would like to ask the Leader of the Government whether he can give us any information as to what the government is doing to bring Mr. Player back to Canada; and when he is here, what is it going to do?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not going to raise a point of order such that a ruling has to be made on this matter, but I think we are slipping into a difficult situation when Question Period becomes re-ignited after delayed answers have been given. Honourable senators should ask the questions they want to ask at the appropriate time. Delayed answers come afterwards. Therefore, we should have the follow-up questions asked at the next sitting of the Senate.

In this particular case, I should be happy to consider the concern expressed by Senator Haidasz and see whether I can get a reply to his question. Some senators to my left have indicated that the major responsibility in this regard lies, perhaps, with provincial governments. Perhaps I will keep that for the reply that will be forthcoming.

Hon. Jack Marshall: Honourable senators, is the Leader of the Government saying that if a senator wants to ask a supplementary question he cannot do so if delayed answers have been given?

Senator Olson: A supplementary question is one thing, but we are now getting into a situation where we re-ignite Question Period. There will be a Question Period tomorrow, the next day and, most likely, the day after that, when far more well-thought-out questions can come forward.

Hon. Duff Roblin (Deputy Leader of the Opposition): They will.

Senator Olson: I am not making an objection; I just register concern as to what is happening. Senator Haidasz has not violated the rules nearly as badly as some of the members opposite have. We are, however, slipping almost unconsciously into this situation. I wanted to point out to honourable senators that we could have what amounts to two Question Periods. That is not what is intended. Delayed answers should be put on the record so that honourable senators can read them. Should they have some supplementary questions, there is ample time in Question Period of the following day in which to bring them up.

Senator Marshall: This discussion brings to mind the idea of having parliamentary secretaries to ministers in the Senate. Perhaps the minister could avoid delayed answers and subsequent supplementary questions if such people, who would be aware of what is going on within the departments, could answer the questions initially. I think of Senator Bonnell, who could be the parliamentary secretary to the Minister of Veterans Affairs. I can think of some senators on the opposition side who could give more information in answer to questions.

Senator Olson: Honourable senators, I think Senator Marshall's logic and reason have led him from the ridiculous to the sublime, or something like that.

Hon. Orville H. Phillips: Honourable senators, with respect to the point raised by the Leader of the Government in the Senate regarding delayed answers, I would ask him what item he is speaking to when he gives delayed answers? The Order of Business for today is as follows: Presentation of Petitions; Reading of Petitions; Reports of Committees; Notices of Inquiries; Notices of Motions; Question Period; Orders of the Day. The minister must be delivering the delayed answers in Question Period. Therefore, the honourable senator would be entitled to raise a question at that time.

Some Hon. Senators: Hear, hear.

Senator Olson: Honourable senators, Senator Phillips can read the sequence of business if he likes, but he knows that the practice in this house is that His Honour the Speaker recognizes senators who want to ask oral questions so long as there are any who indicate that they wish to do so. When we reach the end of that period, he then calls for delayed answers and they are given. I expressed a view a few moments ago. It is just as valid now as it was then, although if Senator Phillips wishes to go into the legal technicalities regarding what is in the rules and so on, I suppose he has a point, too.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-132, to amend the Family Allowances Act, 1973.

He said: Honourable senators, Bill C-132, an act to amend the Family Allowances Act, 1973, has several key elements. Honourable senators will have noticed that the bill has only one clause and it is not a long clause at that. We have learned, however, that simply because a bill has only one provision it does not necessarily follow that it is simple. As is often the case, this bill, though it has only one provision, nevertheless has several key elements.

The first key element involves the government's six-and-five program. It is crucial to the understanding of Bill C-132 that the principle on which the six-and-five program is based be clearly understood, particularly at the second reading stage, when the principle of a bill is at the core of our consideration and debate.

The central idea of the six-and-five program is that the inflationary expectations of Canadians must change if inflation is to be reduced so that Canada can start on the road to economic recovery. The government initiated this process of reducing inflationary expectations through programs under federal jurisdiction. It started with the salaries of M.P.'s and senators, proceeded to the salaries of federal civil servants—

Hon. Arthur Tremblay: What is the definition of an M.P.?

[*Translation*]

Senator Frith: The letters "M.P." stand for Member of Parliament, of course. There is no English equivalent for the

French word "député". Besides, I do not want to put the question to Senator Olson. In accordance with our practice, it is clear that in English, technically, a senator is a Member of Parliament. When we say "M.P." in English, we refer to a member of the House of Commons.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Wait until Senator Olson hears about that; there will be big trouble.

Senator Frith: He can read *Hansard* for the explanation. Perhaps we will start again, honourable senators. We will go back up to the top of the hill, as Senator Buckwold said earlier, and start again.

The government initiated the process of reducing inflationary expectations through programs under the federal jurisdiction, first, by dealing with the salaries of members of Canada's House of Commons, and, secondly, by dealing with the salaries of members of Canada's Senate—who together make up Canada's Parliament; then by dealing with the salaries of federal civil servants, followed by family allowances and old age security pensions. As honourable senators are aware, the purpose was to index them by 6 per cent in 1983 and by 5 per cent in 1984, instead of retaining the full cost-of-living indexation which would normally take place.

• (1650)

The program has already started to have the desired effect. One of the most inflammatory elements in the process of inflation is the expectation of inflation. The widespread belief that inflation must inevitably continue causes more inflation in itself. Producers put up the cost of goods because they think there is going to be inflation; workers require or demand larger increases because they think there is going to be inflation; so the first attack on inflation must always be to reduce the expectation of inflation. The expectation of inflation is not the only factor, but it is the principal one and, in some ways, the most difficult to control.

The second important aspect of Bill C-132 is its impact on those who receive family allowances—mothers with dependent children. In January 1983 family allowances were increased by $1.61 per month per child, and they will be increased in January 1984 by $1.43 per month per child over the 1983 rate. In other words, these benefits will continue to be increased. It is the rate of increase that is being limited.

Mothers are receiving $1.40 less per month per child in 1983, and will probably be receiving about $2.50 less per month per child in 1983 than they would have received with full indexation. I say "probably" because future changes in the consumer price index, on which the calculation is based, can only be estimated at this time. If inflation rates fall below 5 per cent in 1983, then family allowances will be indexed in accordance with the actual rates. In other words, the 5 per cent cap proposed in Bill C-132 for 1983 is an upper limit for indexation in 1984.

The third point is that only mothers in upper-income families will be affected by limited indexation of family allowances. The 2.4 million mothers in low-income and middle-income families will be compensated in advance for the effects of this limitation on the indexation of their family allowances during the two-year restraint period—that is, 1983 and 1984. Under Bill C-139, to amend the Income Tax Act, which is now being debated in the other place, the government is proposing a special temporary $50 increase in the child tax credit for the 1982 taxation year, over and above the regular full cost-of-living increase. The credit of $343 per child will more than offset, for these families, any loss in family allowances during the two-year restraint period.

Also, Bill C-132 will not affect in any way children who are protected by special allowances. These allowances, as many honourable senators are aware, are paid on behalf of children who are under the age of 18 and are maintained by government institutions. In January 1983 these allowances were increased to reflect the full increase in cost of living from the 1982 monthly rate of $37.65 per child to $41.87. They will continue to be fully indexed to the full cost of living in 1984.

Honourable senators, for our present purpose—that is, second reading debate on the principle of the bill—those are, I think, the key elements making up the one provision contained in Bill C-132.

In summary: first, it is an integral part of the government's six-and-five program; secondly, family allowances will still be increased in 1983 and 1984, although to a limited extent; and low-income and middle-income families will be no worse off as a result of complementary changes to the child tax credit.

Honourable senators, that, in my respectful submission to you, is what Bill C-132 is.

Now, just a word about what it is not. During the parliamentary and public debate on this bill other aspects of it have been emphasized, based, I think, on something that Bill C-132 is not. For exlample, Bill C-132 in no way affects the universality of the family allowance program. After all, the universal nature of family allowances means that the allowance is paid on behalf of all eligible children in Canada. This bill does not change that fact.

Secondly, Bill C-132 is not an attack on the principle of indexation. Family allowances will continue to be indexed every year. Bill C-132 places a two-year temporary cap on the rate of indexation. I stress the word "temporary" because, so far as this bill is concerned, full cost-of-living indexation will be restored in 1985 and subsequent years.

Bill C-132 is not, in its essence, a revenue-saving device. That is one of its effects, but that is not its purpose. There are some savings for the family allowance program, but the additional cost of the $50 child tax credit reduces the level of these savings to a comparatively modest amount. That is why I emphasize that the six-and-five program is not meant to be a reduction in expenditures, but, rather, an attack on inflation by changing the inflationary expectations of Canadians.

Honourable senators, that is Bill C-132, an act to amend the Family Allowances Act, in terms of its impact on family allowance recipients, and in terms of its over-all relevance to

the government's six-and-five program. I urge all honourable senators to support second reading of this bill.

[*Translation*]

Senator Tremblay: Would the Deputy Leader of the Government allow me a question to clear up a point?

Senator Frith: Of course.

Senator Tremblay: Could he tell me how the six-and-five program will apply to family allowances paid in Quebec?

Unless there have been some changes, we know that under the system used in Quebec, the family allowances are not the same for each child who is eligible. They are paid by the Canadian government in accordance with the legislative provisions which were enacted—if my memory serves me right, this goes back to 1971 or 1972—by both the federal and the Quebec governments. They are paid according to a scale whereby the first child receives a certain amount, the second a little more, and the third still a little more. Unless I am mistaken, the difference between the first child and the third or fourth is about one to three. For instance, if the first child gets $15, the third one might get $40 or $45. This scale is applicable in Quebec and the amounts of the federal cheques are based on that scale.

Here is my question: How indeed will the six-and-five program apply in Quebec? The federal payments as a whole are the same, and the total amount of family allowances is the same in Quebec as in any of the other provinces. However, this total amount being the same for distribution within a family according to the ages of the children, the allowances vary from the first to the second, to the third or the fourth, unlike in any other province.

So I would like the deputy leader to tell me briefly how the six-and-five program will apply. Will it apply uniformly to each child, regardless of the amount paid? For example, let us say that a child is rated at $45 a month, if I may use that expression. Given the current rate of inflation, that would work out to an increase of 10 per cent, or nearly $5. Will the 6 per cent apply so that the increase will be reduced from $5 to $2 for example? I simply want an explanation on the way the six-and-five program will mesh with the system agreed to by the federal government and Quebec more than ten years ago.

Senator Frith: If I have correctly understood Senator Tremblay's question, the first thing to do would be to explain the basic underlying principles. Generally speaking, the 6-and-5 program has its own limitations since the federal government can only apply it within federal jurisdiction. The other point is that under the system covered by this bill, the provinces are entitled, to a certain extent, to apply the legislation differently, as Senator Tremblay has mentioned. According to my information, the only two provinces which opted for a different implementation, on which the 6-and-5 program will necessarily have some impact, are Alberta and Quebec, where payments will vary according to the children's age. Only Quebec has a payment differential according to the age and number of children.

Senator Tremblay: Only Quebec?

Senator Frith: That is correct. For these reasons, the 6-and-5 program in general, and more especially in reference to Bill C-132, will not have a consistent impact on benefits. This is due to Quebec and Alberta having opted for this variation. This results in a variation in practice. As for specific figures, I have a table which I could put on record and which we could discuss during the debate.

Senator Tremblay: I wonder whether Senator Frith would be willing to put this table which he seems to have on record. I would be very interested to see the effect of the 6-and-5 program in the case of Quebec and Alberta. I would like to see the figures in this table.

Senator Frith: Very well, but I have one reservation. As far as the economic effect on inflation, and so on, is concerned I cannot provide the information immediately as I do not have detailed figures.

Senator Tremblay: My question referred to the financial impact on families.

Senator Frith: On families, exactly.

(*The table follows:*)

1983 FAMILY ALLOWANCE RATES

ALBERTA

Age of Child	Amount
	$
0– 6	22.10
7–11	27.70
12–15	36.40
16–17	40.80

QUEBEC

	Age of Child	
Rank of Child	0–11	12–17
	$	$
1st	17.12	24.25
2nd	27.19	34.32
Subsequent	66.18	73.31

• (1700)

[*English*]

Senator Roblin: Honourable senators, might I ask a question of my honourable friend arising from his explanation of the bill? He gave us the number of mothers who will not be affected by this legislation because of their income status. Can he tell us the number of mothers who will be affected by it because they are in the higher income echelons? In that connection, can he tell us what amount of money, in each of

those two years, will not be spent that would otherwise have been spent if this program were not in effect?

Senator Frith: Honourable senators, I can table or read a statement and a table dealing with the financial implications of the bill: the rate changes; the loss in family allowance benefits over the two years, which amounts to approximately $45 per child; and the gross savings, which would apply to the second part of Senator Roblin's question relating to the actual differences in revenue resulting from this legislation.

As to the number of mothers, I would have to do some arithmetic based on the figures of those who are not affected. I do not have the number, but I will try to have it for tomorrow. Alternatively I might be able to obtain the information later today and have it included in the record of today's proceedings.

Senator Roblin: I am agreeable to whatever is convenient for my honourable friend; but I am not really interested in the gross figure. I am interested in the net figure—that is, after taking into account the $50 per month, and all that sort of thing. It is the net consequence to the treasury that I am trying to get at.

Senator Frith: I believe I have the net effect, but I do not have the number of mothers.

(*The table follows:*)

FINANCIAL IMPLICATIONS

- RATE CHANGES

The proposal to limit indexation of FA to 6% in 1983 and 5% in 1984 results in the following rate changes:

	Monthly FA rate* $		Annual FA $	
	Full indexation**	Limited indexation	Full indexation**	Limited indexation
	$	$	$	$
1982	26.91		322.92	
1983	29.92	28.52	359.04	342.24
1984	32.31	29.95	387.72	359.40

* Rates vary in Quebec and Alberta.

** Uses actual indexation rate of 11.2% in 1983 and an assumed rate of 8.0% in 1984 which is the most recent Department of Finance estimate.

Loss in FA benefits over 2 years is about $45 per child (i.e., $16.80 in 1983 and $28.32 in 1984) relative to what FA would otherwise have been.

- ESTIMATED NET FA PROGRAM SAVINGS

	Gross Savings $M	Revenue* Loss $M	Net Savings $M
Calendar 1983	115	22	93
Calendar 1984	190	36	154

* Assuming average tax rate of 19%.

- Child tax credit expenditures in 1983 will increase by $250 million as a result of the $50 increase.

On motion of Senator Macdonald, for Senator Murray, debate adjourned.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): I move that the Senate adjourn now.

Hon. Martial Asselin: If the Senate adjourns, that means we come back at eight o'clock this evening.

Senator Frith: According to the Rules, if we had not finished by six o'clock, we would have adjourned until eight o'clock this evening. Since we finished our work before six, it means that we shall resume proceedings tomorrow at 2 p.m. Another thing I would like to point out is that I have been told it is not correct French to use the expression: "Je propose que le Sénat s'ajourne maintenant", and that one should say: "Que le Sénat ajourne maintenant".

Senator Asselin: You are quite right.

Senator Frith: In any case, I understand my advisers are right.

Senator Asselin: I would also add that when the Speaker says: "Que les portes soient ouvertes", the correct way to say it is: "Que l'on ouvre les portes".

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 16, 1983

The Senate met at 2 p.m. the Speaker in the Chair.

Prayers.

LITHUANIA

SIXTY-FIFTH ANNIVERSARY OF THE PROCLAMATION OF THE RESTORATION OF INDEPENDENCE

Hon. Paul Yuzyk: Honourable senators, this day, February 16, 1983, marks the sixty-fifth anniversary of the Proclamation of the Restoration of the Independence of Lithuania. The establishment of the Lithuanian Democratic Republic is widely celebrated by Lithuanians in Canada, the United States, and many European countries where they have settled. After a brilliant period of statehood and empire, followed by subjugation and oppression for centuries by the Russian tsarist regime, on this day in 1918, at the end of World War I, Lithuania, by the will of her people, again became a free country with an advanced democratic constitution.

The other two Baltic nations, Estonia, on February 24, and Latvia, on November 18, also proclaimed their independence and established democratic republics. They followed the example of Ukraine, which earlier, on January 22, 1918, was the first of the subjugated nations in the Russian empire to proclaim the restoration of independence and statehood. Ukraine, however, was soon conquered by the Red Army and incorporated into the Soviet Union.

We must remember that the western powers promptly gave *de jure* recognition to the Baltic states. The Soviet Union also announced their recognition of these states in 1920. In 1921, the Supreme Council of the Allied Powers gave the Baltic states full recognition, and they were immediately admitted into the League of Nations. In 1922, the United States granted them *de jure* recognition.

Lithuania, as well as Latvia and Estonia, flourished for 20 years as free democratic states, living in peace and harmony with their neighbours. This freedom, however, came to an abrupt end when the Soviet Union, after signing the Hitler-Stalin "Non-Aggression Pact" in 1939, occupied the three Baltic states in June 1940 and, subsequently, forcibly incorporated them into the U.S.S.R. as "Soviet republics". The legitimate governments in exile have, however, continued to be recognized through their consuls by the principal western powers, including the U.S.A. and Canada, to the present time. Yesterday, their consuls in Canada, who sat as distinguished guests in the Senate gallery, were warmly welcomed, having received enthusiastic applause from the leaders and members of both sides of this chamber.

Today, on the occasion of the sixty-fifth anniversary of Lithuanian Independence Day, we pay tribute to the human rights activists in Lithuania and the Lithuanian people who, through their Catholic Church, are continuing the struggle for freedom and democracy in conformity with the principles embodied in the Universal Declaration of Human Rights of the Charter of the United Nations and the same principles enunciated in the Helsinki Final Act, both of which were signed and endorsed by the Soviet Union. Canada has consistently condemned the Soviet violation of human rights at the United Nations and at the Belgrade and Madrid Review Conferences. The Canadian Senate and House of Commons have passed several unanimous motions condemning Soviet violations of these rights and Soviet aggression in other parts of the world.

Today, honourable senators pay tribute to the Canadian citizens of Lithuanian ancestry. Since their arrival after World War II, having fled from the Soviet communist oppression, they have integrated into Canadian life and have become a dynamic part of the Canadian multicultural mosaic. Their contributions to our country are many and significant and are recorded in a large volume entitled *Lithuanians in Canada*, and other publications. By preserving their cultural heritage, they are enriching the treasure-house of the Canadian heritage. Above all, their wholehearted dedication to the principles of freedom, democracy and human rights makes Canadians more conscious of these the highest principles of humanity, and that we, each of us, can do more for our great country and humanity in every respect.

• (1410)

Hon. Senators: Hear, hear.

CANADA GRAIN ACT

ORDER IN COUNCIL TABLED

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish to table a document which, I think, requires some explanation, particularly to Senator Godfrey, since it is also, in part, a reply to a question he raised some time ago.

I have contacted the office of the Minister of Agriculture, and they have confirmed the original explanation provided to Senator Godfrey, which is, simply, that through an oversight the order was not tabled within 15 days of its making.

The further delay in the tabling of the order has been caused by the adoption of new rules in the other place. The rules I am referring to are those now requiring each minister tabling a document to designate the committee to which it should be referred in the covering letter to the Clerk of the House of Commons. The letter has now been re-drafted, subject to the new rules, and signed by the minister.

Consequently, honourable senators, I have the honour today of tabling the following document here in this house:

Order in Council P.C. 1982-1859, dated June 23, 1982, amending Schedule I to the Canada Grain Act, effective August 1, 1982, pursuant to section 15(6) of the said act, Chapter 7, Statutes of Canada, 1970-71-72.

QUESTION PERIOD

[*English*]

NATIONAL REVENUE

CONFIDENTIALITY OF CERTAIN INFORMATION ON 1982 PERSONAL INCOME TAX RETURN FORMS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government, which has to do with the income tax forms which were mailed recently. I have not yet received mine, but some have received theirs.

Can the Leader of the Government explain why these forms contain information which is deemed to be secret and which can fall into unauthorized hands?

Can he also tell the chamber whether these forms embody the budget changes which have not yet been approved by Parliament?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe some explanations have been given by the Minister of National Revenue with respect to whether or not these forms, which are mailed out to individuals, carry information that is private to the individual. I will obtain those explanations, and also ask for an expanded explanation if the question asked by the Leader of the Opposition does, in fact, contain an inquiry that has not been answered to date.

The question of whether or not that information is available to people other than the person to whom it is mailed is one which requires some detailed explanation. I believe the income tax return forms are sent by first-class mail. Obviously, information private to the taxpayer which is communicated between the tax department and a taxpayer, whoever it may be, would be done through first-class mail. However, in this case there is a question raised as to whether or not someone illegally examining that letter could get some information from it.

I will have to take as notice the other part of the question. It might be helpful if the Leader of the Opposition could indicate to me some particular matter he believes is not in compliance with the Income Tax Act as it now stands. Of course, it may be changed with the passage of Bill C-139.

● (1415)

AIR CANADA

PROPRIETY OF QUESTIONNAIRE

Hon. Frederick W. Rowe: Honourable senators, apropos the question asked by the Leader of the Opposition a few moments ago, I am reminded of something that happened while I was travelling to Ottawa by plane only yesterday. The purser brought around a questionnaire which was designed, I presume, to get passenger reaction to the services offered by Air Canada.

The immediate point of my bringing this matter to the attention of honourable senators is that that questionnaire contains questions relating to the personal income of passengers. The passenger is asked which category of annual income he fits into: $10,000, $20,000, $30,000 or $40,000. On that questionnaire are other financial questions of a personal nature.

Honourable senators, I do not know the legality in asking questions of that nature, but I certainly question the propriety in doing so. Many people might innocently believe that they have no choice but to answer those questions. I am not ashamed of my income, but it is certainly none of Air Canada's business, nor is the income of anyone else travelling with Air Canada. I wonder whether the Leader of the Government might have this matter looked into.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall ask the Minister of Transport for a reply to the question, if there really was a question asked. I take it to be more of a complaint or grievance.

I have seen those forms, too. The first thing that comes to mind is that one is under no obligation to answer any of the questions. Secondly, if all of the questions were answered, I think that someone relatively clever, reading them over carefully, could almost narrow those answers down to a particular individual. For that reason I do not answer such questions at all. Other people have exactly the same choice.

I do think that Air Canada likes to conduct market surveys relating to the kind of service they should provide to passengers from certain locations. Other questions perhaps help them devise both service and advertising that would do that. I do not blame Air Canada for trying, but I really think it should be a little more subtle because, if all of those questions are answered, the information is no longer private.

CANADA DEVELOPMENT INVESTMENT CORPORATION

FINANCING POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I imagine that the honourable minister in charge of the Canada Development Investment Corporation has been following with as much interest as I have the comments that recently appeared respecting the operations of that corporation. I have been stimulated to ask him if he could clarify his position with respect to one or two matters in that connection.

One of the companies that now comes under the minister's aegis is Teleglobe Canada, which is one government corporation which makes a lot of money. I believe it made $47 million last time out. The minister has given some indication, if he has

been correctly quoted, that he expected to use some of the money from that company to pay the operating expenses of the Canada Development Investment Corporation.

On the assumption that that is correct, would he tell the chamber whether he feels he has the authority to divert funds from the earnings of that company to another purpose, namely, the financing of the Canada Development Investment Corporation?

Hon. Jack Austin (Minister of State for Social Development): Thank you, Senator Roblin for your question. The responsibility for Teleglobe was transferred to me by the Governor in Council. It is a corporation that, as Senator Roblin says, has been profitable.

• (1420)

Hon. Jack Marshall: There must be something wrong!

Senator Austin: On the establishment of CDIC, and my announcement to the press of the transfer of responsibilities to me, including that of Teleglobe, I was asked a question as to whether I had looked at any time for some of the revenues of Teleglobe to be available to CDIC. I said at that time that I would like to see revenues of Teleglobe available to CDIC. The question and the answer, however, honourable senators, were of a prospective nature.

The situation, as honourable senators know, is that Teleglobe is a statutory corporation. It does not have share capital. The prospect of revenue being transferred from Teleglobe, in current circumstances, is the subject of a legal inquiry on my part to see whether it would be in order under existing statutes.

At this moment a summary of the situation is that the legislation which Senator Doody was inquiring about at an earlier time relative to the Canada Development Corporation and the Canada Development Investment Corporation will, of course, be placed before Parliament, and I hope it will be in a form which will give Teleglobe share capital and allow for the transfer of dividends or operating funds from Teleglobe to CDIC.

I want to remind honourable senators that in announcing CDIC I said that one of its principal purposes would be the privatization of assets of a commercial character. There is no possibility, of course, of dealing in a commerical way with Teleglobe, unless it has share capital, and unless its condition is such that its capital is capable of transfer to the private sector, and/or its business is capable of being combined with other businesses, either now owned by the Crown or in the private sector; but these are matters that are prospective in nature and will be fully debated in this chamber and in the other place when the legislation is before us.

Senator Roblin: I take it that the minister is telling me, therefore, that no attempt will be made to divert any funds from Teleglobe until the matter has received statutory approval by Parliament.

Senator Austin: I am saying exactly that, Senator Roblin, unless there now exists statutory authority, and I have asked the law officers of the Crown if there is such authority by which such a diversion could take place.

Senator Roblin: Well, I will leave any discussion of the propriety of such a diversion, regardless of the statutory situation, until I hear the minister's report from the law officers as to what his powers are, and save myself a little breath.

I now want to talk about the sale of Teleglobe, or anything else for that matter, that comes under the control of CDIC because, as reported in the press, the minister refused to give an undertaking that he would refrain from taking any action in this area of sale until parliamentary approval had been given to the statute of CDIC.

Has the minister been correctly quoted as saying that he refused to give any undertaking as to the prospects of selling any of these companies, or is that also a matter which he is willing to defer until Parliament has ruled on this matter?

Senator Austin: Honourable senators, the question of Teleglobe referred to specifically by Senator Roblin is, or course, one in which there is no possibility of sale or any dealings. I explained why just a few moments ago.

On the second limb of the senator's question, if there is authority now given by Parliament, I do not understand the problems of the propriety of acting on it. If Parliament has empowered the executive, then the executive is entitled to use the power, and is accountable for the use of it to Parliament.

That brings me to the third limb, as I understood Senator Roblin's question, which is identical to that asked by Senator Doody some weeks ago. I presume that the answer in the Senate is the one that appeared in the press. Essentially, to summarize it, I said that I proposed at this time no sale of any of those assets held by CDIC which are in a legal condition to be sold by order of the Governor in Council. Indeed, when honourable senators consider the state of the commercial and equity markets at the moment, it is not difficult to realize that there are not many buyers. In fact, none has come to my attention for the shares of CDC, Canadair, de Havilland or Massey. The question therefore is totally hypothetical.

• (1425)

However, I did not want to be bound by an absolute undertaking not to act in a commercial way if I believed it was in the interests of the taxpayers of this country for me to take some commercial action. Therefore, for the sake of clarity, I will say again that I propose no divestment of any kind from CDIC at this time, and I see no early prospects of divestment. I see no likelihood of a circumstance occurring before the legislation is placed before Parliament, but I believe I would be acting contrary to my responsibilities as a minister to give an undertaking that I would not defend the commercial interests held by the Government of Canada and, therefore, the Canadian taxpayers if some circumstance, which I cannot now imagine, should arise.

Senator Roblin: The minister will pardon me if I say that he seems to be setting himself up ahead of Parliament. It seems to me that the whole of this operation requires parliamentary

approval. The minister himself has said that he intends to bring in a bill to validate this business, and I believe that should be done. The minister should not regard himself as being able to make these decisions in advance of Parliament simply because he has not taken the trouble to bring down the bill. So I would ask him to consider that point. In my opinion, he would have done well to have given us a clear undertaking, which in practical terms he could well do anyway, to the effect that he was not going to take any action of this kind until Parliament had approved the legislation.

Does the minister believe that the present statute under which the Canada Development Corporation is operating allows that company to transfer its shares to CDIC without any further legislative sanction by Parliament?

Senator Austin: Honourable senators, with regard to the first point, let me be absolutely clear—and I am not suggesting that Senator Roblin has suggested otherwise—that CDIC exists, and actions taken with respect to CDIC exist, under authority which Parliament has given the executive, the Governor in Council, and there has been no suggestion in press reports that CDIC lacks legal authority. So, for the purposes in which CDC is now engaged, it is legally and properly constituted and able to carry on its activities. Those activities are related to crown assets previously held by the Government of Canada, the responsibility for which has been transferred either to me or to CDIC. I want to be quite clear about that.

With regard to the second point, the honourable senator is correct—and I do not believe I have ever averred to the contrary—that the CDC Act requires its shares to be held by a minister of the Crown. The responsibility for those shares was transferred to me some time ago, and CDIC, in effect, acts as an advisory body to me with respect to CDC.

Senator Roblin: I have heard the minister's explanation and I suggest that it is much the same as that given to the press. It leaves the question dangling. If all these measures are so appropriate and the proprieties have all been observed, we still need a bill. I believe that when he replied to Senator Doody the other day the minister said that the bill would be coming down. I am wondering whether he can now put a date to it.

ROLE OF AUDITOR GENERAL

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask the minister, in addition, whether the Canada Development Investment Corporation will be under the supervision of the Auditor General. Will the Auditor General have full access to the undertakings, activities and books of the CDIC?

• (1430)

Hon. Jack Austin (Minister of State for Social Development): I think the case of the CDC shares indicates why I believe it would be contrary to my responsibility as the minister responsible to give an undertaking of an absolute character not to act in any commercial way. Again, I am dealing with a hypothetical question and there is no question of divestment before me. It is my understanding of the law that I, as the minister responsible, can sell portions of the CDC shares into the private market at this time. I am not in a position to do so because I believe that the market is not available at a rate of return that is appropriate to the Government of Canada's investment.

On the question of the bill, I said previously in answer to Senator Doody that I stated in the CDIC announcement that I would seek parliamentary approval of a number of measures relating to CDC and CDIC. That bill is being prepared by the Department of Justice and I hope we will have the legislation at an early date. I would clearly find it to my advantage to put an explanation of the policy relating to CDC and CDIC before Parliament and the people of Canada in a way that is realistic and cogent to the issues, rather than to have speculation about the matter in the press.

On the question of the Auditor General, it is a matter of government policy as to whether the Auditor General will, in fact, be the Auditor General of CDIC. It is not a decision that I shall take alone. The question of the role of the Auditor General in conducting commercial audits, such as for CDIC, de Havilland, Canadair, Petro-Canada, CN or Air Canada, is one of importance in a policy sense. However, I do want to make it clear to the chamber that the Auditor General will have access to all the audited statements of CDIC, as he does to the audited statements of all crown corporations, and that he will have access to discussions with the auditors of those corporations whenever he has questions.

Senator Roblin: Honourable senators, I am well aware of the minister's powers with respect to the shares of CDC. My question on the sale of shares carefully avoided that corporation. I talked about Teleglobe, which is the one the minister himself referred to in respect of syphoning off funds. I agree with the minister that the sooner he gets his bill before Parliament not only will it be better for him but it will also be better for Parliament. It is much more appropriate that Parliament should deal with these matters than that they should be left in limbo.

I hate to claim the minister's undivided attention; I know it is a bit tiresome but allow me to continue.

Senator Austin: I beg your pardon, Senator Roblin. The Leader of the Government has asked a question and I was attempting to respond.

Hon. H. A. Olson (Leader of the Government): It related to part of the response.

Senator Roblin: He was giving you some good advice as to how to answer the question?

Hon. Royce Frith (Deputy Leader of the Government): Not advice, just further information.

Senator Roblin: The minister to whom he addressed the question is very good at not giving information if he does not wish to.

I want to ask the minister a further question about the Auditor General. I was not referring to the regular business audit. If the minister will take the trouble to refer to the recent

report of the Auditor General, he will find in it a very extensive statement on the role of the Auditor General with regard to crown corporations, and the Auditor General clearly differentiates between an ordinary attest audit, I believe it is called, and legislative audits or comprehensive audits such as the ones he conducts. The reason I ask the question is because, according to the Auditor General's statement, one of the companies under the minister's aegis, Canadair, has been closed to the Auditor General. If that corporation is closed to the Auditor General, it seems to me that we might well inquire as to whether the CDIC itself will be closed. If the CDIC will be open to the Auditor General, and the minister is now giving me the assurance that it will be, I expect that the other corporations that are subsidiary to it will also be available for inspection by the Auditor General. Perhaps the minister could take that matter under consideration.

The whole point at issue here and the reason why I ask the question is because the Auditor General has informed Parliament and the people of Canada of the fact that these crown corporations are slipping out of any parliamentary or legislative control. When one considers the course the government has followed in creating the CDIC, one could not get a more perfect case history to justify what the Auditor General is charging. The minister does not give me any confidence to feel that he really thinks that the Auditor General's strictures as to crown corporations are worth his trouble to assuage or to modify, but the minister, no doubt, will be able to give an answer to that matter.

● (1435)

That is the point I think is important in this discussion: whether this particular crown corporation, which bands together several billion dollars worth of public activities, is going to be a crown corporation like some of the ones we have known that escape the net of reasonable parliamentary investigation, or whether it will conform to the principles that the Auditor General lays down as to how crown corporations ought to respond to Parliament. I hope that the minister will deal with that topic in due course.

Senator Austin: Senator Roblin, these are interesting observations and I would like to respond to them briefly.

Firstly, I apologize for having my attention directed away from you when you were commencing your remarks, but I see no cause for you to say that my colleague, Senator Olson, is not forthcoming with respect to information. I find that he is always informative.

Senator Roblin: You don't ask questions; you just answer them.

Senator Austin: With respect to the question of the role of the Auditor General, this is not the time for me to enter into a debate about a problem which is the subject of policy consideration.

However, I do want to say that the question of the role of the Auditor General is not to be linked as directly as you linked it with the question of either an attest audit or a comprehensive audit. What is appropriate in an auditing sense for government departments has to be considered in terms of whether it is appropriate for commercial corporations, either in the public or private sector, and I should like to advise honourable senators that this is a matter of active debate in the accounting profession itself, and the application of rules of comprehensive audit is not one that has been settled by the accounting profession respecting questions of a commercial nature. These are important and interesting issues, but they are not susceptible of quick determination.

With respect to the issue of parliamentary control of crown corporations, I want to advise honourable senators that the government is concerned to ensure that Parliament maintains appropriate control over the spending of government—and that includes spending by crown corporations. I will not elaborate on the meaning of "appropriate control" in answering Senator Roblin's questions; in fact, the answer I should begin to give would be of a conceptual nature, so, again, this is not the moment for me to start in on it.

However, as honourable senators know, a bill related to the control of crown corporations is before the other place. Last night, the President of the Treasury Board, the Honourable Herb Gray, appeared before a committee of the other place to discuss this matter.

Finally, I want to reiterate to Senator Roblin that my answer, as it stands today, is that the Auditor General has full access to the audits of crown corporations, either CDIC or held by CDIC or reporting to me, and when those audits are completed the Auditor General has access to the auditors of those corporations to pursue any line of inquiry he wishes.

Senator Roblin: Well, of course, my honourable friend knows perfectly well that I am not talking about auditing in the sense of what accountants agree is professionally appropriate. That has nothing to do with this issue at all; it is a question of what is appropriate for Parliament. Parliament wants an audit; Parliament wants control over the spending of government funds, and I do not think Parliament cares very much what the auditing profession may think about it. Parliament wants to have that right and, indeed, it has that right, but it is seldom honoured.

● (1440)

I point out to my honourable friend, though, that the Auditor General specifically made the point that he would like to have the audit of the CDIC as part of his responsibility. I hope that when the bill is presented the minister will be able to give us an assurance that that will be so.

Senator Austin: Honourable senators, I agree with Senator Roblin when he says that Parliament's control over the spending of government is an important principle; it is a principle the details of which are now before Parliament in the form of legislation. When the bill respecting CDC-CDIC is before the Senate Senator Roblin, I and, undoubtedly, other honourable senators, will join in a debate on all the questions that have been raised.

NATIONAL REVENUE

CONFIDENTIALITY OF CERTAIN INFORMATION ON 1982 PERSONAL INCOME TAX RETURN FORMS

Hon. W. M. Benidickson: Honourable senators, I should like to ask a supplementary to the question raised earlier today by the Leader of the Opposition. This matter arose last Friday in the House of Commons as a result of a question put by my successor there for the constituency of Kenora-Rainy River, to which the Minister of National Revenue made some reply. I had an opportunity to see the Minister of National Revenue today and expressed my opinion that his answer was rather inadequate and, perhaps, lame.

I see in *The Citizen* of today, under the heading "Tax forms open social security number to public" the following was stated:

> A foul-up in Revenue Canada's computers has put each taxpayer's social insurance number on prominent public display in the envelope window of every 1982 personal tax return, adding new gobbledygook to this year's filing nightmare.

Honourable senators, there are four senators in the cabinet, so I wonder if one of them would indicate to us that an inquiry will be made regarding this. I ask that because something was said in the previous questions and answers here today regarding the importance of a principle. I think one of the important principles of the Income Tax Act has always been that everything is done to maintain the secrecy of information supplied to the department.

I would like an inquiry made to determine whether or not the answer given by the Minister of National Revenue was adequate when he said, notwithstanding the fact that Parliament has not yet passed laws regarding averaging of income tax, it was "put there for the convenience of taxpayers."

I should like to know if there is not in this a breach of the present law, and whether a higher percentage of Canadian taxpayers are likely to find this convenient and an aid to their proposed averaging than the high percentage of taxpayers who are inconvenienced and annoyed by this new and unnecessary dessemination of income information.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall ensure that Senator Benidickson's comments are included in the reference I make to the Minister of National Revenue.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Frith for the second reading of Bill C-132, to amend the Family Allowances Act, 1973.

Hon. Lowell Murray: Honourable senators, I apologize to the Deputy Leader of the Government for having been absent during a large part of his speech yesterday afternoon. I have since had an opportunity to read it carefully in *Hansard*. Of course, I congratulate him for his valiant attempt to lend this measure a significance that it does not deserve.

This bill, honourable senators, is, in my judgment, a waste of Parliament's time. It is part of a package that is retrograde in terms of social policy. The measure itself is quite useless in terms of social policy.

Without meaning any disrespect to the Deputy Leader of the Government, I must say that I find it incongruous that the Minister of State for Social Development, who sits in this chamber, has not seen fit to enter either this debate, or the debate on Bill C-131 that preceded it, in order to defend these measures in the context of the overall social policy and priorities of the government. I quite understand that the Minister of State for Social Development has other assignments, but most of those assignments, including his responsibility for patronage in British Columbia—which assignment he has accepted from the failing hands of the Minister of State for Fitness and Amateur Sport—have nothing to do with social development. I would invite the Minister of State for Social Development to enter this debate seriously, perhaps at third reading, to explain and defend this measure and associated measures under the so-called six-and-five program in terms of the social priorities and policies of the government.

The six-and-five package, as a whole, is, as I said, retrograde in terms of social policy. This measure is quite useless and irrelevant, I submit, in terms of any fight against inflation.

Honourable senators, what does this bill do? Well, as the Deputy Leader of the Government pointed out, family allowances, in 1983 and 1984, will not be increased automatically to cover the annual increase in the cost of living; instead, they will be increased by a maximum of 6 per cent in 1983 and 5 per cent in 1984. The loss to a family with two children and an income up to $28,330 in 1982 as a result of this partial de-indexing will be more than offset, as the Deputy Leader of the Government has pointed out, in 1983 by a one-year temporary increase of $50 per child in the child tax credit. This provision is not contained in the legislation before us, but is contained in another measure which, presumably, will be before us in due course.

The Minister of National Health and Welfare has stated—and this, by the way, answers a question that was put to the Deputy Leader of the Government yesterday by the Honourable Senator Roblin—that the net savings to the treasury over a two-year period will be in the order of $70 million. What will be saved on the family allowance payments will be $320 million, but $250 million will be spent on the enrichment of the child tax credit. So, there is a net saving forecast to the treasury of some $70 million over the two-year period.

The Minister of National Health and Welfare has also stated in the other place that the cost of family allowances to the public treasury is now approximately $2.2 billion annually, of which $500 million is recovered through the tax system. So, to that extent, this universal program is progressive.

This bill was referred to the Standing Committee on Health, Welfare and Social Affairs of the House of Commons. Witnesses appeared before that committee from the Canadian Council on Social Development, the Ottawa Women's Lobby, the University Women's Club of Ottawa, the Ottawa Council for Low Income Support, the Canadian Advisory Council on the Status of Women and the National Action Committee on the Status of Women. Those organizations—all of them—opposed this measure.

Those groups and the opposition parties have taken objection—I think well founded objection—to the measure on the grounds that it penalizes mothers and children for inflation. In 1984, even the poorest will be penalized by the fact that the increase in the family allowance will have fallen below the rate of inflation that we now anticipate. Even if full indexing of family allowances is resumed after this legislation expires—and I note the undertaking given by the Deputy Leader of the Government in this regard yesterday—

Hon. Royce Frith (Deputy Leader of the Government): No, it was not—

Senator Murray: The Deputy Leader of the Government gave a very clear undertaking that full indexing of family allowances would be resumed in 1985.

Senator Frith: As far as this bill is concerned.

Hon. Jacques Flynn (Leader of the Opposition): That will be the effect of the bill.

Senator Frith: This bill will not touch 1985 and following years. I did not undertake anything more.

Senator Murray: The Deputy Leader of the Government said yesterday—and I can find the quotation in *Hansard,* if he wishes—that full indexing of family allowances would resume in 1985. Am I not correct?

Senator Frith: As far as this bill is concerned, yes.

• (1450)

Senator Murray: Does the Deputy Leader of the Government anticipate some other decision?

Senator Frith: No.

Senator Murray: If there is any doubt about it, why did he make the point yesterday?

Senator Frith: I did not undertake that that would happen. I just said that this bill would not affect its happening.

Senator Murray: I see. Then the undertaking is a good deal less significant than I thought it was when I first read it in *Hansard.*

Senator Frith: That is because it was not an undertaking.

Hon. Duff Roblin (Deputy Leader of the Opposition): It means nothing.

Senator Murray: As Senator Roblin points out, it means nothing.

In any case, the measure has been criticized with good reason on the basis that even if full indexing of the family allowance is resumed after the legislation expires, the base will have been permanently reduced. In terms of overall social policy, the measure has been attacked again, I think, with good reason as another *ad hoc* measure that creates new anomalies, new inequities and new inconsistencies. For example, becasue of the one-shot increase in the child tax credit, families with two children become net losers under the de-indexing provisions of the bill if their income is above $28,330.

Under Bill C-131 that was passed here last week and given Royal Assent yesterday, the partial de-indexing of the old age pension, families become net losers if their income exceeds $15,000. A single old age pensioner becomes a net loser if his or her annual income exceeds $9,000. Frankly, I find that quite difficult to understand. The child tax credit is being increased. The best that can be said about the guaranteed annual supplement is that it is not being reduced. Where is the equity in that, and what is the rationale for this different treatment in terms of overall social policy?

A 70 year-old widow becomes a net loser under six-and-five once her annual income exceeds $9,000 and has virtually no possibility of recouping her lost income by going out into the labour force. The mother or father of a family has at least the theoretical possibility of recouping some of the lost income. When this measure is taken in concert with the other measures of the six-and-five package that we have seen, it raises very serious questions of equity and rationale and, as I indicated earlier, of the overall social priorities and policies of this government.

The measure was put forward yesterday by the Deputy Leader of the Government in terms of its impact on inflation and the inflationary psychology. I contend that this measure is irrelevant to any fight against inflation. We are told on the other side that inflation is coming down. We have this mindless invocation of six-and-five: Six-and-five is working; six-and-five is working; six-and-five is working.

Hon. Peter Bosa: It is.

Senator Murray: Well, if inflation is coming down a bit, it is not because six-and-five is working, but because 1.6 million Canadians are not working. There are 1.6 million Canadians unemployed because of the disastrous, wrong-headed economic policies of this government, and six-and-five has nothing to do with it.

Senator Bosa: Nonsense!

Senator Murray: The Minister of National Health and Welfare pointed out that this bill, together with the offset provisions of the child tax credit, will result in a net saving of $70 million to the treasury over two years. If I read what the minister said correctly, in 1983 it will result in an increase of $215 million. In terms of any savings to the public treasury, like other elements of six-and-five, it is irrelevant to inflation.

They say inflation is coming down, but compared to what? Inflation in our major trading partner, the United States, was 3.9 per cent, December over December. It was 9.3 per cent in the same period in this country. That figure of 9.3 per cent is exactly as it was when this government took office. That is

what we have to show for almost three years with a Liberal government. That is what the Liberals call progress. They are back where they were when they took office in terms of inflation—9.3 per cent—after three years of putting the economy of this country through a wringer and subjecting us to obscenely high interest rates, high unemployment and low investment. We keep hearing this mindless chant: Six-and-five is working; six-and-five is working; six-and-five is working.

In April 1982, before the six-and-five program was introduced, the Conference Board of Canada predicted that the 1982 inflation rate in this country would be 10.2 per cent. In January 1983, six months after six-and-five, they had to acknowledge that the 1982 inflation rate had been 10.8 per cent. In April 1982, before six-and-five was brought in, they predicted that the 1983 inflation rate would be 7.9 per cent. In January 1983, they had adjusted that to a prediction of a 7 per cent inflation rate for 1983. Between the time before six-and-five was brought in and six months afterwards, they made an overall adjustment of three-tenths of 1 per cent. That is pretty insignificant.

Look at the economic growth in that period. In April 1982, before six-and-five, the Conference Board of Canada predicted an economic growth for 1982 of 0.2 per cent. In January 1983, they had to acknowledge that economic growth in this country in 1982 had been minus-5.1 per cent.

In April 1982, they predicted that economic growth in 1983 would be 2.2 per cent. In January they had scaled down that forecast to 1.6 per cent. I saw a new forecast from the Conference Board of Canada this morning that real economic growth in this country in 1983 will be 1 per cent.

We keep hearing this song: six-and-five is working. A week ago Senator Everett said government restraint is working. What restraint? The latest available statement of financial operations put out by the Department of Finance shows that federal government spending between April and November of 1982—those would be the first four or five months of six-and-five—increased by 15.9 per cent over the same period in 1981.

Now we hear it asked sometimes—and I must say I ask the question myself—What about matters like interest on the public debt, unemployment insurance payments, petroleum compensation payments; these payments over which the government has so little control? If you take them out of that figure that I have just cited—the increase of 15.9 per cent—you still have an increase in federal government spending from April to November of 1982 of 15.2 per cent.

What about transfer payments to the provinces? In that period transfer payments to the provinces—equalization, Canada assistance plan, health and post-secondary education—went up by only 8.9 per cent. If you subtract them from the figures I have used, you find that in the period from April to November of 1982 there was an increase of 17.5 per cent in the ongoing expenditures on purely federal government activities. The contention that government restraint is working or, indeed, that there is any government restraint, is contradicted by the figures put out by the Department of Finance itself.

[Senator Murray.]

• (1500)

When considering the six-and-five program, one is struck, not so much by its application, but by the interesting exceptions that have been made. Five hundred editorial employees of the CBC received increases of 11.5 per cent from November 30 last. CMHC rents have been increased by 22 per cent in Churchill, Manitoba; by 15 per cent in Winnipeg; by 14 per cent in Thompson; and by 35 per cent cent in Coldbrook, Nova Scotia. There has been a 12½ per cent increase for federal housing in the Northwest Territories. One wonders whether CMHC has heard about the brave new world of six-and-five.

What about the 50 per cent increase in unemployment insurance premiums? What about the 12.1 per cent increase in Canada Pension Plan premiums paid by anyone in Canada earning $18,500 or more next year? What about the 10 per cent increase in St. Lawrence Seaway tolls, and so on? The exceptions are more interesting than the application of the program.

Where six-and-five is contributing "wonderfully" is on such measures as the de-indexing of income tax proposals announced in June by the Minister of Finance, which will take $1 billion in demand out of the Canadian economy, plunging us further into this Liberal depression. This is the deflating effect of the six-and-five program—creating unemployment and stifling recovery.

We have 1.6 million people unemployed in this country. Since August 1981 there has been a net loss of 578,00 jobs, 307,000 of them in the manufacturing sector. Since the six-and-five program was introduced, between June 1982 and January 1983, employment is down by 168,000, and unemployment is up by 158,000, persons.

According to the preliminary estimates for 1982 prepared by the Organization for Economic Co-operation and Development, Canada's real economic growth in 1982 was the worst in the industrialized world at minus-5.1 per cent. We were twenty-fourth out of 24 countries surveyed.

The OECD forecast for 1983 is that Canada will have the second highest unemployment of seven major countries surveyed. Of 10 major countries, we are the only country in which industrial productivity has decreased. The prospects do not look too much brighter in the brave new world of six-and-five.

The Department of Industry, Trade and Commerce did a survey in October and November showing that Canada's larger firms will reduce their capital investment by 8 per cent in 1983. The 1982 level already represents a 6 per cent decrease from 1981. This is a disgraceful performance and a very sad outlook that the government's economic policies have brought about.

This bill, I say, is a waste of parliamentary time; useless in terms of social policy; irrelevant to inflation; a shallow public relations exercise; a show of smoke and mirrors; not a policy, but a lame excuse for a policy, and I will have no hesitation at all voting against it.

Hon. Andrew Thompson: Honourable senators, I should like to make an intervention in the debate on this bill. I very much

appreciate the speeches made by the Deputy Leader of the Government and Senator Murray.

All of us in this chamber recognize the problems of inflation, and all of us hope that there will be even one small step taken by every sector in the fight against inflation.

It seems to me that the focus by many Canadians has been on the government to take a lead. Many Canadians hold the view that inflation is the fault of the Liberal government, and argue that the Liberals should do something about it. I believe Senator Murray's own party has put forward that same argument. "Cut down on the deficit," they keep saying.

I would point out that in Canada we spend some $8 billion on social programs. Therefore, I, for one, feel that we should be analyzing how that money is spent.

Along with Senator Murray, I have been disappointed and dismayed with the *ad hoc* approach we have taken in the form of the three bills that have recently come before us. I feel we have taken a shotgun approach. In the instance of the bill to amend the Supplementary Retirement Benefits Act, both barrels of the shotgun were fired into the woods, not knowing who or how many would be the victims.

As I listened to that first of the trinity, the bill dealing with supplementary retirement benefits for civil servants, I noted that in 1982 30,000 widows of former civil servants lived on less than $3,200. I found that statement in the *Citizen* of February 15.

I have talked with responsible senators and members of Parliament who, I think, are extremely sensitive to the pulse of this capital city, and they have assured me that there are not that many in need. On the other hand, I received no satisfaction from either Mr. Barnes, who appeared before our committee, or the minister, who said he would look into this matter, and I still do not know how many retired public servants' total income is below the threshold.

My hope and, indeed, the hope of a number of senators here is that the minister will establish a threshold so that those in such need do not suffer. I look forward to hearing about this in the near future because there is some urgency in knowing how successful the minister has been in pursuing the need for a threshold for those relying solely on the Supplementary Retirement Benefits Act.

I would now turn to the next bill we were asked to pass, the one amending the Old Age Security Act. I could not vote in favour of that bill either because, as I stated in the chamber, I thought the threshold was too low and that it affected the victims of inflation rather than those who should be tightening their belts. Some of the people it affects have already tightened their belts drastically. Their belts have been tightened enough.

● (1510)

With respect to the bill before us, I am pleased to say that it has the ingredients which make it sensitive and humane. It has contained within it the provision of the child tax credit, which will affect two-thirds of mothers in Canada. It has the sensitivity to arrange for the $50 extra credit which will be paid quickly to the mother so that she can plan accordingly. It has the threshold aspect, and it is generous. It is provided for families which have an income of less than $26,330 in 1982. This threshold is much more generous than that of the last bill that came before us. The cutoff in this bill actually goes up to $38,000, but the cutoff for pensioners—which honourable senators voted for—is $9,000 for a single pensioner.

I ask any one of you honourable senators to search in your heart and to imagine how you would wish an older relative of yours to survive in a large city on $9,000 a year. I ask honourable senators how you would wish that relative of yours, who is trying to survive, to be asked to tighten his belt a little more in order to fight against inflation.

Honourable senators, I wanted to clarify why I did not vote for the last two bills and why I am predisposed to vote for this bill. I think that Bill C-132 has in it the ingredient of a threshold that is high enough to look after the needs of the children of two-thirds of the mothers of Canada, who will still get their family allowances. I would agree with Senator Murray; I would agree with the minister who is looking at the pressing need for an examination of our entire social security system. She has the green paper on pensions. There is, indeed, a desperate need for a broad examination in this area.

Honourable senators, I feel uncomfortable because our approach in the Senate at this time is, in my terms, an *ad hoc* one which has been ungenerous, harsh and unfeeling in terms of the other two bills we passed. I am glad to say, however, that, because of some of the qualities of understanding, sensitivity and generosity embodied in this bill respecting the needs of children, I support it.

Hon. Orville H. Phillips: Honourable senators, I have a brief intervention, the main purpose of which is to ask a couple of questions of the sponsor of the bill. Yesterday afternoon, when he was belabouring the point that this piece of legislation—the third part of the Trudeau trinity—is an integral and essential part of the six-and-five program, I noticed a father and his son of about three years of age come into the gallery. After the father had received the seating plan, he was pointing at the sponsor of the bill. I am sure he was telling the young lad that there was a "six-and-fiver" taking away the boy's new shoes. Honourable senators, I am glad the sponsor of the bill did not look up into the gallery at that time, because, had he done so, he would have found it difficult to complete his remarks.

The government has not been very fortunate in introducing its legislation into the Senate. Last week, when the Supplementary Retirement Benefits Act was introduced, an announcement was made in the other place concerning the salaries to be paid the members of the Royal Commission on Economic Union and Development Prospects. We learned the salary of the chairman, $800 a day, and that delightful additional benefit, the raising of that payment to $925 a day when he leaves Toronto. To pay one day's salary of the chairman, a donation from the indexation of about 1,800 old age security recipients is required. As both I and Senator Donahoe mentioned last week, such payments do not appear to contribute to inflation!

When this bill was introduced here this week, there was an announcement made that the directors of Canada Mortgage and Housing Corporation have had their per diem payment increased from $150 to $450. Honourable senators, where is the reduction of inflationary expectations with respect to these raises? What has happened to the control that was so essential yesterday afernoon? A raise from $150 to $450 per day has no effect on inflation! That is hard to reconcile with yesterday's arguments. It is also difficult to understand how the purchase of a new pair of shoes for that youngster in the gallery causes inflation, while Mr. Macdonald's salary does not. Perhaps the textile industry in Quebec is so prosperous that it does not need any further contributions in the form of purchases of clothing. The directors of CMHC, however, need another $300 per day!

I should like the sponsor of the bill, when he closes the debate, to take a moment to explain to me that aspect of the six-and-five program. Honourable senators, I have a different interpretation of the six-and-five program and the way it is working. The six-and-five program is taking a little bit from just about everyone to give a great deal to a very few privileged directors of crown corporations and Liberal supporters in other situations.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that, if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, dealing with the interventions in reverse order, I can assure Senator Phillips—who, I have noticed, has been intervening frequently on behalf of the opposition with respect to bills that deal with economics—that I do not ask him or any other senator to support this bill on the basis of shoes in the gallery, Mr. Macdonald's salary or the salaries of directors of CMHC. I note that Senator Phillips has become something of a resident economic adviser to the chamber. I am sure that when he reflects upon the issue before us—second reading and explanation of the principle of Bill C-132—and makes the comparison between the shoes, the salary, the CMHC and this bill's attempt to reduce inflationary expectations, he will have a further and more thoughtful lecture or series of questions for us.

With reference to Senator Thompson, I heard with interest his views on Bill C-133 and Bill C-131 at the time of their debate here. With his customary sensitivity and discrimination, in the sense of having discriminating judgment rather than practising discrimination in any pejorative sense, he said that he detected a difference in principle, particularly with regard to equity and fairness, in this bill as compared to the other two. As he has pointed out, the principles of equity that apply and are reflected in this bill are meant to further underline the fact that the purpose of the bill is not to effect the savings that have been referred to but, rather, to reduce inflationary expectations. It is true that there is a savings effect, but the purpose of the bill is not to save revenue.

[Senator Phillips.]

• (1520)

With reference to Senator Murray, I was a little surprised to hear him venting his frustrations on this worthy little bill, part as it is of a worthy program that is working. I can understand, in view of the frustrating experiences that he has undergone recently, and for which he has all of our empathy, if not sympathy, that he finds it even more frustrating that, as he said, "six-and-five" is working and inflation is coming down. A frustrating experience, indeed, for members of the opposition. However, I agree with him about assessing the cause. I cannot say with the absolute authority of edicts carved on tablets of stone that the six-and-five program has brought down inflation. Neither can he say with similar authority, however, that it has not. It is a matter of opinion. I am sure he respects my opinion on the subject to the same extent that I respect his.

Hon. Jacques Flynn (Leader of the Opposition): I do not know if I would settle for that.

Senator Frith: Honourable senators, the basic thrusts of Senator Murray's intervention were, first, that this bill is retrograde insofar as social policy is concerned—

Senator Flynn: It is a package.

Senator Frith: Honourable senators, I am limiting myself to the bill at the present time. We can have a debate, perhaps, some time on "six-and-five" generally. At the moment, however, I am asking honourable senators to support Bill C-132—

Senator Flynn: In isolation.

Senator Frith: Bill C-132 is a part of the six-and-five program. I think it is a worthy part, as I have said, of a worthy program that is working. It is not offered as a breakthrough in social policy, but as a continuation of the social policy of which family allowances is a part, and as an adjustment of the economic consequences of that social policy.

The social policy remains intact. Universality remains intact. The social sector that is the target of the program remains intact. Indexing remains intact. The economic effect on the social program is adjusted for the purpose of reducing the expectation of inflation that has such an inflammatory effect on the inflationary process.

Honourable senators, for that reason, and for the reason I mentioned in my original intervention, I ask you to support the principle of this bill, thus helping to promote the effect we believe it is having in reducing inflation, and thereby taking one step more towards economic recovery.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Olson, P.C., that this bill be read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1530)

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Anderson	Leblanc
Argue	Le Moyne
Austin	Lewis
Barrow	McGrand
Benidickson	McIlraith
Bonnell	Molson
Bosa	Neiman
Buckwold	Olson
Cook	Perrault
Davey	Petten
Denis	Pitfield
Deschatelets	Rousseau
Frith	Rowe
Giguère	Stanbury
Godfrey	Steuart
Guay	Stollery
Haidasz	Thériault
Langlois	Thompson
Lapointe	van Roggen—38.

NAYS

THE HONOURABLE SENATORS

Asselin	Marshall
Balfour	Muir
Bélisle	Murray
Bell	Nurgitz
Bielish	Phillips
Doody	Roblin
Flynn	Tremblay—15.
Macdonald	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

However, before the question is put there are two pieces of information, which flow from yesterday's date that should be placed on the record. The information may be of assistance to senators attending the meeting of the committee.

• (1540)

The first is supplementary information to what appeared on the record yesterday in answer to a question by Senator Roblin. It is a document outlining the impact of the six-and-five program on family allowance beneficiaries. It gives the number of beneficiaries, which I was not able to give yesterday. The table also sets out what the 3.6 million family allowance beneficiaries will receive as a result of limiting indexation of family allowances to 6 per cent in 1983 and 5 per cent in 1984. The document then refers to the 2.4 million people mentioned in the debate who are classed as low-and middle income beneficiaries, and includes columns showing changes in child benefits for 1983 and 1984. The document also sets out the net gain to families and the offsets for 1983 and 1984, which Senator Roblin wanted.

So, honourable senators, may I have leave to have that document appear in the *Debates of the Senate* as part of the intervention I am now making?

Hon. Duff Roblin (Deputy Leader of the Opposition): Thank you.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

(*The table follows:*)

IMPACT ON FA BENEFICIARIES

As a result of limiting indexation of FA to 6 p. 100 in 1983 and 5 p. 100 in 1984, all 3.6 million FA beneficiaries will receive:

$16.80 less per child in 1983
$28.32 less per child in 1984

2.4 million low—and middle-income FA beneficiaries will be no worse off during the two-year period. Their FA reductions will be offset by a $50 increase in the child tax credit for 1983. This offset is illustrated below.

1983 Changes in Child Benefits	1984 Changes in Child Benefits
+ $50.00 (CTC increase)	- $28.32 (FA reduction)
- $16.80 (FA reduction)	
+ $33.20 (Net gain to families)	- $28.32 (Net loss to families)

Net gain in 1983 offsets net loss in 1984.

1.2 million high income FA beneficiaries will be worse off. These beneficiaries do not quality for the child tax credit.

In 1985 and subsequent years, total FA and CTC benefits will be lower because of June 1982 budget proposals.

Senator Frith: The second document relates to a question asked yesterday by Senator Tremblay.

[*Translation*]

When I answered yesterday, I could not provide the exact figures on the results of the program as it applies to the Province of Quebec. Since then, I have made some calculations applicable to the two provinces concerned. It seems that the figures for Alberta are 5.7 per cent, 6.1 per cent, 6.1 per cent, and 6 per cent. For the Province of Quebec, however, I admit that I was rather surprised to come up with a general figure of 6 per cent.

Hon. Jacques Flynn (Leader of the Opposition): For the year 1983 and 1984?

Senator Frith: For 1982 and 1983. In any case, we will be able to examine them.

Senator Flynn: Indeed.

Senator Frith: It is 6 per cent in each category. It would seem that the change in the Province of Quebec has affected not only the age, as in Alberta, but also the rank, let us say, for instance the second and third children. In any event, the committee will have an opportunity to study it tomorrow. In the meantime, honourable senators will be able to examine the figures in this table which I would like to table, with leave of the Senate.

Hon. Senators: Agreed.

(*The table follows:*)

ADJUSTMENTS TO FA RATES
BY ALBERTA AND QUEBEC

Alberta and Quebec have enacted provincial laws, under Section 4 of the Federal Family Allowances Act, to vary the allowance rate according to the age and/or number of children in the family.

The federal act requires that total payments in these provinces, over a four-year accounting period, must average out to the federal rate. 1982 is the first year of the current four-year period.

Alberta and Quebec have set 1983 rates which result in an average benefit equivalent to the federal rates provided in Bill C-132.

1982 and 1983 family allowance rates for Alberta and Quebec are as follows:

ALBERTA

Age of Child	1982 Amount	1983 Amount	Percentage Increase
	$	$	%
0– 6	20.90	22.10	5.7
7–11	26.10	27.70	6.1
12–15	34.30	36.40	6.1
16–17	38.50	40.80	6.0

QUEBEC

Age	Rank of Child	1982 Amount	1983 Amount	Per-centage Increase
		$	$	%
0–11	1st	16.15	17.12	6.0
	2nd	25.65	27.19	6.0
	Subsequent	62.43	66.18	6.0
12–17	1st	22.88	24.25	6.0
	2nd	32.38	34.32	6.0
	Subsequent	69.16	73.31	6.0

Senator Frith: According to the information I have, arrangements have been made for the committee to meet tomorrow at 10 a.m., and the minister will be present.

Motion agreed to.

[*English*]

UNEMPLOYMENT

PROPOSED ALLEVIATION BY ESTABLISHMENT OF ARMED FORCES ENLISTMENT PROGRAM—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of Thursday, February 10, 1983:

That he will call the attention of the Senate to the desirability of establishing an enlistment program in the Armed Forces to help solve the unemployment problem affecting our young people and to teach them useful skills and to provide other training commensurate with today's needs.

He said: Honourable senators, my inquiry has to do with the establishment of an enlistment program in the Armed Forces to help solve the unemployment problem affecting our young people, to teach them useful skills and to provide other training commensurate with today's needs.

I believe, as do countless others, that the future of any nation is its youth, and Canada cannot afford to have so many well educated and uneducated young people waste their lives in idleness. Everyone needs a feeling of self-worth, a purpose in life, and unless we succeed in providing meaningful employment and opportunities for the youth of our nation, the consequences could be serious. When too many members of a generation find themselves shorn of hope and their dreams shattered, there is a real and dangerous risk that they will feel that the only recourse is to challenge the very tenets of the society that let things reach such a stage. We need to build a true and decent society and at the same time create meaningful jobs for young Canadians. If we cannot do so, the structure of our society could be weakened to the point of crumbling.

Honourable senators, those words are not wholly my own. Rather, they are observations of some historians much wiser than I. Similar words have been uttered at various times in our history, but they were never more appropriate than they are at this very moment in time. I make mention of these words because they are so relevant to the subject of my inquiry, which subject arose in the other place, to recruit or place between 25,000 and 50,000 young, unemployed Canadians in the military.

The idea is not new. I recall and, indeed, participated in, during the Diefenbaker government, in the early 1960s, a program which was initiated on the basis of six-week training courses, nationwide, under the supervision of regular and reserve cooperative command and control. The courses were held in armouries across the country to relieve the serious unemployment situation of that day and, as I recall, they were very successful. Honourable senators should note that the Senate Subcommittee on National Defence recommended increases in the reserves, which would provide a basis for justification of the idea, and implored the government to implement a plan immediately to raise the level of the military by 8,400 by 1987.

● (1550)

Certainly, a join-up plan is worth investigating through to reality, because it has the support of the majority of the members of the other place with some 209 indicating that support—a rarity in these days—and I have every confidence that it will receive the support of this chamber.

For my own part, however, I would go beyond the idea suggested and make it more permanent, because permanency would produce double or even triple benefits for our country over the years: it would relieve unemployment; it would help fulfil Canada's defence commitment; and it would help in the development of our youth. That is a subject I shall deal with more fully a little later, although what I have to say will most likely be ignored, just as most of what we have to say in this chamber is ignored. Development of our youth is something I have advocated for many years because of my concern over the direction our country is taking in relationship to our youth.

Please, honourable senators, let me be a little bit of a braggart to prove my long-standing support of national service for our youth by quoting from an editorial in the Halifax *Chronicle Herald* of June 1982:

> It is with some interest that we reflect on remarks made on the subject of national service in the Senate by Senator Jack Marshall who wanted to associate himself with the Senate subcommittee report on Manpower in Canada's Armed Forces, particularly with reference to recommendations and reserve strengths. "Personally," he told the upper house, "I would go further and suggest the formulation of national compulsory service under a youth development program. It would apply to youths of 16 and 17 years of age, and the period of service would be for six months." It was not the senator's first reference to some form of national service by young people, nor is it likely to be his last.

Honourable senators, I still want some concept of military service, but not as a means of teaching our youth to learn how to kill. The Lord only knows, television is teaching murder and violence better than any military instructor could. I want all young Canadians to be given the opportunity to vent their energies, not with anger and hostility towards our society. I do not want them to be engrained with the philosophy that takes for granted idleness and government hand-outs. Our efforts should be directed towards extracting the multitude of talents that we know they all have in their young bodies and minds; towards giving them something meaningful to do, challenges to accept and objectives to strive for by promoting discipline, leadership, self-appreciation, fitness, survival, comradeship, respect and service to their fellow citizens and the nation as a whole.

Honourable senators, just last week the Minister of Finance rightly described the plight of our 1.6 million unemployed Canadians as a moral and social challenge of staggering proportions. He also said that he could foresee no significant reduction in unemployment as being likely this year, not only in Canada but on a worldwide basis, so isn't it obvious that action has to be taken and taken now? If we look for a moment at some of the related statistics, we find, first of all, that of the 1.6 million unemployed some 595,000 are in the 15-to-24 age group, the age bracket we are concerned about. On the same subject, a reasonable estimate is that the cost of unemployment insurance benefits for the past year will have hit some $8.5 billion, and we can say, without fear of too much contradiction, that almost $3.5 billion went to the youth of our society that I am referring to.

Honourable senators, my purpose in mentioning those figures is to show that if a program were introduced, even in the proportions recommended by the Subcommittee on National Defence, it would not affect our defence budget very seriously. Indeed, it would be of great benefit to our defence forces because we would be using payments from unemployment insurance benefits.

First of all, let us examine the financial implications of the subcommittee's recommendations:

> On the basis of reliable research, the Sub-committee estimates that the extra cost of increasing the armed forces to 92,000 Regulars and 47,500 Reserves by 1987 would be about $350 million per year in 1981 dollars, or six per cent of the present defence budget. This includes funds for capital and other initial expenditures and for continuing annual personnel costs.
>
> Capital and other initial expenditures would amount to about $1,300 million dollars, phased in over a period of about five years. Half would be allocated to purchases of new equipment and ammunition for the larger force in Europe and Canada. The remainder would be required for the construction of new base installations and training facilities; additional costs related to a larger Supplementary Reserve; and other expenditures of a similar nature.

• (1600)

> Additional annual Personnel, Operations and Maintenance (PO&M) costs would also be incurred as manpower levels were raised. They would amount to about $100 million more... in 1985/86 when an additional 2,400 troops would be added to Canadian Forces Europe in accordance with the Sub-committee's recommendations. They would then rise to $350 million by 1987, when a further 6,000 personnel would be added to the Canadian armed forces.

So, if these figures are anywhere near correct—that we can increase our forces personnel by 8,400 at a cost of $350 million—certainly we can increase them by 10 times that amount, or 84,000, for the $3.5 billion we are paying out in unemployment insurance benefits.

This might be too simplistic, but it is certainly worthwhile exploring, and any shortfall could be made up from monies allocated to all the other programs such as local initiatives, community development, NEED, Outreach, and many others which are certainly questionable as to their end results. Indeed, many of those programs could be superimposed within the military training sphere of endeavour. I understand that, from 1971 to the present, the government has spent $3.5 billion on many of those programs.

Honourable senators, we now come to the difficult part, and that is how a program of such proportions can be carried out. As we learned in basic training during the Second World War, when planning an exercise we had to make an appreciation of the situation, weigh the advantages against the disadvantages, make a decision and get on with the job.

One disadvantage that I can detect is the attitude of society against anything military. It is obvious that much of this attitude, however, is dispelled, as evidenced by the vocal support of members of Parliament who represent a large majority of the Canadian people.

Certainly, the program would be a war against unemployment, along with a war against the lack of opportunity for our youth. If the program were carried out well, it would not be long before attitudes changed.

This is what the Minister of National Defence had to say about society's attitude, in a speech to the Conference of Defence Associations recently:

> I do not despair about the perception of the Canadian public in regard to the place of our forces in Canadian society. While I am somewhat reluctant to thrust strictly military programs upon the government as part of our job-creation efforts, I have been encouraged by the widespread suggestions of Canadians from all across this country that a military program of some sort would be beneficial both in terms of meeting our requirement for trained reserves and in giving our youth invaluable training and personal development.

The other disadvantage I see is the cost, and the ability of the Canadian Forces, who are strained to the utmost in carrying out their present commitments, to oversee the program. To my mind, there is no question that, with government support, and a realistic readjustment of priorities, a youth enlistment program could reap untold benefits both now and in the future.

If you want to take the cost per recruit and compare it to local incentive grants, the government is prepared to pay $30,000, $40,000 or $50,000 to create a job, yet the cost of training one recruit is $25,000.

The first advantage to the Canadian Forces would be that it could carry out a practical exercise in mobilization and manning, and specifically put into practice recruiting on an emergency basis. It would allow the Department of National Defence to test its efforts to maintain sufficient capability within Canada to assure the protection and security of the country, and to allow a testing of the requirement of the total force concept, which exploits the full potential of both the supplementary and primary reserves.

Again, from the Minister of National Defence:

> Any wartime commitment of significant size or duration would obviously require additional personnel from the reserves. Furthermore, the force must have the necessary plans and preparations which would enable it, in a sustained crisis, to carry out even further expansion.

The minister went on to state:

> I am not talking about the type of national mobilization which occurred in the two world wars, but I am talking about the need for plans and preparations which would enable the Canadian Forces in a crisis to immediately activate its full war establishment, made up of both its regular force and substantially improved reserve components. It is this type of mobilization plan which will flow from the government's decision to ensure that Canada's forces will be able to meet and sustain their defence commitments during the 1980s—
>
> In the long term, the ability to sustain the operations of the Canadian Forces during a crisis is dependent on the state of our national industrial readiness which obviously

lies beyond the sole purview of the Department of National Defence. It is, nevertheless, my intention to pursue this issue with the responsible departments and agencies.

I agree wholeheartedly with the minister, because any program on any scale would have to have the cooperation of outside industry and business.

Honourable senators, I can see countless other advantages that an enlistment program for youth employment would allow, and I list but a few. The service would provide Canada with a greatly enlarged supplementary reserve of young, well motivated citizens with military experience to draw on in an emergency situation; it would put a sense of realism into the training of those in the reserve forces who are the leaders and officers, who are now getting low in morale because of the repetitiveness of the training; and it would provide ambitious but discouraged young men and women with trades training and career options that previously might not have looked attractive to them. We read every day about engineering graduates who cannot find a job. Those graduates are going to waste.

Before I conclude, honourable senators, I have a word or two to say on support services. Training space and facilities for training must be uppermost in our minds to take on an expanded program of this sort. Apart from the fact that we allowed for some in the recommendations of our Subcommittee on National Defence, I am sure that, besides the existing armories which would be used, others which have closed down over the years could be re-opened. That would create employment. Schools which have been closed down over the years could be re-opened; existing schools could be utilized. There would be improvements to existing firing ranges, and new ones could be built. And, I daresay, even government buildings which lie vacant could be put to use.

To put the final touches to my thoughts, honourable senators, I want to relate the words of a young man whom I have come to know. To me, he is typical of what we should strive for in producing a good Canadian. He is now studying at university and is about to enter an officer training program in the forces. For 10 years he went through the cadet services and obtained the designation of Master Cadet. He went through the militia as an officer and cadet instructor. He gained a B.A. with honours in 1981, and is now doing his master's thesis in Canadian defence policy. Besides the many things he had to say about what his experience in the militia had taught him, he said this about something he learned about regional differences:

> A common thread in all of my military experiences has been the uniqueness of the Canadian character. While certain regional differences are obvious in individuals from Newfoundland and Ontario, Quebec and Alberta, the constant in all of these experiences is that when these people were thrown together they worked as a team together. This I attribute to our distinctly Canadian institutions which ensure the continuance of our varied way of life despite competitive rivalries among the members of our family. The Canadian military is a levelling institution which has the capacity to cut through all the regional differences we have on the future of our country and allows us to see our common strength as a nation.

Honourable senators, I suppose I have gone on long enough, but I should like to see the whole matter of an enlistment program referred to a committee—perhaps the Senate Subcommittee on National Defence. Although I have not checked this out with the chairman of that subcommittee, I do not see why we could not take that on and produce a program that could be implemented in line with recommendations by military experts in their projections to the 1990s. Admiral Timbrell told us just yesterday that he projected the need to be 150,000 by 1990. Colonel Liston, when speaking to the Institute of Strategic Studies, mentioned a figure in the area of 100,000.

I guess I can summarize the whole subject in a couple of lines: If, God forbid, we have a war, what is wrong with being prepared? And, please God, if we don't, we have lost nothing; indeed, we have gained a better Canadian.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 17, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE HONOURABLE EDGAR FOURNIER

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, our colleague, Senator Edgar Fournier, has resigned from the Senate for health reasons, and I am sure we all regret the fact that he is leaving us after a career in politics that lasted over thirty years.

Senator Fournier was elected to the New Brunswick Legislature in 1952 and was immediately appointed President of the New Brunswick Hydro-Electric Commission in the cabinet of the Honourable Hugh John Flemming. He was re-elected in 1956, and kept the same position until the elections in 1960, when our friend Senator Robichaud came to power. That year, Senator Fournier was defeated in his riding, but the year after, 1961, when a by-election was called in Madawaska-Restigouche, he succeeded in being elected as a Member of the House of Commons. In 1962, he was defeated by a narrow margin, but was subsequently—and it was a case similar to mine—appointed to the Senate a few months later. He has therefore been in the Senate for twenty years, since September 1962. Senator Fournier discharged his responsibilities in the provincial political arena and here in the Senate with great dedication. There are many things I could mention, but I would like to emphasize the role he played as Vice-chairman of the Committee on Poverty which was widely reported by the press and received a great deal of praise. The committee was chaired by Senator Croll, and in fact, Senator Croll was planning to say a few words about Senator Fournier's contribution to the Committee's Report on Poverty, and I believe he will do so at the first opportunity.

Before entering provincial politics, Senator Fournier had been active in a number of organizations in the community, such as the Chamber of Commerce, St. John Ambulance and the Edmundston Vocational School. They say he started his political career by driving around in a car with a loudspeaker, and that he went to the church door after service, where he could find an audience. I think that Acadians belonging to the Progressive Conservative Party had to be bold to be successful, because there were not many of them. And not many Progressive Conservatives of that generation succeeded in making a political career for themselves in New Brunswick. The same applies, of course, to Quebec, but at that time it was not as bad. Today, it is worse in Quebec, and less so in New Brunswick. Times certainly have changed.

As a person, Edgar Fournier has tremendously endearing qualities. He is warmhearted and generous, and has always been very dedicated to and understanding of others. He is an exemplary husband and father, and a profoundly religious man. We know he has been very active in the parliamentary institution organization known as the Prayer Breakfast. I think we shall fondly remember the years that Edgar Fournier was in the Senate. As I have said, he is an extremely endearing man. He is now going back to live, this time more or less permanently, in his beloved Madawaska, with his wife and family. People are more relaxed there than they are here, and I am sure he will spend many happy years doing what he likes doing best, leaving behind the thankless and frustrating world of politics.

We wish him the very best.

• (1405)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I too would like to pay tribute to Senator Edgar Fournier who resigned from the Senate last week.

I became acquainted with Senator Fournier early in the sixties. During the early or mid-sixties, there were a number of occasions on which he displayed warmth, and mild and sincere dedication, to the public service and to other people involved in the legislative process, especially in committee work. My acquaintance and respect for him goes back to those days.

The resignation of Senator Fournier leaves a great vacuum in this chamber because he had one of the most varied backgrounds of any senator. As Senator Flynn has already mentioned, Senator Fournier entered politics in 1952 as an MLA in New Brunswick. He subsequently served as minister without portfolio and Chairman of the New Brunswick Electric Power Commission under Premier Hugh John Flemming before coming to Ottawa, as has been pointed out, as a member of the House of Commons in 1961.

The Senate is fortunate to have had the benefit of Senator Fournier's experience for over 20 years, and I regret that his health has not permitted him to stay longer.

However, Senator Fournier is a unique man; one who has expertise in a wide number of areas not usually associated with the art of politics. He had a quite varied career before he entered politics, adding to the experience that he carried into these deliberations in Ottawa. For example, he started out delivering coal between Edmundston and Maine in the days when one unloaded trucks by hand. He was a welder and a metal worker, a garage and a snow-plough operator, a teacher at vocational schools, and he also served as an instructor in

aircraft maintenance under the British Commonwealth Flight Training Plan.

Senator Fournier is also known as an inventor. Among the inventions he has designed and built is the first one-stroke magnetically-driven motor in the world, displaying his interest in efficient energy use.

His unique background brought to the Senate a point of view and expertise which was, I think, unequalled in the time that he served here. This was evident in the contributions he made to the many Senate committees of which he was a member.

A true representative of the people, Senator Fournier interested himself in many of the most crucial social issues affecting Canadians during the time he spent contributing to the public affairs of the country. In this connection, I should like to mention briefly his contribution to the Special Senate Committee on Retirement Age Policies. As the Leader of the Opposition has already mentioned, Senator Fournier's fight against poverty and unemployment is well known, as well as his interest in good passenger rail services to his home province of New Brunswick and, particularly, to that part of New Brunswick which is highly dependent on rail passenger service.

Senator Fournier will be sorely missed here, not only because of his contributions to public life but because of the good humour and mild and gentle nature which were always a part of him. It is unfortunate that his health has not allowed him to continue as long as I am sure he would have liked. However, honourable senators know that Senator Fournier is a fighter and has overcome health problems in the past. In this vein, and on behalf of those of us on the government side, I should like to wish him and his family good health and to wish him a happy and productive retirement.

• (1410)

I conclude by saying that Senator Fournier leaves no one but friends here, and I am certain that I am speaking on behalf of all honourable senators when I say he will be welcomed back at any time he decides to pay us a visit.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, we were somewhat surprised to hear the announcement made by the Leader of the Opposition in the Senate, regarding, I believe, the resignation of Senator Edgar Fournier.

First of all, on behalf of New Brunswick Francophones, I would like to say to Senator Fournier and his family that all Acadians, all New Brunswick Francophones have appreciated his work on behalf of New Brunswick, first as an MPP and a Provincial Minister and subsequently as a representative of New Brunswick Francophones here in the Senate. I remember when Senator Fournier was President of the New Brunswick Hydro-Electric Commission, when the number of Francophones in the provincial cabinet was considerably less than it has been since 1960 and than it is now.

Traditionally—the tradition was fairly well established—when there were two Francophones in the New Brunswick cabinet, that was a lot. In Senator Fournier's time, there were two Francophones in the New Brunswick Government. Although both were supporters of the Progressive Conservative Party, I still remember what they did for the province, Edgar Fournier and Roger Pichette.

Edgar Fournier won the respect not only of his fellow Francophones but of the entire population of New Brunswick. He introduced many innovations in the production of electric power, as the architect of the first dam on the Saint John-Beachwood River. Here in the Senate, as was said by Senator Flynn and Senator Olson, he worked on a number of committees. I remember that the first time I ever had dealings with the Senate was when I appeared before the Committee on Poverty. I was Minister of Social Affairs of New Brunswick at the time. I remember some interesting exchanges I had with Senator Fournier and his concern for the plight of the less fortunate, not only in New Brunswick but across Canada.

Perhaps I may remind this House that when I arrived here as a senator in 1979, I was the fourth Francophone from New Brunswick, which means that three other Francophones were already sitting in the Senate, namely, Senator Robichaud and the two Fourniers, Michel and Edgar. Now, Francophones are represented by only two senators, myself included. They are undoubtedly well represented by Senator Robichaud, but I hope that the Prime Minister or whoever is responsible for appointing senators, will soon give the Acadian and Francophone population of New Brunswick the representation to which it is entitled in the Senate.

Once again, on behalf of all New Brunswick Francophones, we thank Senator Fournier for a job well done.

Hon. Jean-Paul Deschatelets: Honourable senators, I just want to add a few words concerning the retirement of the Honourable Senator Fournier who was one of my great friends. I heard he was going to retire only a few moments ago. I sat with him in the House of Commons and here in the Senate for a number of years. We often went to the Parliamentary Restaurant together where, oddly enough, we talked about everything under the sun, except politics.

Senator Fournier, as Senator Flynn already pointed out, did a tremendous job in conjunction with Senator Croll. He also worked on the Senate Committee on Retirement Age Policies. I think we can all agree that we are losing a colleague, but above all, we are losing a great friend.

Hon. Senators: Hear, hear.

• (1415)

[*English*]

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—REPORT OF COMMITTEE

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Thursday, February 17, 1983

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-132, intituled

"An Act to amend the Family Allowances Act, 1973", has, in obedience to the Order of Reference of Wednesday, February 16, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

[*Translation*]

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Royce Frith (Deputy Leader of the Government) with leave of the Senate, moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, March 1, 1983, at 8 o'clock in the evening.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Before the motion is put, I wish to give some information on the business in the other place. Today the House will proceed with the second reading of the borrowing authority bill; Friday will be an opposition day; and next Monday the other place will resume its debate on Bill C-139, which is, an omnibus budget bill, if you will pardon that expression.

• (1420)

Hon. H. A. Olson (Leader of the Government): Comprehensive.

Senator Frith: Perhaps "comprehensive" is a less provocative word. There may be a vote on that bill next week, but it will only be for that particular stage, not the final stage. Wednesday is a private members' day; and on Thursday they will continue their consideration of Bill C-139 or the borrowing authority bill.

All that means, honourable senators, is that there is virtually no chance of our receiving any legislation from the other place next week, and, insofar as I am aware, there will be no bills introduced in the Senate next week. For that reason, I suggest that we adjourn until Tuesday, March 1 at 8 o'clock in the evening.

There is, however, plenty of work for the committees. I understand that at least three of them will be meeting next week. The Standing Senate Committee on Legal and Constitutional Affairs has several items of business before it; the Northern Pipeline Committee is studying its report; and the Subcommittee on National Defence of the Foreign Affairs Committee will be working, though not in Ottawa.

Hon. Lowell Murray: The Official Languages Committee will also be meeting.

Senator Frith: Senator Murray informs me that the Special Joint Committee on Official Languages will also be meeting.

Hon. John M. Godfrey: My committee has two meetings.

Senator Frith: Senator Godfrey informs me that the Standing Joint Committee on Regulations and other Statutory Instruments will be meeting too. Keep those meetings coming, honourable senators. Are there any more?

Thus, for the aforementioned reasons, it will not be necessary for the Senate to sit. That will give the committees ample opportunity to deal with their important and voluminous work, and that is why I propose that we adjourn until Tuesday, March 1, at 8 p.m., rather than until next Tuesday.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators the explanation given by the Deputy Leader of the Government is quite convincing. The main reason why the Senate is not to sit is that the House of Commons will not be sending over any legislation. I do not think that we should be afraid of admitting that we are not going to be sitting when the House of Commons is not expected to send us any legislation and we have none being introduced here. I suppose that the scenario described by the deputy leader takes for granted that the Senate will give third reading to Bill C-132 this afternoon, for, if that were not the case, the plan of the deputy leader would be somewhat upset.

Hon. D. G. Steuart: I can tell you that it would not do him any good.

Senator Flynn: I am sure he is quite indifferent to that.

I suppose also that it means that Royal Assent has been pre-arranged and that as soon as the bill receives third reading the Speaker will rise and give notice of Royal Assent later this afternoon.

Perhaps I should also take this opportunity to ask whether the deputy leader has done anything about my suggestion on changing the procedure followed to provide Royal Assent to bills. Certainly, Royal Assent does not create a problem today, but apparently on Tuesday it was not convenient for the Deputy Governor General to come at the regular hour. As a result, Royal Assent was held at an awkward hour and only about ten Members of Parliament accompanied the Deputy Speaker of the House of Commons on that occasion. Can the deputy leader tell us whether he has done anything about, for example, arranging a meeting between the Speakers of the two houses and the house leader of the other place to provide a solution?

Senator Frith: Honourable senators, the Leader of the Opposition has raised three points. The first was whether the plan not to sit next week takes into account the third reading of Bill C-132. That is part of the plan and certainly part of the

expectation. Honourable senators will note that I did not move the motion to adjourn until March 1 until I had received leave to proceed with third reading of Bill C-132 today. Thereafter, my spirit of adventure led me to risk the possibility of losing a vote on that bill or a motion to adjourn. Secondly, of course, if it does receive third reading, we will have Royal Assent, and plans have been laid to that end.

• (1425)

On the third question, I have a positive report also. I have been studying the material that was sent to us and, after informal discussion with the Speaker, he has undertaken to try to arrange a meeting of exactly the kind described by the Leader of the Opposition.

Senator Olson: Honourable senators, I should make a couple of comments because Senator Flynn has raised one important matter with respect to the activities of this chamber in dealing with bills from the other place. The motion is to adjourn until Tuesday, March 1, which means a longer than usual adjournment. Of course, we are always subject to recall. However, I would welcome and, indeed, solicit his support in dealing with some of the legislation on the Order Paper which, perhaps, has been on it for longer than the government would wish. If he could exert his great influence in facilitating the movement of such legislation, he would be performing a service not only for this chamber but also for those Canadians who are awaiting the passage of some of that legislation because they realize it is beneficial for the Public Service of Canada.

Senator Murray: Is the budget ready now?

Senator Flynn: I must inform the Leader of the Government that I have no influence at all with Mr. Broadbent and his supporters.

Senator Olson: I was really referring to those people with whom I know the Leader of the Opposition does have some influence.

Motion agreed to.

QUESTION PERIOD

[*English*]

PETRO-CANADA
CAPE BRETON DEVELOPMENT CORPORATION

INVESTMENT OF FUNDS IN CAPE BRETON COAL VENTURE

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government relating to the Gillespie-Lalonde swindle. Is the investment of $25,000 in return for $1 million in tax-free grants considered to be within the six-and-five guidelines for the privileged few of the Liberal Party?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there is no way that a responsible person could reply to a question that is predicated upon an acknowledgment that there is a swindle, because there is not.

Senator Phillips: Honourable senators, I am particularly interested in the role of our oil company, Petro-Canada. Can the minister tell us what funds Petro-Canada used for investment in the Gillespie consortium? Were any of the Canadian ownership taxes diverted to the Gillespie consortium?

Senator Olson: I will take that question as notice in order to obtain a precise answer. The simple answer is that the regular budget of Petro-Canada is used for all its expenses, whatever they may be. I will inquire whether there is any specific identification of the use of the Canadian ownership tax other than for the specific purpose that was stated at the time.

Senator Phillips: I have one further question for the honourable minister. Could he tell us who was the Minister of Energy, Mines and Resources when the oil substitution program was developed and introduced in Parliament?

Senator Olson: Honourable senators, this is a question almost bordering on the absurd. My honourable friend, if he wants to do a little of his own homework, will know exactly who were the ministers of every department, the dates on which they were appointed and the dates on which there was any cabinet shuffle. I don't see any point in questions the answers to which I know are available in the senator's office.

Senator Phillips: I point out to the honourable minister that I do not have the staff or the resources that he has, nor do I always have the time to do this type of research.

Senator Olson: I have noticed, over time, that requests are sometimes made of the Leader of the Government and other ministers to do senators' homework for them. I think we should change that slightly. I am sure Senator Phillips has that information in his office. If he does not, then he has disposed of it because it was certainly sent to him.

• (1430)

Hon. Jack Marshall: Honourable senators, I rise on a point of order. I cannot understand why the Leader of the Government would take the attitude that he has to do everyone's homework. God forbid he should do my homework for me.

Senator Olson: I think it is sad that Senator Marshall should make that kind of comment because I know that, over time, we have answered many questions for him.

Senator Marshall: That is your responsibility.

Senator Olson: It is our responsibility up to a point. It is not our responsibility—and I do not accept the responsibility—to have a minister's staff or departmental staff ferret out information from material that a senator has already had sent to his office. He can do that himself. I used to do it when I was a back-bencher, so I do not think that other senators should escape from it.

If there are other kinds of information that are not readily available to honourable senators, I do not mind incurring

the public expense that is involved in that procedure. When an honourable senator wishes us, at public expense, to go digging out a whole lot of figures in the kind of configuration that is asked for from time to time, then, as a responsible minister, I must resist.

Senator Marshall: If the Leader of the Government is suggesting that I ask questions to which I can myself get the answers, I can assure him that that is not so and that he should not say that. I have a responsibility here and so has the Leader of the Government. If I am not doing my job, I will only say that there are two sides to the street. There are many things involved here that are weak and that one is too embarrassed to complain about.

Senator Olson: Honourable senators, perhaps we should go back to the beginning of this dispute, that is, to where Senator Phillips asked me who was the Minister of Energy, Mines and Resources at a specific time. I know that that information is available in his office.

Senator Marshall: Why do you waste so much time? Why didn't you answer the question?

Hon. Robert Muir: Honourable senators, I have a supplementary question to that posed by Senator Phillips. I suppose that in asking it I take the risk of having the question termed silly by the lecturer of the house, or I take the chance of receiving a lecture from him. It is a straightforward, simple question—he may say that it is from a simple person, but I would not mind that. I have had a lot worse said to me in my lifetime.

The question is: Can he tell me what amount of money was provided by the Cape Breton Development Corporation to the consortium that was formed to promote that proposition?

Senator Olson: Honourable senators, I shall take that question as notice and find out the detailed technical information.

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. It deals, once again, with the Kirby report. I understand that that report was to have been tabled in St. John's at 10 o'clock this morning. Whether that actually happened, I have no way of knowing.

Hon. Robert Muir: Parliament is up here.

Senator Doody: I did not hear that interjection.

Senator Muir: I say that Parliament is here in Ottawa. I thought it would be released in Parliament.

Senator Doody: Yes, I had no doubt about where Parliament was. I am not an expert on geography, but I do have some local knowledge!

The report was to have been tabled in St. John's at 10 o'clock this morning. I was rather surprised that the Leader of the Government had not distributed it here, at least at the beginning of the sitting, and I wonder if indeed it was tabled in St. John's. If so, when will we, the interested members, be privy to its contents?

Hon. H. A. Olson (Leader of the Government): Honourable senators, my information is that it was to be released in both St. John's and Ottawa today. Perhaps I could find out in a few moments whether that has been done. I am not sure of the exact time it was to have been released in both places.

Senator Doody: It was to have been at 10 o'clock in St. John's. If it had been issued simultaneously, I could have had it for breakfast here in Ottawa. Unfortunately, I am still waiting. Lunch has passed, dinner is approaching and I still have not seen the Kirby report.

Senator Olson: As I said, honourable senators, I will try to find out the exact time that the report was to have been issued. My information at the moment is that it has already been done. If Senator Doody checks his mail box, he may even find it there.

Hon. Royce Frith (Deputy Leader of the Government): Fasting is one of the steps to sainthood, anyway.

Senator Doody: I am well on the way to sainthood if the absence of information constitutes fasting. Believe me, I am canonized in preparation for the trip.

Senator Frith: I am speaking of your lunch.

Senator Doody: I am speaking of the information that I do or do not get from the government. I can assure the honourable senator, for the record, that I check my mail box regularly. I left my office at around 12.30 this afternoon. Up to that time there had been no such document—or anything approaching the document, not even an answer to my questions about it—placed on my desk or in my mail box.

Senator Olson: I think that Senator Doody will have all of that supplied to him, perhaps before the sun sets this day.

Hon. Jack Marshall: Honourable senators, I should like to ask a question supplementary to that of Senator Doody. It has to do with the consideration of the Kirby task force report, which is a document important to all of eastern Canada.

Honourable senators, I brought up this point many years ago and I bring it up again. Why is there no representation in the form of a committee for fisheries when, as a resource, it is so important to all of Canada? I have looked through the *Rules of the Senate* and the only reference I can see to a committee having anything at all to do with oceans or fish is the Standing Senate Committee on Transport and Communications, which, among other things, deals with the following:

> transport and communications by land, air, water . . . navigation, shipping and navigable waters.

To the Standing Senate Committee on Banking, Trade and Commerce can be referred matters which deal with natural resources and mines.

Should honourable senators wish to have that extremely important report referred to a committee, what are they to do? Why is there no committee which has under its umbrella the

responsibility of fisheries, which is such a vital resource to both the east and west coasts of Canada? Can the Leader of the Government answer that question?

Senator Olson: Honourable senators, I suppose I could escape the question by saying that I do not know what the reasons were in the past. Whatever they were, however, I presume that matters related to the fisheries were referred to a committee of this chamber. I could say, too, that there is some duplication with respect to committees. I believe that the Senate has recently done some revision with respect to the terms of reference in the rules respecting the various standing committees.

I also think that Senator Marshall's viewpoint is one that we should have a look at. Perhaps the terms of reference to standing committees should be made more explicit.

Senator Marshall: I am satisfied with that answer. I hope that it will be one of the first objectives for the new leader—and I realize it is a little late to be congratulating him—to consider for the start of a new session. I hope he will keep it in mind.

Senator Olson: As honourable senators know, the Committee on Standing Rules and Orders did have a meeting recently from which resulted a number of helpful suggestions for clarifying the terms of reference. It may be that fisheries should be taken into account in that regard. However, when that reference was made, it was not as a result of a motion passed in this chamber to instruct the committee. The members of the committee prefer to listen to some discussion, draft their own recommendations and come back to the chamber. Perhaps that same procedure should be followed in the future.

BUSINESS OF THE SENATE

Hon. Jean-Paul Deschatelets: Can the Deputy Leader of the Government give us any indication of the number of pieces of legislation we can expect to receive before the beginning of a new session?

Hon. Royce Frith (Deputy Leader of the Government): No, honourable senators, I cannot. I can describe some of the legislation that I think the government wants to have passed before the commencement of a new session, but I cannot give an accurate total of pieces of legislation, nor can I give particular descriptions of them all.

ATOMIC ENERGY OF CANADA LIMITED

PORT HAWKESBURY AND GLACE BAY—REPORTED SHUTDOWN OF HEAVY WATER PLANTS

Hon. Robert Muir: Honourable senators, I have a question for my dear friend, the Leader of the Government in the Senate. It is relative to previous questions I have posed regarding the future of the heavy water plants at Port Hawkesbury and Glace Bay, Nova Scotia. I know that this has been dealt with in cabinet on several occasions, and that it is causing certain cabinet ministers great concern and distress. Is the leader in a position to advise us if any new developments have taken place, or does he have anything to tell us that will give encouragement to those who are employed at those heavy water plants?

• (1440)

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Muir is correct: there has been a great deal of discussion based on sincere and genuine concern. I do not think we have any particularly positive, good news that there will be an increased demand for the production from those two plants, but I repeat that we are extremely concerned about the matter. As I say, I do not have any positive, good news to convey to him at this time.

NATIONAL DEFENCE

POSSIBLE ESTABLISHMENT OF AIR BASE IN LABRADOR

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have one delayed answer to a question raised by Senator Marshall on January 26. It concerns the activities of the Department of National Defence so far as Newfoundland is concerned. It is a very long answer, containing much detail respecting present and future DND activities in Labrador and even beyond. If Senator Marshall agrees, I shall ask that it be taken as having been read.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Since 1941, a major air base has been in operation at Goose Bay, Labrador. While the activities of the base have changed drastically over the course of its history, military activities remain relatively high. Today, the air forces of three NATO countries regularly conduct air operations from the Transport Canada owned airfield at Goose Bay.

Canadian Forces Station (CFS) Goose Bay has a permanent military strength of over 200 personnel and employs over 70 civilians in support of the long range air defence radar, air trafic control radar, and limited Canadian Forces flying operations. DND is also the Executive Agent for the German Air Force (GAF) which conducts an annual training program comprised of a six month, summer deployment of up to 16 fighter aircraft and 200 personnel. Both the Royal Air Force (RAF) and the United States Air Force (USAF) maintain permanent detachments at Goose Bay supporting, respectively, RAF low level flying training operations in Labrador and trans-oceanic air transport operations.

FUTURE DND ACTIVITIES IN LABRADOR

The introduction of the CF-18 aircraft into NORAD operations may result in an increase in flying and related activities at Goose Bay. The Goose Bay airfield has been recommended as a CF-18 deployed operating base (DOB) which would be supported by CFS Goose Bay and would

commence operations in July 1987. A CF-18 detachment would be responsible for a 24 hour-seven day a week alert posture. There is also a possibility that in the same time frame, the present Melville radar will be replaced by a minimally attended radar, in which case the level of DND's activity at Goose Bay would probably decrease slightly.

In the future, allied military training activity at Goose Bay could increase, especially if the provincial authorities will permit the development of tactical air ranges. The RAF and GAF both tentatively plan on operating TORNADO jet fighters/bombers from Goose Bay for low level navigation training. As this activity is realized, DND will be undertaking greater responsibilities as Executive Agent for all the Allied users.

In the final analysis, the implementation of these various activities is dependent upon Canada's intentions for the support and use of the Goose Bay airfield and its associated infrastructure. DND and numerous other departments are participating as members of the Interdepartmental Task Force on Goose Bay which is addressing this question.

DND ACTIVITIES IN NEWFOUNDLAND—GENERAL

In addition to the foregoing discussion on air activities at Goose Bay; following is a short resumé of other current DND activities in Newfoundland.

CFS Gander, comprising a military strength of over 400 military personnel and 120 civilian personnel provides for the following missions:

—103 Rescue Unit with 3 Boeing CH113/113A helicopters for search and rescue services in the Newfoundland/Labrador area of the Halifax Search and Rescue Region;

—the long-range air defence radar as part of the NORAD system;

—a major communications research centre; and

—turnaround support for CF-101 interceptor aircraft on NORAD air defence mission.

With the introduction of the CF-18, CFS Gander will continue to be utilized as a turnaround facility with regular CF-18 missions conducted to ensure that this capability is maintained.

CFS St. John's provides military support for all other military activities in Newfoundland with the exception of those described above. Fifty-two military personnel and 35 civilian employees provide support for the Royal Newfoundland Regiment, the Naval Reserves of HMCS Cabot, the military jetty at St. John's, and the 62 Canadian military personnel employed in Oceanography at Argentia, Newfoundland, where approximately 400 US military personnel and their families are also based.

ESTONIA

SIXTY-FIFTH ANNIVERSARY OF THE PROCLAMATION OF THE RESTORATION OF INDEPENDENCE

On the Orders of the Day:

Hon. Andrew Thompson: Honourable senators, before the Orders of the Day are called, I should like to ask leave to fulfil an obligation I made to the Estonian community, and in particular to one of the last surviving members of the free Parliament of Estonia. I should like to do this now because, although their Independence Day occurs on February 24, I have learned that we shall not be sitting at that time, and I shall be in the west.

I should like to bring to your attention, honourable senators, that on February 24 the sixty-fifth anniversary of the Proclamation of the Restoration of the Independence of Estonia will be commemorated. Those of us who were privileged to be present last night at the Baltic celebration have an appreciation of the rich quality and substance of the heritage of the Baltic people and of the determined dedication to freedom and justice that they maintain and attempt to inspire in Canadians.

I have been privileged to have a personal knowledge of this little nation, because the person whom I said at the start I have an obligation to is my own father-in-law. He is now one of the few survivors from that free Parliament of Estonia. Particularly through him I have learned of the flowering that took place during the 20 years of freedom they were able to enjoy after almost a thousand years of occupation by the Soviet Union, by Germany, for a more enlightened period by Sweden, and then again by the Soviet Union.

Estonia has a smaller population than that of metropolitan Toronto. When they got their freedom, 65 years ago, they had to start from scratch. They had to set up their own institutions, their own methods of financing, their own system of money, and an import-export system. The vitality and enthusiasm with which they undertook those tasks made them a hallmark of democracy. Their social legislation was outstanding. They had medicare and progressive labour laws many years before we did. When they set up their governmental institutions they elected, under President Paets, a constitutional forum whose task was to search out and study the deficiencies and strengths of all the established parliaments of the world. Their Senate was set up in a way that I suggest to the government leader it would be very worthwhile for our joint committee to look at.

What happened to them after 20 years? Because they were a window to the west they were overrun by the Soviet Union. Then Germany moved in. In 1944 the Soviet Union came back, and once again darkness descended over the freedom that the Estonians had enjoyed for that brief time.

I am sure that all of us here recognize that even 40 years later Estonia still suffers the brutality of the regime that has been imposed on that little nation and its people. Let me give examples. We believe that we have the right to freedom of religion here. Their clergymen, if they are outspoken, are thrown into psychiatric wards, or are tortured, or are sent to hard labour. That kind of treatment extends right down to

boys and girls at school, who fight russification. This is exemplified by the case of the two young girls who were sent to two and a half years' hard labour just a couple of years ago by the Soviet Union.

What hope is there for this little country? For instance, at Strasbourg on January 13, 1983, the European Parliament, its conscience aroused to the fate of these little Baltic nations, passed a resolution to introduce a resolution at the United Nations, the object of which would be to institute an examination of the question of decolonization of these three Baltic states. I hope that Canada will back that resolution to the full.

I think that feeling across this country is to the effect that we should maintain our integrity by recognizing always the *de facto* but never the *de jure* acceptance of that harsh annexation. I hope that we might take the step that Australia and Great Britain took in recognizing the honorary consuls of those countries. I hope that Canada will not be so timid as to leave this matter in a state of ambiguity and inconsistency by accepting the Lithuanian honorary consul, who is allowed to be included in the diplomatic book, while refusing to include those of the other two Baltic nations, for fear that we may offend the Soviet Union. I hope that that will be remedied by the present Secretary of State for External Affairs.

We should all remember, in the light of what has happened to these Baltic nations, that our own independence and freedom can only be preserved at a price. We must oppose tyrannical aggression. We must not allow an imbalance of might such as is revealed in the history of the Estonian nation. Otherwise, we could lose our great freedoms and independence.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-132, to amend the Family Allowances Act, 1973.

Hon. Lowell Murray: Honourable senators, I assume that the Deputy Leader of the Government is not going to speak to third reading.

Senator Frith: I am not necessarily going to speak to third reading, no.

● (1450)

Senator Murray: Honourable senators, I should like to say a word or two on third reading, which will detain the Senate for but a few minutes.

Senator Frith: Honourable senators, on a small point of order, I in turn assume that Senator Murray is not thereby assuming that I am not going to speak to it. However, I have nothing to add except by way of reply.

Senator Murray: I quite understand that, but let me express my regrets once again that the Minister of State for Social Development has fled the chamber and will not be here to try to defend and explain this measure and associated measures of the six-and-five program in the context of the overall social policy and priorities of the government.

Hon. Peter Bosa: He has not fled; he has other duties.

Hon. Jacques Flynn (Leader of the Opposition): He does not want to hurt his case.

Senator Murray: Senator Bosa, who has appointed himself spokesman for the Minister of State for Social Development, says that Senator Austin has other duties. I do not doubt that. As I pointed out yesterday, those many other duties, which he has been assigned by the Right Honourable the Prime Minister, including the responsibility for patronage in British Columbia, have nothing to do with social development. Without meaning to be offensive personally or meaning any disrespect, I hope that before long we will hear from the Minister of State for Social Development on matters that are properly his concern in that portfolio.

Honourable senators, I will take but a minute of your time. Yesterday, when I discussed this matter on second reading, I said that the measure was irrelevant to inflation, and I placed before the Senate some facts about federal government spending, facts which contradict the assertion that there is any program of real government spending restraint, facts that contradict the assertion, which we so often hear in this chamber, that inflation is coming down because of some alleged program of government restraint. I placed on the record figures that we had as to federal government spending between April and November of 1982.

I intervene again today because there comes to hand this morning the very latest statement of financial operations of the Government of Canada for the first nine months of the present fiscal year—that is to say, from April to December of 1982. These statistics from the Department of Finance show that total federal government expenditures went up in that period by 17.1 per cent over the corresponding period a year previously.

If you remove from that figure the interest payments on the public debt, net petroleum compensation payments, and contributions to the Unemployment Insurance Fund, you still have an increase in federal government expenditures of 16.4 per cent.

If you deduct the major transfer payments to the provinces for health, post-secondary education, the Canada Assistance Plan and equalization payments, you see that ongoing expenditures on purely federal government activities in the first nine months of this fiscal year—the brave new "restraint" world of "six-and-five"—have gone up by 19.2 per cent. I say, honourable senators, that inflation in this country is still double the rate of inflation of our major trading partner, the United States.

If inflation is coming down somewhat, it is not because of the so-called six-and-five program, and it is not because of any federal government restraint program, since there is no federal government restraint, as the figures I have just cited show. It is coming down because we have 1.6 million people unemployed and because the disastrous and wrong-headed economic poli-

cies of this government have created and worsened a terrible economic depression in Canada.

Some Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): The Murray Bureau of Statistics!

Hon. Andrew Thompson: Honourable senators, I should like to refer to two items which I know the sponsor of the bill noted at our committee meeting with the minister this morning.

I think every senator would share the view that if, because of the large bureaucratic organization, there is the omission of any small group with respect to the coverage given to children across Canada, that injustice should be corrected.

I should like to raise two points which the Honourable Alvin Hamilton brought up in the other place. One point relates to orphans who are not in institutions and do not receive family allowance. The other is with respect to unmarried teenage mothers who are not in an institution or with their family.

I know the deputy leader is sensitive to the plight of these groups, as, indeed, all of us are. I request some remedy with respect to these matters.

Senator Frith: Honourable senators, dealing first with the intervention made by Senator Thompson, he quite rightly reported what we heard in committee—some further discussion of problems in the application of the law to orphans and unmarried teenage mothers. That has been a preoccupation of Mr. Alvin Hamilton, a member in the other place.

Senator Flynn: Why not?

Senator Frith: Why not, indeed, as you will hear in a moment. The position taken by the minister is that, in her opinion, Mr. Hamilton is quite right, that an orphan who has income from some other source—for example, from an estate—can be disqualified from receiving family allowance, and that there is no reason why that should be so because, in principle, the contribution to the support of the orphan by the estate is the equivalent of a contribution by a family where a child is not an orphan. In other words, family allowances are paid notwithstanding that fact that a family is contributing to the support of its children. The fact that there is a source of income contributing to the support of an orphan is no reason to disqualify an orphan from family allowance benefits. The position of the minister is that that should be corrected.

There is an analogy, but not an exact one, with regard to unmarried teenage mothers—that is, those in the age bracket qualifying for family allowances but who are themselves mothers. Without going into the details of that, the minister's position is that that too should be looked into because, in her opinion, it is inequitable when measured against the principles of the legislation.

She has passed her views on to the Minister of Finance, so I can only say, in answer to Senator Thompson, that his concern, Mr. Hamilton's concern and the minister's concern is being looked into.

Senator Flynn: I wonder if Senator Thompson is happy with that assurance.

[Senator Murray.]

Senator Frith: Let us find out. He seemed to be satisfied in committee.

Senator Flynn: He is very subdued.

Senator Frith: The steps are being taken on the basis of the recommendation of the Minister of National Health and Welfare.

With reference to Senator Murray's intervention which, as he frankly admitted, was a repetition of what he said yesterday, except that he also asked why Senator Austin was not here, I can only say that I obviously paid more attention to his intervention than he did to mine. The position of the government, and the position of Senator Austin also, is as was explained yesterday in reply. That is, this legislation does not purport to be a breakthrough in social policy. Its measures leave intact the social policy aspects of the legislation: universality is intact; indexation is intact; and the whole social program is intact. All this bill does is adjust the economic effect of that program. It does not in any way deal with the principles of social progress and social legislation that are included in the original legislation.

● (1500)

Senator Murray said it is irrelevant, that the six-and-five program has had no effect on inflation. To prove that, he said that there is no restraint program, and he offered figures that show an overall increase in government spending of 19.2 per cent. Whether or not that is right, I do not follow the sequitur.

Senator Olson: It is probably not right.

Senator Frith: The question of whether or not the actual six-and-five program, including all of the legislation to date on that subject, has had an effect on inflation is, in the final analysis, a moot point because I do not know of anyone who can tell us whether it has or has not. As I said yesterday, it is really a matter of opinion. I give Senator Murray's opinion the respect I believe it deserves, and no doubt he will give my opinion similar respect. But to say that there has been an increase in government expenditures over all and that the six-and-five program has had nothing to do with the decrease in inflation is, to me, a complete non sequitur.

Senator Flynn: That is not what he said.

Senator Frith: That is precisely what I heard him say. We may have a difference of opinion on that, but that is what I heard him say. That was the inference he wanted us to draw. On that subject, all I can say is that—

Senator Flynn: It is all connected with restraint.

Senator Frith: —the fact that inflation is dropping is a frustrating experience for the opposition, for two reasons—

Senator Flynn: For the unemployed also; for the two million unemployed it is a very frustrating experience.

Senator Frith: Yes, it is. We accept that. That is changing the subject. Let me get back to what I was saying. It is also frustrating, as we see, to members of the opposition, because it is not a politically desirable situation for the opposition when inflation goes down, since rising inflation is, for them, a useful

political weapon. So we understand their frustration. But what could be worse than their frustration at inflation going down? Is it not that the decrease in inflation may be caused by government programs? That simply exacerbates their frustration.

Senator Flynn: High interest rates are connected with it; so is unemployment.

Senator Frith: Senator Murray said that unemployment is causing inflation. We all know how respected an economist Senator Murray is, but I am saying that there are economists who merit the same respect and who might put the matter the other way around.

Senator Flynn: Name one.

Senator Frith: Senator Flynn wants me to name an economist who says that the lowering of inflation causes unemployment. I do not have that information at my fingertips, but I shall find some for him.

Senator Flynn: They say that inflation is the result of unemployment.

Senator Frith: There are those who would say that certain steps that are taken to attack inflation cause unemployment—

Senator Flynn: That's right—

Senator Frith: But Senator Murray does not say that. He says that unemployment causes inflation.

Senator Flynn: He never said that.

Hon. Lowell Murray: Quit while you're ahead.

Senator Frith: Honourable senators have a full week in which to read *Hansard*. Assuming that Senator Murray does not change his blues—and, of course, he cannot change the blues for yesterday—he will find, if he looks at *Debates of the Senate* for yesterday and today, that he said the cause of the drop in the inflation rate was the number of unemployed.

Senator Flynn: That's right; that's what he said.

Senator Frith: Well, I disagree with that. That is wrong, in my opinion.

Senator Flynn: Name one economist—

Senator Frith: It is wrong, in my opinion; and it is right in his opinion—and, apparently, it is right in the opinion of the Leader of the Opposition.

Honourable senators, for the reasons mentioned yesterday, I ask honourable senators to support third reading of this bill. It is part of the six-and-five program, and it is our opinion that the program has, in fact, contributed to the lowering of the rate of inflation, and that the lowering of the rate of inflation is an important step towards economic recovery, which, in turn, will be an important step in resolving the unemployment problem.

Senator Flynn: I am quite sure that if we had any doubt about the way we would vote on third reading, Senator Frith has anticipated that doubt—

Senator Frith: You were going to vote differently—

Senator Flynn: After the discussion in committee this morning, which was reported to me, we had some doubts; but now we are sure. Yesterday Senator Thompson voted for the bill; but I am sure that today he will hesitate to support the bill, particularly after having listened to the argument of the Deputy Leader of the Government.

Senator Frith: Honourable senators, I want to place on record the fact that, if Senator Flynn is going to ask the opposition to support the bill on third reading, having voted against it on second reading, simply because of my intervention, I am sorry to hear that; but I am very doubtful that is so. I am sure that Senator Thompson will speak for himself.

Senator Thompson: I would like to speak for myself. I felt that there was clarity and lucidity in Senator Frith's point when he was speaking on the bill.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Olson, P.C., that this bill be now read the third time.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Hon. John M. Macdonald: On division.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

February 17, 1983

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 17th day of February, 1983, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

• (1510)

OFFICIAL LANGUAGES

CONSIDERATION OF REPORTS OF SPECIAL JOINT COMMITTEE

On the Orders:

Consideration of the Fourth Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Murray*).

Consideration of the First Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Murray*).

Resuming the debate on the motion of the Honourable Senator Guay, P.C., seconded by the Honourable Senator Cottreau, for the adoption of the Second Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, in addition to the fourth report of the Special Joint Committee on Official Languages we have on our Order Paper the committee's first and second reports.

I should like to take some of the time of the Senate on this Thursday afternoon to discuss the work of the committee, and to comment on some of the issues that the committee has considered.

The idea of creating this committee first surfaced in a formal way in the Thirtieth Parliament as a result of a proposal before the House of Commons, which proposal died on dissolution in March 1979. Again, during the Thirty-first Parliament, discussions took place with the government of the day towards the establishment of such a committee, but those discussions expired with the dissolution in December 1979. The sponsors of this committee, if I may call them that, in particular, Monsieur Serge Joyal, M.P., and Monsieur Jean-Robert Gauthier, M.P., had in mind a mandate for this committee on language matters somewhat analogous to that of the Public Accounts Committee on matters of financial administration, or a mandate somewhat analogous to that of the Joint Committee on Regulations and other Statutory Instruments. The committee was to operate, as far as possible, in a non-partisan way, and one of the chairmen was to be drawn from outside the ranks of government supporters.

The committee was finally established in October 1980. It held four meetings and then suspended its work for three months so that the Special Joint Committee on the Constitution could get on with its deliberations, some of which touched on language matters.

The Special Joint Committee on Official Languages resumed its work in February 1981. The members decided to focus, in turn, on three main aspects of language policy: language of service to the Canadian public; language of work in the departments and agencies of the federal government; and equitable participation of both official language groups in the departments and agencies of government.

The committee considered language policy, of course, in the context of the Official Languages Act passed by Parliament in 1969, of a parliamentary resolution passed in 1973, of various policy statements made by the government, in particular those emanating from the Treasury Board and the Public Service Commission, of the Constitution of Canada as it affected languages, and also in the context of the annual reports of the Commissioner of Official Languages.

The committee heard testimony from witnesses representing the government and its agencies, minority language groups, and public service unions.

With regard to the provision of services to the Canadian public in both official languages, enormous progress has been made since 1969. That progress is most obvious in what I might call the bilingual regions that have been defined by Treasury Board for administrative purposes. They are: the National Capital Region; the Province of New Brunswick; Montreal and other parts of Quebec; northern and eastern Ontario. Elsewhere, the availability of service in both languages is sporadic.

Hon. Royce Frith (Deputy Leader of the Government): What is sporadic?

Senator Murray: The availability of services in both official languages is sporadic outside of the regions I have mentioned.

Why is this so? Well, honourable senators, in the first report tabled on July 9, 1981, we said:

> The overall finding of the Committee is that far too many institutions are all too frequently unable to provide service in the right place at the right time in the right language.
>
> The Committee found that the reasons for this unacceptable state of affairs lies as much in the apparent inability of federal institutions to determine where bilingual services should be made available to the public as in their inability to staff the appropriate positions with qualified bilingual personnel.

Honourable senators are aware that the Official Languages Act provides for the establishment of bilingual districts where there is at least a 10 per cent minority official language population, and that these bilingual districts would be drawn up on the recommendation of a Bilingual Districts Advisory Board.

The fact is that the government has never proclaimed any bilingual districts, although there have been, I believe, two reports recommending the boundaries of those bilingual districts. It appears that there is a host of practical problems involved when one tries to address the problem of language rights by drawing lines on a map by virtue of some mathematical formula, such as 10 per cent.

So, the committee recommended that the concept of bilingual districts be discarded, and that references to bilingual districts be removed from the act, and in their place, in order to try to deliver government services in the official language of choice, the committee recommended that there be employed two concepts—which will be familiar to honourable senators from the earlier discussions on constitutional matters—where

there is significant demand and/or where numbers warrant, and that these two concepts be employed to require the active offering—and I emphasize the phrase "active offering"—of service to the public in both official languages.

I may say that at the same time the committee would eliminate from the act such phrases as "to the extent that it is feasible" where service to the public is concerned. Phrases like that, in our judgment, provide too convenient an escape hatch for departments or departmental managers who do not want to bother organizing their operations in such a way as to provide services in both of the official languages. The committee would have the government define those areas where there is significant demand and/or where numbers warrant, and we believe that this concept is far more flexible than the concept of bilingual districts as envisaged in the Official Languages Act. We would have the government define those areas on the recommendation of the Commissioner of Official Languages.

The provision of service to the public in both languages obviously involved the designation of certain positions as requiring bilingual skills. The committee heard evidence from the government itself indicating that identification and staffing of those position had often been haphazard. The government reviewed those positions to determine more precisely which positions should be classified as being bilingual, and at what level of language competence, and which positions currently identified as being bilingual ought not to be so classified.

It is the committee's view that the proper definition and identification of bilingual positions should lead to the use of imperative staffing in virtually all cases—that is, requiring that vacancies in bilingual positions be filled by employees who meet the language requirements of those positions.

I may say in passing that we heard testimony from at least one of the public service unions to the effect that they would be far more sympathetic to imperative staffing if they had more confidence that what they call an "honest designation" system was being used with respect to bilingual positions.

• (1520)

I want to turn for a moment to the question of language of work in the departments and agencies of the government. The Parliamentary Resolution of 1973 stated:

> public servants should as a general proposition and subject to the requirements of the Official Languages Act respecting the provision of services to the public, be able to carry out their duties in the Public Service of Canada in the official language of their choice,

The resolution approved:

> the taking of measures, after consultation with employee representatives, designed to produce a greater use of French at all levels in the Public Service, through increasing, where practical, the number of French Language Units, through further recruitment efforts by the Public Service Commission, . . . helping to realize the objective of achieving full participation in the Public Service by members of both the anglophone and francophone communities.

Honourable senators will note that the Parliamentary Resolution of 1973 made the obvious connection between the availability of a public service career in one's own language and the objective of equitable representation of both language groups in the public service. A Treasury Board directive in 1973 established the right of employees in certain parts of Canada to be supervised and have access to central services in both official languages. That 1973 directive was elaborated upon by a further Treasury Board directive in 1977. Since 1977 departments are supposed to have adopted and implemented plans and programs to help enable employees to work in the language of their choice. This is an extremely difficult area and it is one where we might as well admit that finding ways to achieve the objective has been quite difficult.

The committee found that departments are in most cases in the dark on how to apply language-of-work policy. We found that the right of employees to be supervised in the language of their choice is often not respected. We found that there are too few training and development courses in French as compared to the numbers available in English. Insofar as central employee services are concerned, the situation varies, but we found that evaluation and control of plans is quite lacking. We, therefore, asked the Commissioner of Official Languages to conduct a thorough and detailed study on the guidelines and programs in the area of language of work. That study, I am informed, has now been completed by the office of the Commissioner. We want regions to be designated for language-of-work purposes. We think that the Treasury Board guidelines need to be simplified.

Finally, we would like to see added to the act a section stipulating that employees should, subject to the requirements of the act regarding language of service, be able to carry out their duty in the official language of their choice. This would bring the act into conformity with the Parliamentary Resolution of 1973.

The question of the equitable participation of both language groups in the public service is an important objective of public policy. It is obviously important to the maintenance of confidence in our institutions that they be seen to be representative of the two official language groups. This is another difficult and very delicate subject and we might as well admit that there is a great deal of work to be done to achieve the objective, to refine the policy and to implement it effectively. Overall, it appears that representation of the language groups in the public service, if not in all the crown corporations, does reflect the proportion of English and French speakers in the population at large.

But that situation varies widely from one department to the next. There are still departments where there is quite a large imbalance of English over French, and there are some where there is quite a significant or growing imbalance of French over English. Of course, there remains a remarkable shortage of francophones in senior management and in the technical, scientific and professional categories.

In its fourth report, our committee said:

> The key to success therefore does not seem to lie merely in having a "critical" overall number, but rather in combining a balanced concentration in the various occupational categories with a working climate and conditions that encourage the establishment of French as a language of work.

The committee recommended that the Treasury Board and the Public Service Commission develop clear guidelines to help departments set appropriate participation targets to rectify certain imbalances in representation and to move more quickly towards achieving Parliament's objective of equitable representation.

I should like to say just a word about the question of language and the merit principle in public service hiring. Some people seem to think that language and the merit principle are opposing concepts. I think it important to remember that it is not the Official Languages Act but the Public Service Employment Act which makes language an element of merit. Public service positions are classified according to language requirements—either unilingual French, unilingual English, or bilingual. The so-called "exclusion order" is still in effect giving certain unilingual public servants incumbent rights in bilingual positions and giving others the right to occupy such positions provided they are willing to take language training at government expense. Subject to this exclusion order, language is considered an element of merit in hiring, which is what Parliament intended in the Public Service Employment Act.

As for imperative staffing, which means a candidate for a bilingual position must already be bilingual, it is nothing more than the re-instatement in particular, well-defined circumstances of the section of the Public Service Employment Act that was suspended by the exclusion order. Again, I make reference to the need for a proper designation of the bilingual positions and of the level of language competence required in each position. A problem arises because of the erroneous view of some people, including some in the public service, that imperative staffing of bilingual positions is intended to increase francophone representation in the public service. That was not and is not the intent. It has been confirmed on several occasions by representatives of the Treasury Board and the Public Service Commission that the purpose of imperative staffing is to ensure that services are available and are delivered to the public in both official languages and that it is possible for employees, subject to the conditions I have mentioned, to work in the public service in the language of their choice.

Honourable senators, we have to live with two languages in this country. The Fathers of Confederation knew it. They accorded recognition to two languages because it was necessary to do so in order to achieve Confederation in 1867. My old chief, the Honourable Robert Stanfield, used to say, "Language is not one of the things that unite us in this country. In a sense we are divided by language."

[Senator Murray.]

• (1530)

That is a fact of life, but the purpose of our efforts is to ensure that language does not become a source of grievance, tension and conflict in our society. The purpose of language legislation and language policy with which we are dealing is to ensure that we achieve linguistic justice so that, among other things, Canadians can communicate with and be served by their federal government in either official language, and so that there is equal opportunity for Canadians of both languages to pursue careers in the public service and to work in their own language.

We need to work at these matters. Parliament needs to pay close and continuing attention to them. We have to admit that anomalies, inequities and problems arise, and, rather than run from them or resent their being raised, we have to have them out on the table so that we can observe the grievances and the misunderstandings, and deal with them and try to correct them. We need to pay continuing attention to these matters, not because official bilingualism is an end in itself, but because linguistic justice is essential to our existence as a country.

In the past few years Canada has come a long way along this road. When I first came to this city as a young ministerial assistant in September 1961, simultaneous interpretation facilities were only then being installed in this chamber. Simultaneous interpretation had been in effect in the House of Commons for but a couple of years. Prime Minister Diefenbaker, when he introduced on August 11, 1958, a motion to approve the installation of simultaneous interpretation in the House of Commons, said that the adoption of such a measure "will be belated recognition of the equality of the two basic languages of this country as related to discussions in this chamber."

The right to speak either language in Parliament, which has existed since Confederation, was of limited value if one's colleagues could not follow and understand one's speech. In those days, parliamentary documents were published in French days and weeks after the English version. It was almost a hundred years after Confederation, and yet French-speaking members of Parliament were still protesting the inferior status which practice had accorded to the French language; an inferior status which created serious obstacles to them in the carrying out of their responsibilities to their constituents and which must have been a source of daily frustration to them.

More has been done in the past 25 years towards achieving equality of languages than was done in the first 90 years of Confederation, but we are still learning about these matters. We are still learning about the limitations of the Official Languages Act; we are learning about the effectiveness and shortcomings of federal language policies; we are learning about the problems in the implementation of the policy. We are learning to look behind the statistics of bilingual positions and incumbents, and we are finding that these statistics are often quite misleading as to the availability of services and opportunities to both language groups. We are learning of the growing insecurity on the part of many English-speaking

Quebecers about their future and the future of their language in Quebec, and whether and how federal legislation and federal policy can address these concerns effectively.

One of our recommendations is to establish the declaratory and executory nature of section 2 of the Official Languages Act. Honourable senators will be aware that most of the judges called upon to rule on the question found that section 2 does not create executory rights; that is to say, rights that are enforceable through the judicial process. There has also been a recommendation that the act be given primacy, to provide that other acts cannot be construed as infringing the rule set out in section 2.

[*Translation*]

Finally, honourable senators, I would like to say a few words about the language situation in the Senate. Needless to say, when the Official Languages Act was passed in 1969, Parliament wanted it to apply first and foremost to Parliament. Section 2 which I have just mentioned, the Declaration of Status of Languages, reads as follows:

> The English and French languages are the official languages of Canada for all purposes of the Parliament and Government of Canada, and possess and enjoy equality of status and equal rights and privileges as to their use in all the institutions of the Parliament and Government of Canada.

Senator Frith: In the institutions of Parliament.

Senator Murray:

> —in all the institutions of the Parliament and Government of Canada.

This act has already been in force for thirteen years. However, instead of showing some leadership in applying the linguistic reform legislation, Parliament has acted slowly. The annual reports of the Commissioner of Official Languages, the special studies sponsored by the Commissioner, and more recently, the first report of the special joint committee give ample evidence of this fact.

In 1977, a special study recommended by the Commissioner of Official Languages examined the situation in the Senate and made specific recommendations, of which several have admittedly been implemented. However, the most important conclusion of this study was that slowness in implementing the various programs in the Senate was largely due to a lack of administrative guidelines concerning the official languages. The special study recommended that such instructions be prepared to inform the staff of their responsibilities concerning both communications and contacts with the public.

In his 1977 annual report, the Commissioner came back to this issue and emphasized the need for a general application plan covering the language of service to the public for the Senate and the language of work in the Senate.

The present Speaker of the Senate accepted our invitation to appear before the special joint committee. While recognizing that our Speaker does not have the same administrative powers as his counterpart in the House of Commons, our committee and the Speaker of the Senate were able to summarize the linguistic situation in this part of Parliament. In our first report, we stated the following:

> The Committee was particularly critical of the Senate and House of Commons, the two institutions responsible for the Official Languages Act but still unable to meet its requirements in many respects. It suggests that these two bodies should undertake immediate and serious efforts to rectify a situation that is all the more unacceptable given the symbolic importance of Parliament.

Despite the special study's recommendations made in 1977 the Commissioner's annual report for that same year, and the special joint committee's report tabled on July 9, 1981, so little progress had been made by the end of 1981 that the Commissioner felt he had to come back to the charge in this year's annual report.

The Commissioner was of the opinion that the Senate was lagging in language matters. He was compelled to note that the Senate authorities had not yet stated any policy on official languages; since the 1977 report, efforts had been timid; the recommendation made in July 1981, by the Special Joint Committee had not been acted upon.

In particular, we had not yet established data on our staff's language proficiency; we had not identified bilingual positions in the Senate; we had no language policy with respect to staffing, etc.

Admittedly, some progress was made since the 1977 study. A review of the situation shows that the progress barely meets the minimum required from a self-proclaimed bilingual institution. I also admit that the Committee on Internal Economy, Budgets and Administration has discussed the situation a number of times and that finally a coordinator has been appointed, with a mandate to prepare a language policy and the administrative guidelines for its implementation. The Deputy Commissioner on Official Languages, Mr. Gilles Lalonde, commented on the recent progress in his letter of November 15, 1982, to the Clerk of the Senate, and I quote:

> We note with satisfaction the commitment by the Senate to comply with the spirit and letter of the Official Languages Act. We also note with interest that the Senate already has taken some action in order to establish the basis for an adequate Official Languages program. The appointment of an Official Languages Coordinator who will see *inter alia* to the setting up of a plan of action and the identification of staffing language requirements is a significant first step in that direction. Mrs. Erika Bruce can rest assured of our full co-operation in that respect.
>
> We note further progress accomplished by the Senate during the year, such as the hiring of a bilingual legal counsel, the revision of the French text of the Senate Standing Orders, the steps taken to ensure greeting in both official languages by security guards, and improvement of the simultaneous translation services.

So it seems that language reform is starting to evolve on a more solid footing than previously. As far as we are concerned, we will be looking forward as before to the Senate's progress in language matters.

Honourable senators, I would like to point out the reference made by the Deputy Commissioner on Official Languages to the effect that all that progress—

> —is a significant first step in that direction.

And also this other sentence in which the Commissioner has said:

> It therefore seems that language reform is starting to evolve on a more solid footing than previously.

I submit that this is a stage through which most government departments and agencies went quite some time ago.

You will excuse me if I insist on saying that we are lagging behind most federal institutions in language matters. As far as I am concerned, the reputation of the Senate and of Parliament in general is at stake. I do not wish to blame anyone for that situation. In the process of achieving language reform, it would be a shame were we to be more complacent with our own institution than with government departments and agencies.

Thus, before the end of the current year, it is my sincere hope that a language policy will have been stated and that the Senate will have implemented a linguistic regime worthy of this chamber.

Hon. Joseph-Philippe Guay: I want to congratulate the co-chairman of the Joint Committee on Official Languages for the excellent work he has done and for the good presentation we have just heard. I have always believed that he was quite sincere when he worked with us on the committee, and I think that fact must be emphasized today. I am sorry that I was delayed and was not here to listen to the opening remarks of Senator Murray. I would like to ask him whether his remarks today relate to the three items on the Orders of the Day concerning the reports of the Joint Committee on Official Languages. I have the impression that Senator Murray spoke about different reports. I did appreciate his remarks. I take the floor not only to commend him for the work he has done today to draw our attention to the proceedings of that committee, but also to assure you that he is doing a tremendous job as co-chairman of the committee. I want to thank him publicly and I hope he will continue to fulfil his duties on our committee for a long time.

● (1540)

[*English*]

Hon. Jack Marshall: Honourable senators, it may seem a little ridiculous that I should rise to make an observation or to get confirmation of the fact that I did not appreciate the words used by Max Yalden in his report on the Senate. I think that the Deputy Leader of the Government should read them.

Would Senator Murray confirm that, of the Senate's 374 employees, 218, or 58.3 per cent, are francophones and 156, or 41.7 per cent, are anglophones? Would he also confirm that 245 employees, or 65 per cent, appear to be bilingual; 113, or 30 per cent, are unilingual English speakers and 16, or 5 per cent, are unilingual French speakers? The point I am trying to make is that Mr. Yalden, in his report, was damning the Senate, which I think is unfair. I am pleased that the proportions I have just outlined seem to indicate that the Senate has done its job in the bilingual thrust of Parliament.

Senator Guay: Perhaps that had better be clarified.

Senator Murray: Honourable senators, I am not in a position to confirm the statistics that the honourable senator has placed on the record, although I hasten to say that I accept them.

With respect to the comments of the Commissioner of Official Languages, the deputy commissioner, in the letter which I placed on the record a few moments ago, indicates that progress has been made. I believe that I made clear, however, that I think it would be premature to say that the Senate has done its job in this respect.

[*Translation*]

Senator Frith: Honourable senators, I should like to add my remarks to those of Senator Guay and also, to some extent, to those of Senator Marshall. I believe the point Senator Marshall was trying to make is that he thought the criticisms which had been voiced were too strong because we had not completed our job.

I want to congratulate the members of the committee for a job well done, and especially Senator Murray who acted as co-chairman. I want to thank Senator Guay and all his colleagues for their contribution. I think I can sincerely say that I am not just being polite and civil. My compliments are well deserved. I may add that we experienced some difficulties, when we tried to set up this committee. I think we should also be grateful to the former Prime Minister of Canada, Mr. Joe Clark, for it is under his administration that this committee came into being, a committee whose existence is a sign of progress. Some 20 years ago, I was appointed to sit on the Laurendeau-Dunton Commission. With the benefit of hindsight and foresight, progress appears to have been tremendous. On the other hand, we must realize that various groups continue to resist changes. That is why we feel we should praise and support the committee's efforts. Moreover, I commend the Senate for taking action to implement the suggestions and recommendations of the Commissioner of Official Languages.

The Hon. the Acting Speaker: Would you like to adjourn the debate now, in case some other honourable senator should like to deal with this issue, or should we consider the debate as ended?

Senator Murray: Madam Speaker, I feel that Items No. 13 and 14 of our Orders of the Day should be stricken out. Personally, I have considered all the reports in one speech, and I do not intend to rise to deal with the others.

Senator Frith: The remarks made by Senator Murray, Senator Guay, Senator Marshall and myself should apply *mutatis mutandis* to the other two items listed under Orders of the Day.

Senator Guay: Agreed.

• (1550)

[*English*]

The Hon. the Acting Speaker: Honourable senators, do you agree that the other Orders of the Day be deleted?

Senator Murray: Honourable senators, I should point out that one of the orders, No. 14, was for the adoption of the second report. I may say that events have overtaken us, and I will need some advice from someone more experienced in the rules than I as to what to do; but I would be quite content to see the formal adoption proceed.

Senator Frith: Honourable senators, perhaps the word used by Madam Speaker is not precisely what we meant when we were talking about the other orders. I have a suggestion to make, not that the other orders be deleted but that the debate on Order No. 8 be taken as applying also to Order No. 13, and that it apply also to Order No. 14. I suggest, with leave, that we amend the motion numbered 14 and treat it as a study of the report, rather than as a motion for the adoption of the report.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Guay: I was about to suggest—and Senator Murray is aware of what I am going to say—that since the committee is now coming out with its fifth report, we will have a chance to say a few words on it when we receive it here in the Senate. I thought I would mention that, since the fifth report should be coming out within the next couple of weeks.

AGRICULTURE
FOREIGN AFFAIRS
HEALTH, WELFARE AND SCIENCE
LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEES AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Standing Senate Committee on Agriculture, the Standing Senate Committee on Foreign Affairs, the Standing Senate Committee on Health, Welfare and Science and the Standing Senate Committee on Legal and Constitutional Affairs, have power to sit during adjournments of the Senate.

He said: Honourable senators, rule 76 of the *Rules of the Senate* provides that Senate committees may have power, if so ordered, to sit while the Senate is adjourned. Some of our committees have a general power so to sit, while others have received a specific power so to sit. While that has been interpreted as being a general power, I thought it would be a good idea, perhaps *ex abundanti cautela*, to make sure that the committees named have the same general power to sit as certain other committees, even though the Senate is not sitting.

Hon. C. William Doody: Is the Standing Senate Committee on National Finance included in that?

Senator Frith: That committee has a general power.

Hon. Joseph-Philippe Guay: Will the Northern Pipeline Committee and the Joint Committee on Official Languages be sitting in the coming week, and will they be included, if required, in this arrangement?

Senator Frith: The Northern Pipeline Committee has now become the Special Committee on Energy, and has this general power, as does the Joint Committee on Official Languages. I was trying to tidy up this little question mark that applies to those that do not have the power.

Hon. Jack Marshall: Does the Subcommittee on National Defence fit in there?

Senator Frith: It will have the same power as the Standing Senate Committee on Foreign Affairs, which is included in the motion before us now.

Hon. Frederick W. Rowe: Honourable senators, does that mean that all committees now have that general power? The deputy leader mentioned a moment ago Foreign Affairs, and so on. Are all our committees included in this arrangement now?

Senator Frith: It is the intention of this motion to give those committees which do not now have the power, the power to sit during adjournments of the Senate.

Senator Rowe: The thought occurred to me that instead of specifying all the committees it would have simplified matters to say that all committees not possessing that general power should be given it.

Senator Frith: That would have been one way of doing it, but it would have meant that one would have had to look up all the committees in order to ensure that the ones I have now named will have the general power that the others already have. By this motion, they will all have the general power.

• (1600)

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

• (1610)

ROYAL ASSENT

The Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Family Allowances Act, 1973.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

• (1810)

FISHERIES AND OCEANS

KIRBY TASK FORCE REPORT TABLED

Leave having been given to revert to Presentation of Petitions:

Hon. William J. Petten: Honourable senators—

Some Hon. Senators: Hear, hear.

Senator Petten: —I have the honour to table:

Report of the Task Force on Atlantic Fisheries entitled: "Navigating Troubled Waters: A New Policy for the Atlantic Fisheries" (Michael J. L. Kirby, Chairman), dated December 1982.

The Senate adjourned until Tuesday, March 1, 1983, at 8 p.m.

THE SENATE

Tuesday, March 1, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE EDGAR FOURNIER

TRIBUTES ON RESIGNATION FROM SENATE

Hon. David A. Croll: Honourable senators, I regret that I was not present in the house on Thursday, February 17, when tributes were paid to the Honourable Edgar Fournier on the occasion of his resignation from the Senate, although Senator Flynn did indicate that I had intended to associate myself with those tributes. Senator Fournier was my good friend and the tributes to him are handsome and well deserved. I associate myself with all of them. However, they did not go far enough. There was another dimension to Senator Fournier that we should consider. I speak as a warm friend. Although it is hard for me to explain, I can relate to him.

He is an Acadian, a francophone, and a Roman Catholic. He comes from 10 generations of Canadians, and is a religious man and a Conservative. He served municipally, provincially and federally. He was later appointed to the Senate.

I, on the other hand, am a Hebrew and the son of an immigrant—a first generation Canadian. I also served in municipal government, the provincial government and the federal government, and was then appointed to the Senate.

Senator Fournier and I come from different cultures and traditions. We are ethnically different and do not share the same background. We are almost like two trains passing in the night; yet, we are both Canadians.

We met here in the Senate, and we undertook, with the assistance of the Leader of the Opposition and the Leader of the Government, our task, which was a study of poverty in Canada—a social dilemma which plagues this country as it does many others. I, as chairman, Senator Fournier as vice-chairman, and 18 other senators, formed a committee to study this subject. We travelled across the country, hearing those who wanted to be heard.

Finally, we presented a report to Parliament. That report found instant acceptance, and is now used as a reference book in social service courses at all universities. No university is without a copy. It is also used as a reference book by all social workers.

We did not abolish poverty, but we did alleviate it. What we did, in fact, was drag poverty out of the closet and place it on the dinner table, and there it has remained for attention.

● (2010)

Senator Fournier and I then undertook a study of retirement along with 23 other members of the Senate. It took us about three years. We brought in a report which was accepted by a vast majority of Canadians, though not by the government as yet.

For seven years Edgar Fournier worked on both of these problems with heart and soul. Perhaps you did not know that he was an early riser and came to the Senate at 7 o'clock every morning. I am an early riser too, and I come to the Senate at 7.30 a.m. He would have breakfast in the building and then drop into my office, and we would spend five or ten minutes discussing the witnesses we had heard and our plans for the future. That went on for all of the seven years, with the exception of the time when he was seriously ill, so great was his devotion.

Honourable senators, I tell you all this to indicate that we were two people so different in every respect who found a common ground of co-operation to work for the common good of the people of this country and to unite them all as Canadians. We did find a common ground. That is my view of what Canada is all about, the common ground that we must find. This quiet Canadian was essential to the studies of poverty and retirement because he represented the establishment and I was the new boy.

On your behalf, I want to thank this gentle and understanding Canadian who made such a great contribution to Canada. I wish him well and, particularly, good health, and I hope that he and his wife will have many years in the bosom of their family in the province they love so much.

Hon. Senators: Hear, hear.

[*Translation*]

PRIVATE BILL

POLYVENTREPRISE LTÉE—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, tabled the following report:

Tuesday, March 1, 1983

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill S-34, intituled "An Act to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act", has, in obedience to the Order of Reference of Thursday, February 10, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN NEIMAN,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Martial Asselin moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

THE ESTIMATES 1983-84

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*e*), I move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending 31st March, 1984.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (2015)

QUESTION PERIOD

[*English*]

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. On February 28 he inspected a group of militia personnel in Edmonton. To paraphrase what he had to say, it appears that he is in full support of the idea that has been mooted in the other place and in the Senate with respect to placing the unemployed in the Canadian armed forces.

The Leader of the Government said:

> We are seriously considering making more use of the military generally, and of the militia particularly, to utilize some of the training capability they have.

Would the Leader of the Government advise the Senate as to what stage the idea of recruiting 50,000 unemployed into the armed forces is at, insofar as the cabinet is concerned?

● (2020)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not want to take issue with the way in which Senator Marshall tried to paraphrase what I said. I know that he is a reasonable person and that he is aware that sometimes exaggerations are made of what he, as a politician, or I, as a politician, might have said.

I said that we have what I consider to be a highly successful project involving the militia in Alberta. This project involves a small number of people in the Edmonton—the northern militia—district. I believe that the program started with about 40 recruits or applicants. Last Saturday I attended the graduating ceremonies of 25 of them.

I went on to say that it was a highly successful project, that they used the training facilities of the militia there, and that perhaps the net cost of that program was close to zero. When you subtract all the costs that would otherwise have been involved, and when you consider that what was used was otherwise unused training capability within the militia, that is true.

I would not want my friend to believe, however, that I ever said that there was a possibility that 50,000 could be taken into this program, or, indeed, even into the regular forces program. I know that that number has been bandied about by some people, but I do not think that the number which can be expected to beneficially make use of those training facilities is anywhere near 50,000.

Having said that, I do believe that an extremely beneficial use of funds was made in this case, and that belief was confirmed by what I witnessed there and by the comments made, not only by the young people who participated but also by their families and others who attended the ceremonies. They were extremely happy about a number of things, such as the training in trades and the discipline involved in certain military aspects of the training.

I should like the honourable senator to understand that I do not expect this program to be a great panacea for the unemployment problem. Certainly with respect to the limited number of people who were involved in what was virtually a pilot project, it was highly successful from my point of view and, I think, from the point of view of the recruits who participated in it.

Senator Marshall: Honourable senators, I do not know why the Leader of the Government always has some suspicion about questions from across the floor. I neglected to commend him for his going and inspecting the militia. I take this opportunity to do so and to say that I fully agree with him.

In view of the fact that this program proves that 25 militia recruits can be trained for nothing—for zero cost, as the article states—and because such a program replaces welfare and unemployment insurance payments, why can we not expand it to take in more recruits? Why could we not use unemployment insurance benefits for the benefit of the 15-to-24 age group? By doing this people would not need to go on welfare. They would be given something worthwhile: they would be given youth development and citizenship training.

Would the Leader of the Government agree with that? Would he help me, or can I help him, expand the program right across Canada?

Senator Olson: Honourable senators, I am glad that we understand each other.

Senator Marshall: We did from the beginning.

Senator Olson: I think this program has scope. If my friend read the article in the Edmonton *Journal*, which is somewhat longer than the one in the Ottawa *Citizen*, he will have noted that I also said we were seriously considering some expansion or further utilization as a result of what we learned from this pilot project. We get into difficulty when we start to talk about numbers like 50,000. I do not think anyone has expectations that such a number could properly be brought into the kind of program I am talking about.

• (2025)

Hon. Jacques Flynn (Leader of the Opposition): Don't get excited!

Senator Marshall: In view of the fact it is known that the government has asked the Department of National Defence to consider and come up with some kind of plan, can the Leader of the Government indicate to us the proportions of the requested plan? Is it for 1,000, 2,000 or 5,000? Is it attached to any other training program, or is it strictly on the basis of what he recommends and what I would recommend? Can he tell us what state it is in and the numbers they are asking the Department of National Defence to consider?

Senator Olson: I do not think that putting a number on it at this stage would be a very wise or prudent thing to do because we have to look at other things, such as costs for the various trade schools, vacancies and the capability to accept people into the military schools. If you go beyond the facilities that are now in place, then, of course, the cost escalates rapidly.

It seems to me that we are doing what we usually do—and it is eminently sensible—namely, finding out what the capabilities now are in the unused training capacity, both in the militia and the regular forces. When we have assessed those kinds of numbers we have to match them up with the individuals who may want to enter into training, and then we can come up with the numbers. I think it is a very wise thing to be bandying about a set of numbers first—

Senator Flynn: That is much clearer than it was.

Senator Olson: —and then seeing whether we have spaces afterwards.

Senator Flynn: That is a very straight answer.

Senator Marshall: Would the Leader of the Government be able to get a report on the progress of that particular, valuable program and report to the Senate as soon as possible?

Senator Olson: I will give that undertaking to report to the Senate as soon as possible.

COMMUNICATIONS

BROADCASTING TO NORTHERN COMMUNITIES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Social Development referring to an article that appeared in the *Globe and Mail* a couple of weeks ago dealing with a plan to use the Anik D satellite to link northern native communities by television. A further background to that would be statements made by the Honourable Francis Fox in 1980 calling for that kind of northern link.

Can Senator Austin confirm that he has told the group hoping to provide this communications network in the north using that satellite that a decision on government funding would be made by March 31 of this year?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I was approached by a native group in the Yukon who were looking for continued funding for their current activities in broadcasting native programs throughout the Yukon which, I think, is a different matter from a question dealing with satellite programming. With respect to the native group in the northern native broadcasting system, I said to them that I believed their project was a worthy one and I would give it whatever support I could within the considerations of the government.

I should like to say to honourable senators that for a few years now we have encouraged native groups not only in the Yukon but also in the Northwest Territories to reach their own communities in their various native languages. We have provided funds for training natives in the various aspects of radio and television broadcasting. That service does much to link remote communities in order to build up a sense of community activity and to preserve the culture of our northern native community. I hope that that is the information Senator Nurgitz is looking for.

• (2030)

Senator Nurgitz: I have a supplementary, honourable senators. It was a newspaper article that referred to the use of the Anik D satellite, and I take it that I may well be in error, but am I correct in believing that the answer given is to the effect that while some support may be forthcoming in the way of some funding for a northern communications link, it does not necessarily include, or does not at this point include, the use of the Anik D satellite.

Senator Austin: I must say to Senator Nurgitz that I cannot tell him whether the use of the satellite is a part of the package now before the government, but I will make an inquiry. My impression from the brief—and I am only recalling it from memory—submitted at a meeting some weeks ago, is that it was essentially that support for training and further air time was sought by these people. I said I would look into it, and that in the meantime, in principle, it had my support. I hope that in the next week or two I will have the report. Again, I will check to see whether satellite time is involved.

SOCIAL DEVELOPMENT

ALLEGED MEETING RE NATIVE ECONOMIC DEVELOPMENT FUND

Hon. Nathan Nurgitz: While I am dealing with the question of northern development, I wonder if the minister could confirm that a meeting was held, I take it, in the province of

Saskatchewan, on February 19, which included persons such as Tom Pelletier and Mr. Sol Sanderson, as well as his colleagues from the cabinet, Mr. Lumley, Mr. Axworthy and Senator Argue, along with Len Marchand, Joe Dionne, Harold Cardinal, Marion Meetmore and Noel Doucette, dealing with the Indian Economic Development Fund, and if, indeed, this is some form of government committee or subcommittee.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have no knowledge of the meeting that Senator Nurgitz refers to. I do know that I am involved in committee meetings dealing with the Native Economic Development Fund, and that matter is of very critical interest to me personally; but I repeat that I know nothing of the meeting just referred to by Senator Nurgitz.

Senator Nurgitz: I take it the minister is not aware of a committee including the persons that I have just named, in any form.

Senator Austin: I am unaware of the meeting, and I am unaware that there is a committee of the type Senator Nurgitz refers to.

SPORT

SOCCER—1986 WORLD CUP COMPETITION—AVAILABILITY OF STADIUMS IN CANADA

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport, but, in his absence, I would like to put it to the Leader of the Government in the Senate.

Hon. Martial Asselin: He is not here. He is jogging.

Senator Bosa: That is why he is the minister of physical fitness.

In 1986 the World Cup games will take place. They were supposed to be hosted by Colombia. I understand that for economic reasons Colombia will not be in a position to carry through that commitment. Since the games have to be held in the western hemisphere, has the minister made any overtures to FIFA, the international soccer organization, with a view to having the games hosted by Canada?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot answer that question, but I will certainly see that the Minister of State for Fitness and Amateur Sport makes some inquiries about it and gives a reply as soon as possible.

Senator Bosa: I wonder if the leader could put a supplementary question to the minister. In dealing with the question, could the minister inform the Senate whether there are sufficient facilities in Canada to host the games, and in addition to that—

Hon. Jacques Flynn (Leader of the Opposition): We have the financial means.

Senator Bosa: We need facilities—stadiums.

Senator Flynn: It would be a good question.

[Senator Nurgitz.]

Senator Bosa: This is why I am putting the question, to see whether we can have an assessment of the stadium facilities in Canada, and whether Canada is capable of hosting the games.

Senator Flynn: Financially, of course.

Senator Bosa: I have another supplementary question. The Chairman of Metropolitan Toronto, Mr. Godfrey, announced lately that it is his intention to promote the building of a domed stadium, and that the project will be financed by the three levels of government. Has the Chairman of Metropolitan Toronto approached the federal government for a grant to build that stadium?

Senator Olson: I will see that all of those supplementary questions are referred to the appropriate minister.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have three delayed answers tonight. One is to a question asked by Senator Haidasz on February 15 concerning the whereabouts of Mr. William Player.

• (2035)

The question asked by Senator Haidasz fall under provincial jurisdiction and, as such, he should discuss this matter with the provincial authorities involved.

Hon. Stanley Haidasz: I would like to ask the Leader of the Government in the Senate whether he would entertain a supplementary question to the delayed answer he has just given.

Hon. Jacques Flynn (Leader of the Opposition): Of course—if you want to get the same type of answer.

Senator Haidasz: Honourable senators, in view of the fact that William Player is the principal of Kilderkin Investments, which company is now in default in the amount of $8.5 million, I would like to ask whether any of the money involved belonging to investors or depositors or creditors is covered by the Canada Deposit Insurance Corporation.

Senator Olson: I cannot answer that question off the top of my head. I would need to know the names of the companies involved. Certainly, a reference could be made to the appropriate authorities to find out whether they were covered by the insurance capability of the CDIC.

Senator Haidasz: I have another supplementary question. I would like to ask the leader whether the government intends to introduce amendments to the Canada Deposit Insurance Corporation before this present session ends.

Senator Olson: I had better be careful here, but I think the government has already announced that it intends to raise the upper limits of the insured amounts, for example. There were some other amendments announced, I believe, a few days ago. I will obtain a copy of that announcement for my honourable friend, perhaps early tomorrow.

NATIONAL REVENUE

CONFIDENTIALITY OF CERTAIN INFORMATION ON 1982 PERSONAL INCOME TAX RETURN FORMS

Hon. H. A. Olson (Leader of the Government): Honourable senators, in answer to questions asked by the Honourable Senator Flynn and the Honourable Senator Benidickson on February 16 concerning confidential information on income tax forms, the answer is that the new T-1 tax forms do indeed embody the budget changes referred to by Senator Flynn. The budget changes provide for a new income averaging formula that takes into account the taxpayer's income over the last few years. By indicating last year's income on the form, Revenue Canada is trying to make it easier for the taxpayer who wishes to take advantage of the new income averaging formula.

The social insurance number has been indicated to prevent any mix-ups or mistakes in the computer processing of tax returns, and also to keep the taxpayer's file up-to-date.

These measures have been taken to help the taxpayer get the best possible benefit from the provisions of the Income Tax Act.

AIR CANADA

PROPRIETY OF QUESTIONNAIRE

Hon. H. A. Olson (Leader of the Government): Honourable senators, on February 16 the Honourable Senator Rowe asked a question concerning the propriety of an Air Canada questionnaire.

I have been informed by my colleague the Minister of Transport that the answer I gave to Senator Rowe on February 16 was essentially correct. The questionnaire referred to by Senator Rowe is simply a voluntary marketing survey devised by Air Canada to get passenger reaction to its service. No one is under any obligation to answer any of the questions.

Hon. Jacques Flynn (Leader of the Opposition): It couldn't come from a better source.

SUPPLY AND SERVICES

CANADIAN FORCES—SUPPLY OF CANNED APPLE PRODUCTS

Question No. 99 on the Order Paper—**By Hon. Jack Marshall:**

With regard to *Bulletin of Business Opportunities,* Volume 10, No. 2, January 27, 1983, what are the names of the companies who tendered under (i) 03GD.2542008/2(2GD82-00288), (ii) 03GD.2542008/2(2GD82-0 0282), (iii) 03GD.2542008/2 (2GD82-00279), giving in each case the smallest unit cost available?

Reply by the Minister of Supply and Services:

The firms listed in Appendix A submitted bids for all three requirements.

Contracts were awarded on the basis of lowest unit prices submitted. The details and unit prices are provided in Appendices B, C and D.

APPENDIX A

LIST OF FIRMS SUBMITTING BIDS

Dubord & Rainville Inc.—St. Laurent, Quebec
Scotian Gold Co-Operative Ltd.—Kentville, N.S.
Pantry Shelf Food Corp—Toronto, Ont.
J.E. Landry Inc.—Rivière des Prairies, Que.
Sun-Rype Products Ltd.—Kelowna, B.C.
K.W. Food Services Ltd.—Kitchener, Ont.
Sun Pac Foods Limited—Weston, Ont.
Kelly Douglas and Company Ltd.—Vancouver, B.C.
H. Fine & Sons Ltd.—Ottawa, Ont.
M.W. Graves and Co. Ltd.—Berwick, N.S.
Campbell Soup Co. Ltd.—Toronto, Ont.
Hickeson Lang Supply Co.—Weston, Ont.
Avon Foods Ltd.—Port Williams, N.S.
Les Aliments Mont-Rouge Inc.—Rougemont, Que.
Nicholson & Setler Ltd.—Waterdown, Ont.
Stafford Foods Ltd.—Toronto, Ont.
Van de Water-Raymond—Chomedey, Laval, Que.

APPENDIX B

M.W. GRAVES AND CO.
BERWICK, N.S.
03GD.2542008/2 (2GD82-00288)

Description	Size	Maximum Quantity	Price Delivered	Delivered CFB
	Oz.	Cases	Per Case	
Apple Sauce, Type 2, Cda Choice, Class A.	6/100	56	$13.89	Montreal, P.Q.
Apples, sliced, Type 1, Cda Choice, Class B.	6/100	200	$17.11	Valcartier, Que.
Apple Sauce, Type 2, Cda Choice, Class A.	24/19	150	$13.46	London, Ont. Petawawa
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	24	$15.21	Senneterre, Que.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	48	$11.76	Lowther, Ont.
Apple Sauce, Type 2, Cda Choice, Class A.	6/100	239	$14.70	Ottawa, Ont., Kingston, Ont. Borden, Ont.
Apple Sauce, Type 2, Cda Choice, Class A.	24/19	50	$19.65	Winnipeg, Man.
Apple Sauce, Type 2, Cda Choice, Class A.	6/100	40	$22.71	Shilo, Man.
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	24	$16.05	Dana, Sask.
Apple Sauce, Type 2, Cda Choice, Class A.	6/100	570	$13.20	Cornwallis, N.S., Halifax N.S. Greenwood, N.S.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	1,250	$10.54	Cornwallis, N.S. Greenwood, N.S.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	206	$10.81	Summerside, P.E.I. Shelburne, N.S.
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	36	$10.67	Shelburne, N.S.
Apple Sauce, Type 2, Cda Choice, Class A.	6/100	75	$13.46	Gagetown, N.B.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	300	$11.05	Chatham, N.B.
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	60	$10.81	Chatham, N.B.
Apples, sliced, Type 1, Cda Choice, Class B.	6/100	100	$16.18	St. Jean, Que.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	1,000	$10.99	St. Jean, Que.
Apple Sauce, Type 2, Cda Choice, Class A.	24/19	100	$20.33	Esquimalt, B.C.
Apple Sauce, Type 2, Cda Choice, Class A.	24/19	70	$20.51	Cold Lake, Alta.
Apple Sauce, Type 2, Cda Choice, Class A.	24/19	50	$19.97	Wainwright, Alta.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	48	$11.89	St. Johns, Nfld.
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	54	$11.29	St. Johns, Nfld.

APPENDIX C

CAMPBELL SOUP COMPANY LTD.
TORONTO

03GD.2542008/2 (2GD82-00288)

Description	Size	Maximum Quantity	Price Delivered	Delivered CFB
	Oz.	Cases	Per Case	
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	10,982	$ 9.05	Cornwallis, N.S. Halifax, N.S. Greenwood, N.S., Summerside, PEI. Gagetown, N.B., Montreal, Que. Bagotville, Que. Valcartier, Que., North Bay, Ont. Toronto, Ont., Ottawa, Ont. Petawawa, Ont., Borden, Ont. Kingston, Ont., Trenton, Ont.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	200	$11.35	Bagotville, Que.
Apple Juice, Type 1, Cda Choice, Class 1.	48/6	4,100	$10.35	Portage La Prairie, Man. Winnipeg, Man., Moose Jaw, Sask. Chilliwack, B.C., Comox, B.C. Calgary, Alta., Edmonton, Alta. Cold Lake, Alta., Wainwright, Alta.
Apple Juice, Type 1, Cda Choice, Class 1.	24/10	800	$ 8.65	Shilo, Man.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	200	$13.50	Moose Jaw, Sask.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	4,195	$13.50	Moose Jaw, Sask. Chilliwack, B.C., Comox B.C. Esquimalt, B.C. Calgary, Alta., Edmonton, Alta. Cold Lake, Alta., Wainwright, Alta.

APPENDIX D

HICKESON LANG SUPPLY CO.
WESTON, ONTARIO

03GD.2542008/2 (2GD82-00279)

Description	Size	Maximum Quantity	Price Delivered	Delivered CFB
	Oz.	Cases	Per Case	
Apples, sliced, Type 1, Cda Choice, Class B.	6/100	355	$15.95	London, Ont., North Bay, Ont. Trenton, Ont., Kingston, Ont. Ottawa, Ont.
Apple Sauce, Type 2, Cda Choice, Class A.	6/100	80	$15.75	North Bay, Ont.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	750	$10.95	North Bay, Ont., Trenton, Ont. Ottawa, Ont.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	500	$11.10	Petawawa, Ont.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	1,792	$10.80	Borden, Ont.
Apple Juice, Type 1, Cda Choice, Class 1.	12/48	1,000	$10.90	Kingston, Ont.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 2, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Riley be substituted for that of the Honourable Senator Neiman on the list of senators serving on the Standing Joint Committee on Regulations and other Statutory Instruments; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

QUESTION PERIOD

[*English*]

SEARCH AND RESCUE

IMPLEMENTATION OF RECOMMENDATIONS OF EVALUATION REPORT

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government having to do with the Cross report, which is an evaluation of search and rescue. At page 94 it is recommended that improved capability be deployed to the east coast of Newfoundland, indicating that more bases or faster aircraft, or both, are required in order to react to an incident.

I wonder whether the Leader of the Government could disclose the responsible departments and officials and their reply to that recommendation.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I had anticipated some interest in this matter. Indeed, some of my caucus colleagues from Newfoundland have raised the matter with me, not only today but over the last two or three days, particularly since the recent hours of severe weather conditions experienced off the Newfoundland coast, where enhanced search and rescue capability may be needed.

As my honourable friend is aware, the Department of National Defence plays the leading role in respect of search and rescue in that part of Canada—of course, in co-ordination with Transport Canada. They have attempted to provide the most effective yet flexible coverage of the entire east coast.

I may say that, as of yesterday and the day before, there were potential difficulties because of the forecast of severe weather conditions. I have not received a report today, but as of about 3 o'clock yesterday afternoon weather conditions in the St. John's, Newfoundland area and, more specifically, in the vicinity of one of the oil rigs were reasonably good. At the present time there is a high pressure system in that area and wind is not a problem. Today, however, a low pressure system coming in from the United States could result in deteriorating weather conditions—snow, freezing rain and so on—with winds being forecast at up to 40 or 50 knots.

• (1410)

The present situation with respect to search and rescue deployment is as follows. One helicopter has been deployed from Gander to Badger, Newfoundland, to help break an ice log jam in the Exploits River, and there is a helicopter at Gander, in addition to this one, that is unserviceable. I do not have a prediction as to when it will become fully operational again.

In St. John's there is one Buffalo aircraft available, and one helicopter has proceeded to Gander, on its way to another area for an emergency medicine and food supply mission. This helicopter should have been back in St. John's last evening. Perhaps it was.

At Summerside there were two helicopters serviceable and one unserviceable, and one Buffalo aircraft fully serviceable and one unserviceable; but it is worth noting that the rig transportation is provided by the companies involved, in addition to what DND and Transport Canada have. There are at least five large helicopters and several smaller ones that belong to these companies.

Hon. Jacques Flynn (Leader of the Opposition): Are they all serviceable?

Senator Olson: I do not have that detail. However, I do not take this matter lightly. I am trying, for the benefit of members who are deeply concerned with the east coast, and for the benefit of the Leader of the Opposition, to indicate that all that can be done is being done with all of the equipment that is within reasonable range of the area, where there is risk of this storm causing problems that would require search and rescue capability.

The Minister of National Defence further informs me that he is extremely concerned about this; therefore, he has indicated that he is willing to try to move more equipment within closer range, so that it will be available with a shorter time lag.

Hon. C. William Doody: If I may, honourable senators, I should like to ask the Leader of the Government a supplementary on the same very important subject.

In the recently released Mahoney report arising from an inquiry into the sinking of *Arctic Explorer*, the vessel that went down off the northern tip of Newfoundland last winter, recommendation No. 5 says:

> The adequacy of Search and Rescue facilities available to the Newfoundland Region ought to be reviewed and additional ships and aircraft provided.

My memory of that particular incident tells me that some of the men who subsequently died in that accident were in the water for 24 hours or more. The response time of the fixed-wing aircraft is just not adequate, considering where they are now based. I quote from Captain David Walsh, who was the marine co-ordinator of the search and rescue station in Halifax, which is the centre of the command for the east coast. Captain Walsh talked about the inadequacy of the force available. He said that the two coast guard ships operating out of Halifax, *Daring* and *Alert*, were tucked in some snug harbour, like Liscomb, Nova Scotia, riding out the storm instead of spending time patrolling the offshore.

This was not because the captains and crews of the ships did not want to go out, but because they are not adequate to take the kind of weather that a rescue operation is faced with.

Captain Walsh said the two cutters based in Newfoundland, *Grenville* and *Jackman*, are somewhat better, but they have to spend time in coastal harbours and require 12 to 24 hours to reach the areas of oil exploration off Newfoundland. The two vessels stationed in Newfoundland do not have the relief crews to enable them to stay at sea long enough to be in touch with the areas of greatest concern. Captain Walsh also talked about the fixed-wing aircraft, and so on.

The question is, what is to be done, in the light of the expert advice from people like the author of the report from which Senator Marshall has just quoted, in the light of the experience of people like Captain David Walsh, and in the light of the findings of the Mahoney report into the loss of lives at sea off the coast of Newfoundland?

● (1415)

There was another incident last week when two hunters were stranded on the ice. The RCMP advised Air Search and Rescue at 5 p.m. that two men were missing. At 7.30 p.m. Air Search and Rescue advised that no helicopters could leave Gander because of the weather, or St. John's as no standby crews were available. At 7.24 p.m., according to the reports, the Rescue Co-ordination Centre in Halifax informed the RCMP and the Emergency Measures Organization that no ships or planes were available to undertake a search for the men. The Emergency Measures Organization in St. John's arranged at 7 p.m. for the provincial government air service to secure the services of a Sealand helicopter. Although Air Search and Rescue despatched a Buffalo aircraft from Prince Edward Island, it took eight hours for the craft to arrive. The time factor involved in that rescue attempt, and the fact that no standby Air Search and Rescue crews were available, critically jeopardized the opportunity for safely rescuing the missing men.

Obviously, given the weather conditions in the North Atlantic at this time of year, eight hours is an unreasonable length of response time. In the light of all this data and these facts, and in view of the loss of lives to date, would the minister undertake to see that more equipment and personnel are stationed at adequate bases in Newfoundland and the rest of eastern Canada?

Senator Olson: Honourable senators, the Minister of National Defence has indicated to me, in response to some inquiries I made two days ago, that he is extremely concerned about the situation, that he takes Mr. Justice Mahoney's report seriously, and, indeed, in light of the situation resulting from the actual weather on site, and also forecasts of potential storms, he has moved some additional equipment into the area so that the response time can be shortened. Over the longer period he will, of course, be considering what can further be done with permanent standby equipment within a shorter response time.

However, I am sure my honourable friend understands that it takes a little time to achieve that. The equipment that is now available is a significant improvement, and we all hope the history of tragic and unfortunate incidents will not be repeated.

Senator Doody: Honourable senators, I have a further supplementary. The minister stated that the Minister of National Defence had informed him that additional equipment had been moved into the area and that the response time had been shortened. Could the minister be more specific and tell us what equipment has been moved, where it is stationed, and what the response time is now?

Senator Olson: Honourable senators, I do not have any additional information beyond what I read with respect to the number of helicopters and Buffalo aircraft being made available. I gave the honourable senator details of the equipment that was on hand at 3 p.m. yesterday afternoon.

Senator Marshall: Honourable senators, in addition to the *Ocean Ranger* disaster, the offshore drilling rigs and the protection needed, as well as other matters, the Cross report also indicates that most incidents occur with fishing vessels. Although the minister will look into the matter of having aircraft deployed closer to the scene on a continuing and overall basis, as the Cross report points out, there should be deployment of a larger number of aircraft over a greater area. The Leader of the Government mentioned Gander and St. John's but there is another part of Newfoundland where many incidents occur—the west coast. There was evidence before the Subcommittee on National Defence that there was general agreement that more aircraft and better deployment was necessary to ensure quicker reaction to incidents that occur up the coast.

• (1420)

I would like the Leader of the Government to impress on his colleagues in the cabinet that this has been going on for some ten or twelve years and that it is important that something be done, not merely to snuff out a momentary incident but on the basis of the future.

Senator Olson: I do not think I can usefully add anything more, except to say that the Minister of National Defence and Transport Canada, as well as a number of other ministers, are keenly aware of the situation, and they are ready to give favourable consideration to meeting the needs reasonably adequately. I believe the report and other documents indicated that things were perhaps not as satisfactory as they should have been in the past, although I am sure that my honourable friend is aware that it is not possible to have search and rescue equipment in every location to meet every emergency, no matter how bad a storm may be.

Senator Doody: Honourable senators, I have a question on the same subject. In light of the concern that has been demonstrated for the safety of seamen off the east coast, I wonder if the Leader of the Government in the Senate would explain to us why the government has seen fit to dismantle the tracking station at Shoe Cove, just outside St. John's. This tracking station monitors the satellite sweeps of the ice lanes in the area and keeps track of the floes and drifts and supplies the information to the people concerned.

I have been told that the reason the station has been closed is that the owners of the satellite, the United States, have jumped the data fee from $50,000 per month to $600,000 per month, and that they are now going to try to do the same job from Churchill, Manitoba. There are experts who say that it is technically impossible. Obviously, I am not in a position to judge, but the assertion that such an operation from Churchill is technically impossible has not been refuted.

Can the minister rationalize for us the closing of this ice tracking station at this time—almost on the anniversary of the loss of *Ocean Ranger,* I might add? I am sure that is just a coincidence. If the minister does not have the information, will he undertake to get it for us?

Senator Olson: I undertake to get a response to that question.

Hon. Frederick W. Rowe: Honourable senators, I do not want to prolong this discussion—and it is really a discussion—unduly at this time, but we are literally dealing with matters of life and death as they affect east coast Canadians.

One aspect of this problem that has not been mentioned today, and one which has given me and many others concern—especially those who are personally familiar with this situation, as I have had the opportunity to be—is the icebergs on the east coast of Newfoundland, along the coast of Labrador and on the Grand Banks. Honourable senators may recall that within the last two weeks an iceberg came dangerously close—within a few miles—of one of the rigs in the Hibernia area. That iceberg was a small one but, even at that, it was estimated to be 100,000 tonnes. I might say that I am suspicious of that figure, because very few icebergs are as small as 100,000 tonnes.

[Senator Marshall.]

Just to give honourable senators an idea of the nature of the problem in certain years, I shall relate a personal experience. One of the years when I represented all of Labrador in the legislature I travelled by boat from St. John's to Nain in Northern Labrador, now the most northerly community in the province. I and those with me counted 300 icebergs along the route. That gives you some idea of the magnitude of this problem.

What I am getting at is that the law of probability must inevitably prevail. Sooner or later—and this is something the operators of *Titanic* found to their sorrow—those icebergs are going to present an even more serious problem than we have experienced so far. It is only a matter of time. I know that the university and a quasi-university organization in Newfoundland which deal with iceberg research have done some experimentation on actually towing huge icebergs of perhaps a million tonnes to determine whether or not it is possible to divert them in that way. I might say, incidentally, that there are icebergs which are far larger than a million tonnes.

• (1425)

Can the Leader of the Government in the Senate find out whether the Government of Canada is at the present time undertaking any experiments in relation to icebergs which now pose a threat to eastern Newfoundland and which will continue to *ad infinitum*?

Senator Olson: Honourable senators, I shall take the question as notice and shall try to obtain a reply.

ENERGY

SCOTIA COAL SYNFUELS PROJECT

Hon. Orville H. Phillips: I have a question for the Leader of the Government in the Senate. My question is directed to him as the former Minister of State for Economic Development. Can he advise the Senate when he was first informed of the Synfuels project in Cape Breton?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have any date, off the top of my head, as to when I might first have been informed about it. I think it was under way before I came into office.

Senator Phillips: The political amnesia in this affair seems to be spreading to other cabinet ministers.

I wish to direct a supplementary question to the Leader of the Government in the Senate based on the Canada-Nova Scotia agreement on oil substitution. Paragraph 6.2(d) requires projects to be economically viable, and I quote:

> "economically viable" in this context means that there is a high probability that the money savings on operating costs generated by the undertaking will repay the costs thereof over the 10 years next following completion of the project.

My question is: What were the estimated savings on operating costs for the Synfuels project, and the number of years required to repay those costs following the completion of the project?

Senator Olson: I would like to advise Senator Phillips that I am not suffering at all from amnesia. I shall take that question as notice, since he did not send me notice before the sitting began today that he intended to ask it. I am sure he does not expect me to have the answer on the tip of my tongue.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. Perhaps after listening to the various representations from the east, he will give some consideration to a question from Manitoba. I am speaking now of a very important matter, the Garrison, which I refer to as the "wrong way" river.

• (1430)

I would like to bring to the attention of the Senate the fact that the $1 billion sum that has been requested to make the Garrison Dam project a reality is being spent on that project.

While I spoke in January and February of this year on the subject of a further grant of some $4 million, within the past 10 days another $3 million have been allocated for that project, and another bill requesting $22 million is currently before the United States Senate for its consideration. In other words, over the years money has been made available for this project on a continuing basis.

Many people believe that this project—which has been talked about for the past 19 years—is something that is not as real as we fear it is here.

I should like the other cabinet ministers in the Senate to support the Leader of the Government so that we can be given a good hearing in the cabinet and so that appropriate representations can be made to the United States government.

Let me read a short excerpt from a newspaper article so that you will know what I am speaking about. It states:

> One billion-dollar sum that ought not count in the nation's grim deficit picture is that still to be spent on the Garrison River Project, which is to meet the nation's not-so-urgent need to have a small North Dakota river flow toward the North Pole instead of the Gulf of Mexico.

The article goes on to state:

> But the canals and reservoirs would themselves consume some 225,000 acres, most of it existing farmland. That and fears of pollution and flooding the project might cause elsewhere in the state have prompted some local farmers—

Those farmers reside in the south, and that has prompted them to support Canada's request.

> —and the National Audubon Society to fight the project in court.

If completed, the project would lift American Missouri River water—along with Missouri River predatory fish and pollution—over a continental divide and dump it into a Canadian river system which could be damaged by it. I am speaking now of the Red River. That would destroy all of the fresh fish in Lake Winnipeg.

The article goes on to state:

> The International Joint Commission back in 1975 declared that the diversion "would cause significant injury to health and property in Canada."

I do not think we should treat this too lightly.

Another newspaper article, making reference to the $3 million in funding, states:

> The controversial Garrison diversion project has received another $3 million in funding from Washington—

I want you to take particular note of the governor's name.

> —Govervor Allen Olson said yesterday.
>
> Olson said he learned of the additional funding in a telephone conversation with Interior Secretary James Watt.
>
> He said Watt told him the money had been redirected to Garrison from other areas of the Interior Department's budget.
>
> A spokesman for Olson said the governor also has been told another $5 million for the project will be contained in a jobs bill now before Congress.

This is not a reference to the other $22 million being considered, over and above, on a three-year contract.

The reason I ask this question again is that the people of southern Saskatchewan and Manitoba—south of Brandon and all the way to the Red River, and north towards Lake Winnipeg—are very concerned about this. I suppose we do not hear very much about this in Ottawa, but there are daily reports in the newspapers of Manitoba. The people of Manitoba and southern Saskatchewan wonder why we, in Ottawa, are not hollering louder about this. So, I hope that my voice will be heard and that soon we will be told that appropriate representations will be made to the United States government so that we shall be given some consideration while they are continuing to build that project.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I appreciate the concerns expressed by Senator Guay. I think he is accurately reflecting the apprehension of those who could be affected by this diversion.

I also want to say to him that the other ministers in this chamber, as well as ministers of the Crown in the other place, have, indeed, supported—

Hon. Martial Asselin: Name them!

Senator Olson: —that view and, further, have supported expressing their concern through all available channels to the

United States administration, the Senate and the Congress generally. It has been done. So I think Senator Guay can assure the people who are apprehensive about it and the people who are writing, as I think he said, almost a daily column about it, that we do not need to be convinced of the validity of the argument that Senator Guay and others have been advancing over the months or years. That has been conveyed by the Government of Canada to the administration in Washington.

● (1435)

Senator Guay: I have a supplementary. Many people are saying that while the United States government can criticize Canadian films and make a lot of noise about it and get a lot of press coverage, they hope that we can make as much noise and tell the United States government that we are also annoyed with their policy pertaining to the Garrison. If we get enough publicity, perhaps they will give us some consideration and will stop that project, because it is not only going to ruin Manitoba but it is also going to ruin a lot of their own citizens south of the border.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question on the same matter? I have noted carefully and I am glad to hear the minister's observation that everything possible is being done at the present time not only with the administration but also with the Congress—the Senate and the House of Representatives. I am glad to hear that because I am of the opinion that it is not nearly enough for us to get the ear of the administration. If we do not get the ear of the Congress, we are not going to get what we want.

Would the leader take a look into the liaison that we have in place with respect to the Congress of the United States, and at a convenient moment let us know exactly what is being done in that respect?

Senator Olson: Honourable senators, it is easy to give an undertaking that I will try to get a reply to that question, but I think that both Senator Roblin and Senator Guay would agree with me, upon reflection, that if overt lobbying of the United States Congress were embarked upon by the Government of Canada or others, that would be acceptable up to a point, but it would involve interfering or attempting to interfere in the process of government of another country. Therefore, I am not sure that I can give a simple answer that is satisfactory. If we are to raise the profile of Canada as a country and the Government of Canada by objecting to a project that is going on inside the United States—notwithstanding the fact that there are potential pollution problems that have been pointed out very adequately over the past weeks—we have to handle it with discretion, particularly if we want to maximize the results that are in keeping with what I have just described.

Senator Roblin: I really agree with what the minister has just said. One has to be very circumspect in interfering in the internal affairs of another nation. I appreciate that point, but it is, nevertheless, a fact that, with respect to the United States, lobbying of the Congress is expected; that is not considered to be a no-no. You will find that many nations besides ourselves recognize that fact.

I have spent the past two days in Washington, and the rule of confidentiality prevents my telling the minister some of the things I have been told. I will simply affirm to him that representation to the Congress is not out of bounds, particularly if it is on a matter regarding which the administration in Washington and the administration in Ottawa are on an even footing. If the administration in Washington does not take a contrary view to the one we take, then I think discussions between ourselves and members of the Congress are considered to be sufficiently discreet. I admit that when it comes to acid rain, for example, and when you get a movie like the one that has been shown down there, which was mostly filmed in the United States in any case and has an entire cast of American actors, I can perhaps understand the unwise but human reaction of some people down there.

I just want to encourage the minister not to get put off his stride in dealing with the Congress by fears that in doing so we risk in all circumstances transgressing the unwritten rules of normal conduct between our two countries.

Senator Olson: I am glad that Senator Roblin made that comment on a supplementary question because that is not what I was trying to say. I have made representations directly to the leaders in both houses of Congress on a number of occasions, I think within what are the accepted laws, rules, precedents or traditions of propriety.

● (1440)

What I understood Senator Roblin and, perhaps, even Senator Guay to say is that they want us to raise the profile of the representations being made. Therefore, to give what I think is an honest answer, I am not sure that raising the profile would be productive; indeed, it may be counter-productive to do it in this case.

I want to assure you that we, as a country and as a government, are concerned about this matter, and that many of the suggestions that have been made again today have, indeed, been carried out in the past. I have reported that to this chamber.

When it comes to the Canadian government attempting to raise the profile particularly high by way of lobbying the United States Congress, there is a point of discretion beyond which it becomes counter-productive.

Senator Roblin: Honourable senators, it was the minister himself who raised the point, not I. Had he not mentioned the Congress or liaison, I do not think I would have raised the matter. However, having heard him make that statement and being encouraged by what he told this chamber, I asked the question: Would he now tell us just what form this is taking? I hope he still finds himself able to do so.

Senator Guay: Honourable senators, I would again address a question to my leader. I probably left Senator Olson with the wrong impression because, in answering Senator Roblin just a moment ago, he said that we do not want to interfere with the programs or progress of the United States, as such.

I would like to make it clear that, even though I mentioned sums of money being spent by the American government on the Garrison, I am not against their spending the money. I am against their diverting part of the Missouri River into the Red River. This will spoil our fresh water and our fresh fish.

They can damn well—if I may use that word—do what they want and build the Garrison, providing they leave the waters flowing south. They can spend all the money they want in building the Garrison, but they should keep their waters and not use our fresh water as a dump to clear their own area.

A representation should be made indicating that they can do what they want as long as they keep their waters and do not dirty ours. This is what the International Joint Commission stated in its reports of 1970 and 1975. Senator Robichaud, who used to be the joint chairman of that commission, can certainly clarify that point.

Senator Olson: Honourable senators, I have to advise Senator Guay that I understood him perfectly.

THE CONSTITUTION

ABORIGINAL RIGHTS CONFERENCE—AGENDA

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government concerning the constitutional conference that begins on March 15 next.

Has a consensus been reached among the participants, including the native peoples, as to the agenda for the conference? In any case, when may we expect to see a copy of that agenda?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to make some inquiries about that. I am not sure that a consensus has been reached, and it may have some bearing on how "consensus" is defined.

In any event, I shall make inquiries later today and before we meet tomorrow so that I can give the information to Senator Murray, if it is available.

ENERGY

DOMESTIC OIL PRICE—INCREASE

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government.

Hon. Jacques Flynn (Leader of the Opposition): Your leader?

Senator Buckwold: Our leader, I am proud to announce.

Senator Flynn: Senator Guay said "my leader."

Hon. Peter Bosa: He is the Leader of the Government in the Senate.

Senator Buckwold: In any case, Mr. Leader, today the price of gasoline went up 3.5 cents a litre—

Hon. Martial Asselin: Shame.

Senator Buckwold: —as a result of the National Energy Program and agreements with the Provinces of Alberta, Saskatchewan and other oil-producing provinces.

Senator Asselin: It was not supposed to.

Senator Buckwold: I gather that this week there was a conference between the Prime Minister and the Premier of Alberta as to the future of these arrangements. I am expressing the view of many when I say it is a little bit incomprehensible that somewhere along the line Canadians will not benefit, in due course, from the significant drop in the price of oil.

Has the leader any comment to make on the meeting, or can he give any indication of what direction the pricing of Canadian oil will take?

Hon. H. A. Olson (Leader of the Government): Honourable senators, it should be put on the record, in case someone does not understand it, that the reason the increase in the retail price of gasoline, heating fuel and other fuels took effect yesterday was because there was an increase in the price of the crude oil going into the refineries on January 1. There is a 60-day delay so that the inventory can be worked through the system before the higher-price fuel, in fact, reaches the consumer level. Therefore, I hope there is no misunderstanding about the reason for the 3.2-cent or the 3.5-cent per litre increase which took effect yesterday.

I think the statement regarding Canadians benefiting from what has been described as a drop in the international price of crude oil should be turned around somewhat. For many years Canadians have been benefiting from a price lower than the international price. Moreover, there is an agreement between the producing provinces and the federal government that that price will be limited, on the increase side—at least, while it is increasing—and that it will meet a ceiling when it hits 75 per cent of the international price. I will not go into the definition of how that international price is arrived at.

The price is now, I think, getting close to that level. If international oil prices drop by so many dollars per barrel—and I am not quite sure what the amount is, but I think it is by more than $4 per barrel—then the ceiling will come down to hit the 75 per cent level. Otherwise, according to the agreement, if oil had remained at its present price, calculated on $34 per barrel for the quality of crude coming out of the Persian Gulf area, particularly Saudi Arabia, there could have been a further increase of something like $4 per barrel on July 1, 1983, before it reached the ceiling.

What we are seeing now is a reverse of the trend that was anticipated when the agreement was signed. However clever some people may think they can be with 20-20 hindsight, I do not think that was anticipated when the agreement was signed on September 1, 1981. The situation has turned around completely.

I think it would be well for people, generally, to understand that situation. We are not, even today, at the so-called 75 per cent ceiling. However, it could be that, when prices start to come down, the world price may come down to the ceiling and go below the point where 75 per cent is effective.

As has been pointed out by a number of people, that does, in fact, require some very careful analysis of whether or not all of the circumstances respecting the agreement signed on September 1, 1981, really ought to be re-examined.

Hon. Lowell Murray: Honourable senators, I have a supplementary question, which is simply for the purpose of clarification. Is it the position of the government that the agreement would not allow the price to go above the 75 per cent ceiling, and that the price will be kept below the 75 per cent ceiling by government action, if necessary?

Senator Olson: Honourable senators, I am not prepared to answer that question. I am not, of course, the Minister of Energy, Mines and Resources, who is directly responsible. Furthermore, I would expect that a matter of that importance and magnitude would be one which would be considered by the whole cabinet.

As Senator Buckwold has pointed out, there have been some discussions between the Prime Minister and the Premier of Alberta. I am sure that the question of what should be done in the situation that Senator Murray described formed part of that discussion. However, I am not now in a position to say that, if the international price continues to decline, the 75 per cent will decline with it.

• (1450)

Senator Murray: What does the agreement provide? That is what I want to know.

Senator Olson: I am not sure what the agreement provides. I think I have to put it this way. I do not think that the agreement was designed to deal with that possibility, because it was not anticipated at the time.

The Honourable Senator Murray can laugh, but I am giving him a frank and honest answer to his question.

Hon. Royce Frith (Deputy Leader of the Government): A truthful answer.

Senator Olson: I think that is what "honest and frank" means. Senator Frith says "truthful," and that is another way of saying it.

I repeat what I said a few minutes ago about the situation. When circumstances seem to be moving in exactly the opposite direction, that is something that both levels of government and a lot of other people want to take into account.

Senator Murray: Honourable senators, we now have the admission from the Leader of the Government in the Senate that he does not know what the agreement provides. May I ask him, then, whether the Government of Canada and the Government of Alberta have agreed on what the agreement provides?

Senator Olson: Honourable senators, I have heard no reports that they have reached an agreement on what the agreement says, or, what is more important, how it is to be interpreted when there is now a set of circumstances surrounding it that were not anticipated at the time of signing the agreement.

[Senator Olson.]

Senator Murray: Is there a difference of opinion between the Government of Canada and the Government of Alberta as to what the agreement provides?

Senator Olson: I know of no expressed difference of opinion.

Senator Murray: Implied?

NATIONAL REVENUE

INCOME TAX RETURNS—STATUS OF BUDGET RESOLUTIONS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate having to do with income tax returns.

This is the time at which income tax returns are being prepared. I have had some representations made to me by some of my constituents who are in the accountancy profession and who have expressed their concern about the uncertainty that prevails with respect to the budget resolutions that have to do with income tax, which resolutions have not yet been implemented.

Could the Leader of the Government inform the Senate as to when Canadians can expect the buget resolutions to be adopted by Parliament?

Hon. H. A. Olson (Leader of the Government): Honourable senators, no, I cannot. I know better than to predict what the opposition may do at any given time in terms of dealing with these matters. It is a fact today—I suppose it has been so throughout parliamentary history—that the government proposes and the opposition disposes. Anything that we could do in this chamber would, I think, be of great service to the Canadian people.

Hon. Martial Asselin: There will be closure, as usual.

Senator Olson: We do not need to have closure if the bill passes.

Some Hon. Senators: Oh, oh!

Hon. C. William Doody: What penetrating insight!

Senator Olson: If I could finish what I was saying when Senator Asselin interrupted me, I am sure that anything that the honourable gentlemen opposite can do to assist in the passage of this bill—which would, in a number of respects, improve the income tax rules and regulations for a lot of people in Canada—would be regarded as a great service to Canadians.

Senator Bosa: Honourable senators, I have a supplementary question. Would the Leader of the Government inform the members of the opposition that some of their greatest supporters are up in arms over the long delay in the implementation of these resolutions?

Senator Olson: Yes, I could do that, but I did not think it was necessary for me to advise the opposition. I think a lot of their own supporters throughout the country in the accountancy business and in several other businesses stand to gain substantially from the passage of Bill C-139. I assume that

this has already been conveyed directly to the members of the opposition.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a supplementary question raised yesterday by Senator Haidasz concerning whether the government plans to introduce amendments to the Canada Deposit Insurance Corporation Act.

The answer I gave yesterday is essentially correct. I remember Senator Flynn saying that the bill had been introduced. That, too, is correct.

There is additional information I should add in order to give a more complete answer to Senator Haidasz' question. Bill C-142, to amend the Canada Deposit Insurance Corporation Act, was introduced by the Minister of State for Finance in the other place on January 19, 1983.

Amendments contained in Bill C-142 would increase the maximum level of deposit insurance from $20,000 to $60,000. The Minister of State for Finance has said that this change would be effective from January 17, 1983, which coincides with some dates that a number of those depositors were apprehensive about.

PRIVATE BILL

POLYVENTREPRISE LTÉE—THIRD READING

Hon. Martial Asselin moved the third reading of Bill S-34, to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 3, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SCHEDULE OF AUTHORIZED SALARY REVISIONS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a schedule of authorized salary revisions for certain Senate positions, effective April 1, 1983, as approved by the committee at its meeting today, Thursday, March 3, 1983.

REPORT OF COMMITTEE BUDGET TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a report approving the supplementary budget of the Standing Senate Committee on Banking, Trade and Commerce.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

THE ESTIMATES 1982-83

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1983.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday, March 15, 1983, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1410)

Senator Frith: Honourable senators, indications are firm that we shall not receive legislation from the other place next week. The program there consists of either a continuation in Committee of the Whole on Bill C-143 or the consideration of some non-controversial legislation tomorrow, neither of which activities will produce legislation for us next week.

Monday has, I believe, been designated as the sixth Opposition day, or the House may continue consideration of Bill C-143, again not producing legislation for us to deal with. The Committee of the Whole will continue its consideration of Bill C-139 on Tuesday. On Wednesday the House will deal with private members' business, and on Thursday will continue its consideration of Bill C-143 or Bill C-139.

For those reasons, it does not seem appropriate to ask the Senate to sit next week.

However, I am glad to say that there will be committee activity next week, each of the committees continuing to have a heavy schedule. Honourable senators will recall that we have given all committees leave to meet when the Senate is not sitting.

My information is that it is likely that the following committees will meet next week, even though the Senate will not be sitting: the Standing Senate Committee on Legal and Constitutional Affairs; the Standing Joint Committee on Regulations and other Statutory Instruments; the Standing Senate Committee on National Finance; the Standing Senate Committee on National Finance, Subcommittee on Estimates; the Special Joint Committee on Official Languages; and the Standing Senate Committee on Foreign Affairs, Subcommittee on National Defence.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we are much obliged to the Deputy Leader of the Government for the explanations in support of his motion to bring us back here on March 15 instead of next week.

He mentioned the business now being considered by the House of Commons, and more specifically Bills C-139 and C-143. He also alluded to legislation which I think he meant to call non-controversial. However, I would like to know, and I think I am not the only one, what the Government's intentions are with respect to ending this positively endless session, because we shall soon be celebrating the third anniversary of this session if Parliament is not prorogued. They might adjourn before Easter, but according to the Rules of the other

place, would that mean that we would also be adjourning on March 30? Would this be a prorogation, for all practical purposes, with a new session being called and starting after Easter, around April 11 or perhaps a little later?

The question is, and a number of senators would like to know the answer: Does the Government intend to continue this session ad infinitum? In other words, are we going to drop the practice of having one session per year and will Parliament, from now on, sit without any interruptions and without throne speeches, or will Parliament be prorogued and will a new session begin?

Senator Frith: Honourable senators, I cannot give a definite answer on behalf of the Government, but I am prepared to share my impression of what it intends to do. No date has been set yet, but one can draw certain conclusions from the legislation the Government would like to see passed before the end of the present session.

If you will allow me, my impression is, and I am not saying anything definite, that the three major pieces of legislation are Bill C-139 concerning the budget, Bill C-143, and the Canagrex Bill, more or less in that order—that is, the first two are both major bills, although I have the impression that the Government still intends to go through with Canagrex.

There are other bills that have some bearing on finance and which are very important in this connection, but as I said before, I do not think there is a definite date. However, once we have dealt with this set of measures and with these priorities, I think the Government will be ready to end the present session.

Senator Flynn: Canagrex had slipped my mind, but it seems it has also slipped the Government's mind, because if I am not mistaken, the House of Commons agreed to a two-day extension for the debate on this Bill. However, that was before Christmas 1982, nearly three months ago. Would that indicate that the Government's enthusiasm has cooled somewhat? It would take them only two days of debate and then we would get the Bill so that we could decide whether we want to accept a measure that, as we all know, is somewhat less than popular.

Senator Frith: Honourable senators, I will let the Leader of the Opposition and other senators make up their own minds about the Government's degree of enthusiasm with respect to Canagrex. However, as the Leader of the Opposition pointed out, it is true that two more days of debate have been set aside, according to a resolution passed in the other place. If I remember correctly, there was some trouble in starting the two-day debate, because of certain objections that were raised on which, I may add, I have not formed an opinion. In any case, on both counts, namely the Government's preference for adopting Bill C-139 and Bill C-133 before Canagrex and the problems that can be expected in starting the two extra days' debate, whether or not there is any basis for the interpretation suggested by the Leader of the Opposition, namely that the Government's enthusiasm has cooled, is open to speculation.

Motion agreed to.

• (1415)

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF MINISTERS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government in the Senate, Senator Olson, had to leave unexpectedly on government business and will not be present today; and, according to my information, neither will Senator Perrault. Senator Argue and Senator Austin are here and, of course, I can take questions for the absent ministers as notice. As a result of the motion just passed we shall have a full week in which to obtain answers to such questions.

[*Translation*]

Hon. Martial Asselin: Speaking of Senator Perrault, last night on television at the closing of the Canada Games in Chicoutimi, Senator Perrault announced that he went there especially to eat tourtière and blueberry pie and that he ate a lot of it. Now I see he is not here today. Does he have an upset stomach by any chance?

Hon. Louis-J. Robichaud: Honourable senators, on a point of order. I heard Senator Asselin say that Senator Perrault said he went to the Canada Winter Games especially to eat tourtière, and so forth. I watched the same program, but Senator Perrault never said he went there especially to eat Quebec tourtière and Quebec food.

Hon. Senators: Hear, hear!

Senator Asselin: I could even add that Senator Perrault said he brought his wife and children over from Vancouver to have a taste of Lac Saint-Jean tourtière and blueberry pie.

Senator Robichaud: That is different.

Senator Asselin: It is the same thing.

Hon. Jacques Flynn (Leader of the Opposition): Raisin pie!

Senator Frith: Honourable senators, I merely want to say—is there another point of order?

The Hon. the Speaker: No.

Senator Frith: Excuse me.

The Hon. the Speaker: In that case, I have no ruling to make on the point of order.

Senator Frith: Mr. Speaker, since no ruling is required with respect to the question put by Senator Asselin, perhaps I could suggest that—

Senator Asselin: I was just enquiring about his health.

Senator Frith: Yes, quite. Perhaps he is trying to lose the calories he gained last night!

Senator Flynn: He is out jogging!

● (1420)

[*English*]

EMPLOYMENT AND IMMIGRATION

JOB CREATION PROGRAM

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have an answer to a question asked of me by Senator Muir on February 15 regarding the job creation program. I was waiting for him to appear in the house before providing the answer, but I see that he is not here this week. I will therefore put the answer on the record, and if he has any other questions I am sure he will direct them to me.

He asked me questions regarding the nature of the NEED program, and without repeating his questions I will indicate that the number of jobs created to date is between 7,000 and 8,000; the number of jobs anticipated is approximately 80,000; and the average duration of jobs approved to date is 23 weeks.

He also asked questions regarding types of jobs or projects, and I could give you some samples. In Newfoundland, for example, jobs have been created for the purpose of building squid and capelin processing facilities. In Nova Scotia jobs have been created for the purpose of improving the quality of the ground fish catch. In Quebec jobs have been created for the purpose of fabricating warehouses for each of 11 designated fishing communities and this, in turn, creates a number of jobs for tradespeople such as plumbers and electricians. In Manitoba jobs have been created in the fresh-water fishing industry. In British Columbia jobs have been created in the forestry and woodworking industries.

I also want to mention the A-base job creation projects. There are various programs that deal with skills training on the job.

Hon. Jacques Flynn (Leader of the Opposition): Did I hear you correctly—"seal" training?

Senator Austin: No seals; no seals of any kind.

Senator Flynn: It could be a Liberal Party program.

Senator Austin: I do not know what Senator Flynn is referring to—

Senator Flynn: You are perhaps the only one who doesn't.

Senator Austin: —but it is clear that there is no training of any kind whatever on his side of the house.

Funding for all of these substantial A-base programs amounts to approximately $940 million for fiscal 1983-84, and approximately 190,000 jobs are expected to be created in that fiscal year. The Minister of Finance is preparing a budget which I hope will give additional support in this all-important employment-creating sector.

The final question Senator Muir put to me related to federal-provincial agreements. I would like to report that such agreements have been reached with all provinces—with the exception of Nova Scotia, with regard to which discussions are continuing and we hope an agreement will be arrived at shortly—and Yukon.

In each of these provinces there has been a joint federal-provincial committee established which in some cases is comprised of senior officials and in others of officials and private citizens. These committees advise on the nature of the projects in relationship to the provincial economy.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Haidasz on March 1, 1983, concerning whether the $8.5 million arrears in mortgage payments by Kilderkin Investments Limited are covered by the Canada Deposit Insurance Corporation.

The answer is that CDIC does not insure the assets of Kilderkin, or of trust companies for that matter.

Deposits of trust companies to which the funds may be owing are insured to the limits stated in the Canada Deposit Insurance Corporation legislation, assuming these are insured deposits.

Legislation presently before the House of Commons increases the insured limits from $20,000 to $60,000.

● (1425)

Hon. Jacques Flynn (Leader of the Opposition): That's rather repetitious.

THE CONSTITUTION

ABORIGINAL RIGHTS CONFERENCE—AGENDA

Hon. Lowell Murray: Honourable senators, yesterday I asked a question of the Leader of the Government concerning the agenda for the constitutional conference which begins in this city on March 15. As the Senate will not be sitting between now and that date, is the government now in a position to furnish us with a copy of the agenda, or can the minister state whether a consensus has been arrived at among the participants in that conference, including the native peoples, regarding the agenda?

I am putting the question to the Minister of State for Social Development in view of his Cabinet responsibility in the field of native peoples' affairs.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, the conference at the ministerial level, and with representatives of the Indian, Métis and Inuit peoples, which was held here earlier this week for two days, was entirely involved in a discussion of the agenda. I do not have an agenda to table; nor am I aware that an agenda is about to be released.

However, the issues are well known. They relate to definitions of section 35 and the meaning of aboriginal rights; to questions concerning the meaning of the word "existing" in section 35; to a charter of aboriginal rights in Canada; to the question of the ongoing process, and whether or not it would be constitutionalized. That item relates to section 37. It also relates to the question of whether that ongoing process would be political or whether it would be entrenched.

There were also discussions relating to the number of meetings that would be held in the future at the first ministers' level, in an attempt to deal with those questions of aboriginal rights that concern the native community. There are other issues, such as that concerning section 42 and whether paragraphs (e) and (f) of that section should be repealed. I refer to sections that deal with the creation of new provinces and the role of existing provinces in that creation.

I repeat, I do not have an agenda document to put before the Senate. However, I shall seek one, and if it becomes available I shall send it to the honourable senator. But there is no secret as to the issues that are under discussion. Indeed, the First Ministers' Conference on March 15 and 16 will, to some important degree, I believe, be publicly broadcast. That question has not yet been finally settled, but certainly a portion of the opening and closing will be publicly broadcast. I trust that my reply satisfies the honourable senator.

Senator Murray: I appreciate the summation that the minister has given of some of the outstanding issues, but my question was to ascertain which of those issues will be on the table on March 15 when the federal government, the provinces and representatives of the native groups meet. The impression that is being conveyed publicly at the moment is that the federal government put forward a draft agenda at those meetings, and that the agenda was not acceptable to some of the other participants. Is that the case?

Senator Austin: Indeed, the federal government did put forward a draft agenda based on a meeting at the ministerial level with representatives of the native community which took place some three weeks ago. The native groups put forward a joint suggested agenda which the federal government, with the approval of the provinces, accepted, for the purpose of discussing the items.

• (1430)

In the view of the federal government, its agenda and the one put forward by the native communities were identical except as to the order in which the items might be discussed. As far as I am aware, at this moment there is no substantial disagreement among the parties concerned regarding the agenda items or the order in which they will be dealt with.

Hon. Stanley Haidasz: As a supplementary question, I ask the Deputy Leader of the Government whether Senate reform is one of the items on the agenda of the First Ministers' Conference scheduled for March 15 and 16 next, and if the Government of Quebec has notified the Government of Canada whether it will attend the meeting and which items it will boycott.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will take the question as notice, and if information is available I will see that it is either circulated to senators or some public announcement is made in answer to it.

Hon. Jacques Flynn (Leader of the Opposition): As a further supplementary question, would the deputy leader also tell us what items the federal government will refuse to discuss?

Senator Frith: If there are any such items, and the federal government wants to make known what they are, I will do so.

HEALTH AND WELFARE

FAMILY ALLOWANCES—EXCLUSIONS

Hon. Andrew Thompson: Honourable senators, I wish to ask a question of the deputy leader with respect to a matter of which I am sure he is fully aware, but it may entail a delayed answer and my question, through him, would go to the Minister of Finance.

I am referring to the evidence heard by the Standing Senate Committee on Health, Welfare and Science, which indicated that an inequity does arise as a result of the exclusion from family allowance payments of certain categories of orphans and teenage mothers.

As I understand it, this matter has already been advanced to the Minister of Finance, and I would appreciate an answer concerning his consideration of it from the deputy leader when he has one available.

Hon. Royce Frith (Deputy Leader of the Government): I was in attendance when that matter came up before committee. The committee was studying a bill which I was sponsoring in the Senate when that evidence was adduced.

I have given an undertaking about it, and I will try to have some information available when we return on March 15.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this may be an appropriate time to tell honourable senators that Senator Godfrey, who is the mover of the motion listed as Order No. 3, is in Toronto General Hospital with pneumonia which he contracted over the weekend.

I have talked with him and will talk with him again this evening. He seems to be as well as anyone can be with that serious condition. He is under very attentive care. There are a number of items which are of special interest to him, and which stand in my name on the Order Paper, that I do not want to deal with in his absence.

Accordingly, honourable senators, items on the Order Paper pertaining to the Joint Committee on Regulations and other Statutory Instruments and any other items that are in his

name will stand. Those include Orders Nos. 2, 3, 4, 7, 8, 9 and 10.

Honourable senators, since Order No. 1, standing in the name of Senator Macdonald, has already been stood, that leaves Order No. 5, standing in the name of Senator Marshall, and Orders Nos. 6 and 11, standing in the name of Senator Tremblay, which, according to my understanding, will all stand.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I hope that when the deputy leader speaks with Senator Godfrey he will convey to him the best wishes of this side and will tell him that we miss him more than does the government side!

Senator Frith: That, of course, honourable senators, is a matter of opinion, but I understand what Senator Flynn's opinion is based on.

Hon. Peter Bosa: Honourable senators, I just want to inform the Deputy Leader of the Government in the Senate that I have personally written to Senator Godfrey telling him that the Senate is not the same without him.

• (1435)

Senator Frith: I am sure that many honourable senators share Senator Bosa's feelings.

With regard to Inquiries, I understand that Senator Hastings, Senator Molgat and Senator Leblanc will not be speaking today on the inquiries standing in their names. So all Inquiries stand.

The Senate adjourned until Tuesday, March 15, 1983, at 8 p.m.

THE SENATE

Tuesday, March 15, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

PRIVATE BILL

POLYVENTREPRISE LTÉE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-34, to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act, and acquainting the Senate that they passed this bill without amendment.

VISITORS IN GALLERY

OFFICERS OF THE FEDERATION OF CANADIAN MUNICIPALITIES

Hon. Martial Asselin: With leave, honourable senators, I draw your attention to the presence in the gallery this evening of three Canadian personalities.

First, Mayor Jean Pelletier of Quebec City.

[*English*]

Mr. Pelletier is also the president of the Federation of Canadian Municipalities. He is accompanied this evening by the two vice-presidents, Mayor Cook of Nova Scotia and Mayor Bradley of Saskatchewan.

[*Translation*]

I might add that I am pleased, but not surprised, to see that the mayor of Quebec City is interested in the Senate.

I extend to him and to his colleagues a hearty welcome.

Hon. Senators: Hear, hear.

[*English*]

THE ESTIMATES 1982-83

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

Hon. C. William Doody: Honourable senators, on behalf of Senator Everett, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (C) for the fiscal year ending March 31, 1983. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 5441.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Doody: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

• (2010)

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at two-thirty o'clock in the afternoon tomorrow, Wednesday, March 16, 1983, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is put, I should like to tell the deputy leader that he has comforted me no end by proposing this motion that the committee meet on Wednesday because this afternoon three committees met at approximately the same time.

Some Hon. Senators: Hear, hear.

Hon. Jack Marshall: There were four committees meeting this afternoon.

Senator Roblin: Perhaps there were more than three, but I was on only three so I cannot really complain about the others. The three committees which I enjoy attending met at the same time this afternoon and none of them was scheduled for Wednesday. I had some discussions with my honourable friend about that problem and I had the impression that he looked favourably on the proposition that when we are sitting in conditions such as we are now, with a relative paucity of business for sittings of the Senate, Wednesday should be employed to a greater extent for the purpose of committee meetings. I know it is very difficult for the committee chairmen operating in relative isolation to solve these problems, so I solicited his help to make sure that the same thing does not happen again.

On Thursday only two of the committees in which I would be interested are meeting at the same time, so I only have two-thirds of the complaint that I had this afternoon. I would appreciate it if my honourable friend would look into that matter and see if we can do something about it. If we had only

an hour's difference between committee meetings that would give us some opportunity to attend to the pressing business before each. I hope that he can find some way of preventing this extreme degree of overlapping, which really precludes senators in the opposition, some of whom are members of a number of committees, from doing their job properly.

Senator Frith: Honourable senators, the motion that we are considering now is a step in that direction but it certainly is not a solution to the problem outlined by Senator Roblin. Indeed he and I have discussed a plan for when we are sitting, as we are this week, with no hope of receiving legislation from the other place. Perhaps we can leave Wednesday afternoons open for committee meetings, thereby relieving the pressure on Tuesdays, which was well illustrated today when several senators spoke to me about the difficulty of attending concurrent committee meetings. We are looking into it, and I hope that we can implement a plan of that kind. I am grateful to the Deputy Leader of the Opposition for expressing his support for such a move.

Motion agreed to.

QUESTION PERIOD

[*English*]

TREASURY BOARD

EVALUATION OF CERTAIN GOVERNMENT PROGRAMS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I venture to bring to the attention of the Leader of the Government that there has been a series of studies prepared by Treasury Board that deal with the evaluation of certain activities of the government. The report I hold in my hand indicates that 182 such evaluations have been prepared, for the information of the government, that bear on the efficiency or otherwise of a number of government programs.

● (2015)

I ask the Leader of the Government whether or not he will undertake to produce those evaluations for us in this chamber so that we may have an opportunity to study them to see what light they throw on the responsibilities entrusted to us with respect to the supervision of public affairs.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I undertake to make inquiries. I do not want the honourable senator to identify those studies for me immediately, but if he could do so later it would help me in making those inquiries because we could then see how far we could go in providing that information.

Senator Roblin: I can tell the minister that the reference is to a discussion in which Mr. Harry Rogers participated. I believe he is the Comptroller General. If my honourable friend will apply to him, no doubt he will be able to furnish him with the details.

I am encouraged by my honourable friend's answer, because I believe I am correct in saying that the freedom of information legislation will become law on April 1. So I believe it is a happy forecast that we shall see those documents after all.

Senator Olson: We always try to be as accommodating and as informative as possible to the opposition.

ENERGY

COST OF OIL IMPORTED FROM MEXICO

Hon. Ernest C. Manning: Honourable senators, the Government of Mexico announced yesterday a rather significant reduction in the price of crude, in line with the OPEC reduction. May I ask the Leader of the Government if that reduction will apply to the oil that Canada is purchasing from Mexico under the existing contract?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to make some inquiries to ascertain whether or not it is only for the oil they are selling outside of the contractual arrangements. I must admit that at this point I am not absolutely sure, but I believe the agreement that was reached for a price reduction, insofar as the OPEC countries are concerned—and Mexico does not belong to OPEC—was indeed for all of the oil, including the contracted oil agreements. Therefore, I believe that Mexico is perhaps following that same pattern. However, I shall obtain some more specific information respecting the purchases that Canada is making from Mexico.

NEWFOUNDLAND

SEAL HUNT PROTEST ACTIVITIES

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government. In view of the fact that the protestor, Paul Watson, has threatened to ram sealing ships off the narrows at St. John's, Newfoundland, with his ship, *Sea Shepherd*, is that public threat not illegal, and does it not follow that the vessel should be impounded to prevent damage that could have regrettable results?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like the honourable senator to know that the government is aware of the threats that have been made and that we are concerned about the situation. I know that inquiries are now being made with respect to the position that can be taken within the law with regard to what may or may not be construed as a threat. We appreciate the seriousness of the matter. I shall endeavour to obtain further information as soon as possible regarding some of the matters involved. While threats have been made—perhaps I should qualify that and say "alleged threats"—my information to date is that there has been no overt act.

● (2020)

Senator Marshall: It is not an alleged threat; it is a threat. In view of the fact that Norway has taken the action it said it

would take, why does Canada not have the guts to get rid of that idiot that is out there? It is merely a matter of impounding the ship and getting him out of the area. He is a threat to humanity and he should be put away.

Senator Olson: That is your opinion.

Senator Marshall: It is the opinion of a lot of people.

Senator Olson: I was about to say that it is probably the view that is held by a lot of people. The Canadian government is extremely concerned about this kind of action and this gentleman will understand, of course, that the Department of National Defence or the Coast Guard—

Hon. Jacques Flynn (Leader of the Opposition): The minister is in the gallery; why don't you ask him?

Senator Olson: I noticed that.

The Department of National Defence and the Coast Guard are concerned but my honourable friends will understand that the Government of Canada and all its agencies wish to act within the law.

Senator Flynn: You could solve the problem in five minutes if you asked the minister.

Hon. C. William Doody: Honourable senators, I have a supplementary question for the Leader of the Government. What will it take to provoke the Government of Canada to take the necessary preventive action to prevent this man Watson from doing what he has publicly said he intends to do, to ram one of the sealing vessels leaving the Port of St. John's and going through the narrows. Watson's ship is not far out to sea. It is right there in plain sight of anybody who wants to look through the narrows at St. John's. This man has publicly said that he intends to ram the first sealing vessel that comes through. If that can be done without a loss of life, it will be nothing short of a miracle. Is the Government of Canada going to do anything to prevent this from happening?

Senator Olson: I think it is extremely important and perhaps coincidental that the minister directly responsible is hearing the representations that are being made. Let me assure all senators opposite that the government intends to take appropriate action but they intend to do it within the legal system of this country, which we all respect.

Senator Doody: Honourable senators, I have watched the artful dodger at work before but this is the first time I have seen him direct a question to the gallery. Obviously, he is completely out of order; such a thing is out of the question. I would like to direct my question to the man who is responsible to this house for the government, and ask him again what the government is going to do to prevent a possible loss of life in the narrows of the harbour of St. John's? This man's threat has been publicly broadcast and nothing has been done to prevent such an occurrence to date.

Senator Olson: The Government of Canada is going to take all the action that is appropriate within the law. I do not know how many times I have to say it.

Hon. Martial Asselin: Describe the action.

Senator Doody: Will the minister undertake to arrest that ship and impound it?

Senator Olson: The minister will undertake to make sure that the authorities are aware of my honourable friends' representations.

SEAL HUNT—EUROPEAN ECONOMIC COMMUNITY BAN ON IMPORTATION OF PELTS—RETALIATORY ACTION

Hon. Jack Marshall: Honourable senators, I have a question involving the ban by the European Economic Community countries on the importation of seal pelts. Will the Leader of the Government in the Senate inquire of the Minister of Fisheries and Oceans as to what action he has taken to deny the fishing quotas allowed to the EEC, and what other action he has taken? The EEC has imposed a ban on seal pelts on the false premise that there is no scientific evidence to the effect that the killing of baby seals is humane. That scientific evidence is there in several reports and studies.

Hon. H. A. Olson (Leader of the Government): I am sure that my honourable friend is aware of the public announcements made by the Minister of Fisheries and Oceans so I think he is seeking information as to what action over and above or consequent to those statements made by the minister has been taken, and I shall have to make some inquiries to get that information.

SPORT

SOCCER—1986 WORLD CUP COMPETITION—POSSIBILITY OF CANADIAN VENUE

Hon. Peter Bosa: Honourable senators, I have a question for the informative and athletic looking Minister of State for Fitness and Amateur Sport.

Some Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin: The Saguenay meat pie!

[*English*]

Senator Bosa: I would like to preface my question by congratulating the minister and the Canadian government for having decided to support the Canadian Soccer Association in its endeavour to host the World Cup Games in 1986.

Senator Asselin: Did you give notice of your question?

Senator Bosa: I gave notice to the Leader of the Government on March 1. It is in *Hansard*.

• (2025)

I hope that we are not creating expectations that we may not be able to deliver. My question to the minister is: Can he give us the assurance that we have a reasonable chance of hosting these very important and universal games?

Hon. Jacques Flynn (Leader of the Opposition): The answer is yes.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Yes, the answer is yes, with some embellishment. I would like to offer an enhanced yes.

Honourable senators, the support which the federal government is lending to the bid by the Canadian Soccer Association to host the World Cup in 1986 is a serious form of support. We believe that we have at least a fifty-fifty chance of having that important competition held in our country.

I know that honourable senators are aware of the fact that the World Cup is the largest single athletic event in the entire world. It is said that a total of 6 billion viewers watched the television broadcasts of the last World Cup competition, and that the final telecast of the World Cup was watched by almost 3 billion viewers—the largest audience of any television sports program in history.

What does the World Cup mean in economic terms? It means we will probably have 150,000 soccer tourists coming to Canada. This number could affect very favourably our trade balance, and have a beneficial effect on our tourism industry.

It is proposed that the games would be played in nine Canadian centres. Toronto, Montreal and Vancouver would be the principal sites, but other cities could be included such as Ottawa, Hamilton, Winnipeg, Calgary, Edmonton and Regina.

Senator Flynn: What about Quebec City?

Senator Perrault: I have the deepest respect for the opinion of the opposition. If they have other sites they would like to suggest, I am always open to suggestions.

We have here an economic opportunity for our nation which, in terms of tourist promotion and economic development, could be very important to the economy of every region in Canada.

In dealing with some of the technical problems, I have had a number of excellent meetings with Mr. George Schwartz, as well as the President of the Canadian Soccer Association and other officials. We have not entered into this commitment lightly. Between now and May 20, when the final decision is made in Stockholm, there will be an opportunity for many of us from coast to coast to show World Cup soccer officials that we want to host this event. I ask the co-operation of honourable senators in attending receptions and, where possible, meeting these delegations when they come to Canada.

I want to thank Senator Bosa not only for his excellent support in the process leading up to this bid, but for his question this evening.

Senator Bosa: My question to the Leader of the Government in the Senate on March 1 also had a supplementary. The Chairman of Metropolitan Toronto, Paul Godfrey, announced recently that he is promoting the building of a domed stadium.

Senator Flynn: Where?

Senator Bosa: In Toronto.

Senator Flynn: In Toronto again?

[Senator Flynn.]

Senator Bosa: He is the Chairman of Metropolitan Toronto. Where else would you want him to build it?

He has intimated—Mr. Minister, I am sorry, there are so many interjections that I cannot hear myself addressing the question to you.

Hon. H. A. Olson (Leader of the Government): It is just enthusiasm for the idea.

Senator Bosa: The cost of the domed stadium, according to Mr. Godfrey, is going to be financed by the three levels of government. My question is: Has the Chairman of Metropolitan Toronto made an approach to the federal government for a contribution towards the building of that domed stadium, because it is extremely important that Toronto also have the lion's share of the games if we are going to host the World Cup.

Senator Flynn: The lion's share, as usual.

Senator Perrault: Honourable senators, may I suggest that while there would be three principal host cities, CSA and federal policy is to make sure that the balance of the games is shared on an equitable basis among a number of centres in Canada.

• (2030)

As far as the stadium in Toronto is concerned, the idea is an attractive one. I believe that major stadia are required in a number of Canadian centres, but no formal application for assistance has yet been received by the Government of Canada.

[*Later:*]

Hon. Charles McElman: Honourable senators, my question is for the Minister of State for Fitness and Amateur Sport. It relates to the supplementary question asked by Senator Bosa and the answer given, and is in keeping with the generous and jolly mood of the evening.

When Toronto may ask for its dome, would the minister be so inclined as to suggest to them that Dome has already taken their dome?

1983 CANADA WINTER GAMES

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, since this is the first opportunity I have had since the Canada Winter Games at Chicoutimi to provide you with a brief report on their success, may I do so now?

Hon. Jacques Flynn (Leader of the Opposition): We saw you on TV!

[*Translation*]

Senator Perrault: This is the first chance I have had this evening to give you a report on the Canada Winter Games which were held in the Saguenay-Lac-St-Jean area.

The people of Chicoutimi, La Baie, Alma and Jonquière deserve our admiration for the magnificent work they have done.

Thousands of Canadians have tasted the gastronomic delights of tourtière and blueberry pie—

Hon. Senators: Hear, hear!

Senator Flynn: Torture!

Senator Perrault: No, tourtière. Tourtière and blueberry pie, and they also experienced the warm hospitality of the people of the Saguenay-Lac-St-Jean area.

More than 200,000 spectators attended sports events involving 2,500 athletes from the twelve provinces and territories taking part in the games.

I specially want to emphasize the work done by Mr. Roland Gauthier and his organizing committee, supported by thousands of volunteer workers. Honourable senators, there is every indication that the organizing committee will have an incredible budget surplus.

I shall therefore speak on behalf of Parliament and all Canadians and congratulate the people and the voluntary workers from Lac-St-Jean for their magnificent work in organizing this great celebration of amateur sport and Canadian unity, the 1983 Canada Winter Games.

[*English*]

I want to repeat my thanks to the citizens—

Senator Flynn: We heard you before.

Senator Perrault: —of Saguenay-Lac St. Jean for the excellent work they did in hosting a most successful Canada Winter Games.

[*Translation*]

Hon. Martial Asselin: Since this area is very close to my former riding, I would like to say something to the Minister of State for Fitness and Amateur Sport.

I wish to congratulate the minister on the way he presided, if I can use such a term, at the Chicoutimi-Lac Saint-Jean Winter Games.

However I have one reproach to address to him. I felt that the minister could have said on television and to the people of Lac Saint-Jean that the Winter Games had been granted to the Chicoutimi-Lac-Saint-Jean area by a Conservative government. He could also have mentioned that it was your humble servant, in January 1980, who flew to Chicoutimi aboard a small plane on a cold winter day to announce, on behalf of the government, that the Winter Games would be held in that region.

We would have appreciated the present government recognizing this fact.

Senator Flynn: In any case, the Minister of State for Fitness and Amateur Sport should still be congratulated for his marvelous French. I can even hear the trace of an accent from Charlesbourg!

Senator Perrault: That is because my grandmother was born in Charlesbourg!

[*English*]

Let me say that there were many people who were responsible for the success of the Games. For example, Senator Tremblay played a role in the first instance in having the games brought to Saguenay-Lac St. Jean, and that should be acknowledged. The name Tremblay is a very famous one in that area, as I soon discovered. I can assure honourable senators, however, that the matter of official federal representation at all of the ceremonies in connection with the games was a matter of some considerable negotiation with other levels of government and with Games officials. I do not want to get into a long discussion about the nature of those meetings, but I would be very pleased to discuss with the Honourable Senator Asselin some of those aspects of the federal representation at the Games.

• (2035)

NATIONAL PAROLE BOARD

GATING OF INMATES

Hon. Earl A. Hastings: Honourable senators, I should like to direct a question to the Leader of the Government pertaining to whether the government is really acting within the spirit of the law. Is it the intention of the government to allow the National Parole Board to continue its ingenious practice of gating inmates who, by law, are required to be released from custody to the supervision of the Canadian Corrections Service—a practice, honourable senators, which really falls within the realm of cruel and unusual punishment and has been found by the Supreme Court of Ontario to be illegal?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot give an appropriate response to that question now. I will take it as notice.

THE COMMONWEALTH

DISTINCTIVE FLAG

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government. I am prompted to ask it, recalling that he and I were members of the House of Commons, when he belonged to a party different from mine—

Hon. H. A. Olson (Leader of the Government): I still do.

Senator Macquarrie: But I am prompted particularly by the fact that yesterday, which was Commonwealth Day, as I came to the Hill early in the morning, as a Calvinist should, I noticed that the courtesy staff, in celebration of Commonwealth Day, was flying the Union Jack.

When the leader was a member of the Social Credit Party and I was a Conservative member of the House of Commons—

Hon. Jacques Flynn (Leader of the Opposition): Why rub it in?

Senator Macquarrie: —I was engaged in a debate suggesting—and the suggestion was supported by the late Raoul Caouette, a wonderful man and my friend's colleague—that we should have in the Commonwealth a distinctive Common-

wealth flag. Our motion, as was the case with most of the motions I ever moved in that place, was defeated.

However, with all the maturity of this chamber, and recalling that the Senate can deal with long-range matters and not only the temporary items that flurry the attention of the public, would this not now be something the leader might follow through, considering the great importance of the Commonwealth? I suggest that we should not just pick the flag of one member of the Commonwealth, but that we should, together with our colleagues in the Commonwealth, concert our efforts towards developing a distinctive Commonwealth flag which would be more appropriately flown on Commonwealth Day than the flag of one member of the Commonwealth, regardless of how prestigious or popular that member is.

Senator Olson: Honourable senators, I will consider Senator Macquarrie's suggestion. I do not know whether it is a revival of a discussion we had a number of years ago. I cannot immediately recall that I participated in such a debate.

Senator Flynn: You have been trying to forget that you were with the Social Credit Party.

Senator Olson: No, not at all. Senator Flynn may make allegations, but there was nothing within the activities I enjoyed in that party that I regret or would want to forget. I enjoyed the associations I had with the people Senator Macquarrie referred to, and with others as well. There is nothing I want to forget from those years. Whatever Senator Flynn's allegations may be, they do not square with my memories of that time.

In answering Senator Macquarrie's question I was referring to the specific committee report or activity that dealt with the promotion of a Commonwealth flag. That I do not recall. It may be that I am not even forgetting it. It may be that it never even happened.

Senator Flynn: You have a selective memory.

Senator Olson: I should tell Senator Macquarrie, however, that, although it may be useful for me to make some promotion of this, it may be even more beneficial and useful for him, as a member of the Commonwealth Parliamentary Association, to raise the matter through that association, where many useful exchanges take place. Perhaps he could make an assessment of whether that association might also like to promote the idea.

● (2040)

Senator Macquarrie: I can assure the honourable leader that it did happen because I took part in the debate and made a magnificent speech with which not everyone agreed. Senator McIlraith says he enjoyed it.

I like the minister's answer in reference to the CPA, and, indeed, being fairly forward in these things, I did discuss it yesterday. It is not a burning issue like unemployment or inflation, but it might be some good leadership. I will consult with him and, perhaps, in 364 days we may have something.

[Senator Macquarrie.]

ENERGY

DOMESTIC OIL PRICE

Hon. Lowell Murray: Honourable senators, on March 2 last I put a series of questions to the Leader of the Government in the Senate concerning oil pricing. As he now has had almost two weeks to reflect on the matter and investigate it, I wonder whether he has been able to ascertain what the agreement between Canada and Alberta provides in the event of a lowering of the world price.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I recall that very clearly, but I do not have a series of replies to that series of questions with me this evening. There is, of course, the problem, as I am certain Senator Murray appreciates, that in some of those questions he asked me for opinions and interpretations, and we can give replies somewhat more quickly if he asks for facts.

Senator Murray: I would be glad to have the facts as to what the view of the government is on what the agreement between Canada and Alberta provides. On the previous occasion, the minister said that he did not know what the agreement provided. Can he assure me that there is somebody in the government who does know what the agreement provides?

Senator Olson: I can assure my honourable friend that there are many people in the government who have read the agreement.

Hon. Jacques Flynn (Leader of the Opposition): That was not his question.

Senator Olson: I am absolutely certain that Senator Murray has read it, and he probably has a copy of it in his office now. What he is asking me for is a view and, therefore, an interpretation of what is involved. If Senator Murray does not have a copy of the agreement that was signed on September 1, 1981, I will provide him with one and he can read it for himself.

Senator Murray: On a matter as serious as this, the minister should not play with words. What I am asking for, and what I think the Senate and the people of Canada are entitled to know is: What is the position of the Government of Canada with respect to this agreement and to its provisions in the event of a decline in the world price of oil? I am not asking for the minister's personal interpretation or that of his staff. What is the official position of the Government of Canada? Surely, honourable senators, I am entitled to ask for that, and surely, after two weeks, the Senate and the people of Canada are entitled to have a straight answer.

Senator Olson: The honourable senator can get a straight answer, but obviously what he is asking for is an interpretation.

The honourable senator has just reminded me that he asked another question—I do not have any of this in front of me—and that was whether or not there was a disagreement between the Government of Alberta and the Government of Canada as to the interpretation. I answered him precisely that there was no express disagreement that I knew of. He then asked me if it was implied. He can put his own interpretation on that.

Honourable senators, I take the question very seriously. He knows now that the Government of Canada and other signatories to that agreement, particularly Alberta, obviously take it very seriously. A number of circumstances have changed profoundly since those who were party to it projected the circumstances that would be involved in that agreement. Therefore, I gave an accurate answer then, and I repeat it now: I do not have that interpretation with me.

Senator Murray: With great respect, that is a lot of baloney. Circumstances have changed, but the terms of the agreement have not changed.

The Right Honourable the Prime Minister has indicated that there is a difference of opinion between the Government of Canada and the Government of Alberta. The Minister of Energy, Mines and Resources has indicated that there is a disagreement. The Government of Alberta has indicated that there is a disagreement.

What I was interested in knowing two weeks ago was, and what I am interested in knowing this evening is, what is the position of the Government of Canada, what is the interpretation of the Government of Canada concerning the provisions of that agreement. Surely, the minister can tell us that or can obtain the answer from the Prime Minister or from his colleague, Mr. Chrétien.

Senator Olson: I gave an undertaking to do that some time ago.

Senator Murray: Two weeks ago.

Senator Olson: I understand why my honourable friend is pressing, but he also knows that there have been some questions about certain memoranda which were attached to the agreement, which in some cases had some initials on them and in other cases did not. Therefore, in giving an answer to what he is asking, we have to be extremely careful to ensure that we have considered all of these things, and we are doing that.

Senator Flynn: The answer is that you have not taken any position as yet. It is as simple as that. If you would simply reply to the question, there would be no problem.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question which is perhaps supplementary because it deals with the price of gasoline.

Can the minister give me an explanation as to why in Minneapolis gasoline is about 50 cents a gallon cheaper than it is in Winnipeg? Even taking into account that the provincial tax, although it has not changed in an absolute way, is an *ad valorem* tax and, therefore, goes up with the price of gasoline, there is a difference of 50 cents a gallon between the price in Winnipeg and the price in Minneapolis.

I have been asked by some people who question me on this subject: How come, when we are supposed to have a 75 per cent relative ceiling on the price of gasoline in this country so that we can have this so-called "made-in-Canada" gasoline price which is going to do us all some good? Would the minister tell me what the problem is?

Senator Olson: Honourable senators, I will answer the question more specifically. I will try to obtain a calculation of all of the factors that go into the price charged per gallon in Minneapolis and in Winnipeg. Then my honourable friend and I can go into further detail. However, it seems to me that the first things we need to know are the numbers that make up the price of a gallon of gasoline.

Senator Roblin: I want to tell my honourable friend that the question of adjustment for the relative value of the dollar and the question of adjustment for the different size of gallon have been taken into account in this calculation.

Some of my friends say to me that if they want to go to Calgary the best thing to do is to drive to Highway No. 2 in North Dakota, turn west and keep going until they get to Montana, and then go north to Calgary, in spite of the fact that Alberta and Saskatchewan do not have gasoline taxes. They want to know where this made-in-Canada gasoline price is getting them.

Senator Olson: Honourable senators, I give an undertaking to try to get all of that information so that we can find out what the calculation comes out to.

[*Translation*]

AGRICULTURE

FARM BANKRUPTCIES—REQUEST FOR AID

Hon. Martial Asselin: My question is directed to the Leader of the Government. It is a very important one, and I would like to know the opinion of the Leader of the Government in the Senate on this subject. We know that farmers are having a very difficult time. Bankruptcies are increasing every month. In 1983, the number of farm bankruptcies was 32 times as high as in January 1982. They were 100 per cent higher than in January 1981. For many weeks and many months, farmers have been making representations. They came in force yesterday to meet members at the other place to emphasize their claims, since it seems the government is hesitant about tabling the appropriate legislation to help these people. In a case like this, should the Senate not consider the problem and refer the question to the appropriate Senate committee which would then invite the executives of agriculture associations in Canada to set forth their grievances before the Senate?

● (2050)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, a number of factors go into making amendments to the Bankruptcy Act. I believe the government house leader in the other place has indicated that in response to a number of questions that have been put to him. There is legislation on the order paper in the other place that can, indeed, deal with some of the difficulties that are involved.

You must also bear in mind that we do not want to make amendments to the Bankruptcy Act or, indeed, any other act respecting credit in this country that will make it difficult for farmers to borrow money to do the financing they think necessary for their operations. Therefore, if we go too far with

it, the reluctance of lenders is a problem that could visit difficulties on many farmers across the country.

I should remind my honourable friend that there is, in fact, an unacceptably high number of farmers in financial difficulty. If repayment schedules and interest rates were imposed on farmers and conditions were laid down regarding the recovery of moneys by a lender, then it may be that that would lead to a problem that would be a disadvantage to agriculture and the vast majority of farmers.

Banks and credit unions have significantly extended their long-term farm loans over the past few years, and in particular over the past six years. In 1981, of the $2.3 billion in long-term farm credit extended, approximately $793 million, or 32 per cent, was provided by the banks; $471 million, or 20 per cent, was provided by the federal government; $370 million, or approximately 16 per cent, was provided by individuals; $347 million, or 15.1 per cent, was provided by credit unions. The credit extended by the provinces—which is a significant amount—works out to $335 million, or approximately 14 per cent.

So I suggest to my honourable friend that we have to take a balanced approach to this problem. We do not want to precipitously do things that will make it more difficult for farmers generally to obtain the credit they legitimately require.

Senator Asselin: I thank the leader for his answer, but could he assure the Senate that before the Easter recess the government will introduce some measures to help those farmers who are experiencing severe problems? Could he assure the Senate that legislation will be introduced and passed by both houses as soon as possible?

Senator Olson: I can tell my honourable friend that legislation has in fact already been introduced. A private member's bill, Bill C-653—

Senator Asselin: A private bill?

Senator Olson: Yes. That was introduced by the member for Lambton-Middlesex. There is also Bill C-12 that was introduced by the government. That bill will assist farmers facing possible foreclosure by permitting them to file arrangements covering both secured and unsecured creditors. In addition to that, the Superintendent of Bankruptcy recently met with a number of people to discuss possible amendments to Bill C-12 to incorporate the major principles involved.

The task of getting legislation through the other place and the Senate is not one the Liberal Party can accomplish on its own—

Senator Asselin: Where is the problem?

Senator Olson: I do not want to be too heavy-handed, but my honourable friends opposite know exactly where the problem is.

Senator Asselin: Is it our fault?

Senator Olson: We would appreciate anything the opposition can do to help Parliament get on with essential public business and to lift the blockade that has been in effect in the other place for some time.

Senator Asselin: In the other place yesterday the Leader of the Official Opposition promised the government leader that legislation, if put forward, would be adopted quickly, but the Leader of the Opposition has not received an answer from him.

Senator Olson: Those bills are already on the order paper. My honourable friends opposite know that.

The Minister of State for Fitness and Amateur Sport has an important bill before the House of Commons that the government would like to see passed. In addition to that, there are hundreds of thousands of taxpayers who would like to see Bill C-139 passed, for a variety of reasons. To date, legislation has not been passed except when time allocation has been introduced. If my honourable friends opposite think that is the way a democratic parliament ought to be run, well, that is not our view.

Hon. Duff Roblin (Deputy Leader of the Opposition): Does the leader accept no responsibility for three budgets during the same fiscal year? Does he not see any connection between the reluctance of Parliament to pass legislation and the fact that this is the third effort the government has made to have a decent tax bill passed? There has to be some relationship there. Before he castigates the opposition for doing its job, he ought to think about that.

Senator Olson: I was a member of the House of Commons for a number of years and sat in opposition for a while. I know that there has developed recently an unacceptable practice of delay, obstruction, filibuster and so forth that is not in keeping with the wishes of the majority to make a decision once in a while.

Hon. Lowell Murray: What about the majority of Canadians?

Senator Olson: If my honourable friend wants to bring that up, I can tell him that the composition of the House of Commons is a result of the majority view of Canadians at a properly constituted election, and they should respect that during the mandate that was given by Canadians.

Senator Asselin: You do not have the confidence of the Canadian people!

Senator Flynn: I should remind the Leader of the Government that the last election was won under false pretences. That is the reason they now have a mandate.

Senator Olson: That is the opinion of the Leader of the Opposition, and if that is the kind of interpretation he puts on it, then I think that is a clear demonstration—

Senator Flynn: Fraudulent!

Senator Olson: —of why the people of Canada lost confidence in him and his colleagues.

Senator Flynn: You will not say that on behalf of the people of your province, I am quite sure.

PETRO-CANADA
CAPE BRETON DEVELOPMENT CORPORATION

INVESTMENT OF FUNDS IN CAPE BRETON COAL VENTURE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have two delayed answers, although I can hardly resist some of the comments being made by the members of the opposition.

On February 17, Senator Phillips asked what funds Petro-Canada had used for investment in the Scotia Coal Synfuels Project, and if any of the Canadian ownership taxes had been diverted to the project.

Senator Muir then asked what amount of money had been provided by the Cape Breton Development Corporation for the Synfuels Project. That question was also taken as notice.

I cannot plead that it is a long answer this evening, but it is a very precise and accurate answer, so I shall read it.

Hon. Jacques Flynn (Leader of the Opposition): For once!

Senator Olson: No, not for once. Quite often they are short.

In response to Senator Phillips' question, it can be said that Petro-Canada made a $300,000 investment in the Scotia Coal Synfuels Project. Those funds were a part of the company's total capital investment program which is financed through retained earnings, corporate borrowing and government equity. Petro-Canada's participation in this project was not financed through the Canadian Ownership Special Charge.

With regard to Senator Muir's question, the Cape Breton Development Corporation invested $300,000 in the Scotia Coal Synfuels Project.

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Jack Marshall: Honourable senators, could the Leader of the Government tell me what has happened to the question I asked him regarding the government's decision to place 25,000 to 50,000 unemployed in the armed forces, a policy which the Leader of the Government supports. Is there an answer to that question yet?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have an answer now. I thought I gave a full and accurate answer insofar as any decisions that had been made to date.

• (2100)

Senator Marshall: You did not give me an answer as to numbers.

Senator Olson: I understood the honourable senator asked me to give an estimate of the numbers, and I indicated to him very clearly at that time that I was not willing to make an estimate of the numbers until an assessment had been made of the spaces that are available and that could, in fact, be usefully employed.

THE CONSTITUTION

ABORIGINAL RIGHTS CONFERENCE—AGENDA

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Haidasz regarding the agenda of the First Ministers' Conference on aboriginal rights.

Hon. Jacques Flynn (Leader of the Opposition): Too late!

Senator Frith: The conference started today, but the response to his question, as to whether Senate reform will be one of the items on the agenda, is that the issue of Senate reform will not be on the agenda scheduled for the First Ministers' Conference. However, it will be raised by Premier Lougheed informally in conference with the other first ministers at 24 Sussex Drive.

Senator Haidasz also asked if the Government of Quebec notified the federal government as to whether it would attend the meeting. The Quebec government has informed the federal government that Premier Lévesque will, indeed, attend the conference. We saw today that he has attended.

As a supplementary question, the Leader of the Opposition asked what items will the federal government refuse to discuss. Aboriginal rights will be the focus of the conference. Other issues of interest to the first ministers will be informally discussed at 24 Sussex Drive.

THE ENVIRONMENT

NEWFOUNDLAND—SITE OF PROPOSED FORESTRY CENTRE

Question No. 98 on the Order Paper—**By Hon. Jack Marshall:**

> With regard to the establishment of a new forestry centre in the Province of Newfoundland, (i) has the Federal Government undertaken a site selection process (ii) what sites were looked at and what conclusions were drawn as to the best site (iii) if a decision has been made, what is the location chosen?

Reply by the Minister of the Environment:

> (i) The Department of the Environment has established a Site Selection Committee to study the advantages and disadvantages of a possible relocation of the Newfoundland Forest Research Centre.
>
> (ii) The Committee has considered locations, in addition to St. John's, in Corner Brook, Gander, Grand Falls and Lewisporte. The Committee's conclusions are at present being discussed within the department and cannot be released at this time.
>
> (iii) No decision has yet been made concerning relocation of the Centre.

• (2110)

[*Translation*]

CANADA-KOREA FRIENDSHIP GROUP

MEETING IN KOREA—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc rose pursuant to notices of Monday, October 25, 1982:

> That he will call the attention of the Senate to the meeting of the Canada-Korea Friendship Group, held in Korea from October 2 to 8, 1982.

He said: Honourable senators, if we compare the Republic of Korea to our Canadian provinces, the area of the former is slightly smaller than that of the Island of Newfoundland, while it has a very dense population of about forty-one million people, more than the total population of Canada. The capital, Seoul, has eight million people. With population figures such as these, it is not surprising that South Koreans should be interested in emigrating. There are about 40,000 Koreans in Canada.

The Republic of Korea is governed by a National Assembly whose Members are elected, with power being mainly in the hands of an executive body. The Cabinet consists of twenty-four members, including the Prime Minister, Deputy Prime Minister and twenty-two Ministers, with Ministries whose names are very similar to those of our Departments, except for one, the Ministry of National Unification. The Canadian delegation did, in fact, meet the Minister responsible for National Unification, the Hon. Shon Jae-Shik, who showed us some slides illustrating the crucial problem of unifying the two Koreas, and who also gave us material which explained in detail the representations made by South Korea to North Korea with a view to unifying the country.

I shall merely mention the titles of the papers that you have been given, if you will allow me, honourable senators, The first one is *Advancing Peaceful Unification, Highlights from the New Year Policy Statement*, by President Chun Doo Hwan, January 22, 1982, the Republic of Korea.

The second document that I have is numbered 028 of March 1982 and entitled *South-North Dialogue in Korea*, International Cultural Society of Korea, Seoul Korea.

I have another one entitled *Inter-Korean Dialogue and Its Prospects.*

Another document given to me by the minister responsible, the Honourable Shon Jae Shik is called *Unification Problems of the Korean Peninsula and Formula for National Reconciliation and Democratic Unification.*

Since it is a crucial problem in Korea, I thought it would be helpful to list the documents which were given to me and to comment on the problem of the unification of the two Koreas.

Among the proposals for reunification, the one dated January 1982 advocates the creation of an advisory committee of representatives of both countries who would be responsible for drafting the constitution of a Republic of Unified Koreas.

In the meantime, a seven-point agreement based on mutual knowledge would govern relations between the two Koreas. That proposition was rejected by North Korea, as were all others before. In addition, South Korea is in favour of both Koreas joining the United Nations. As honourable senators know, in a speech delivered before the General Assembly of the United Nations by our Secretary of State for External Affairs, Canada has already indicated that it would support any such application by South Korea.

The parliamentary delegation, of which I was a member as ad hoc vice-chairman, was not the first one to visit our South Korean friends. Indeed, we have had regular bilateral visits since the Korean conflict. Some 27,000 Canadians fought in that war and, unfortunately, 516 were killed. That fact was highlighted in a dramatic fashion when President Chun visited Canada last August: he did insist on visiting Quebec's Sainte-Anne-de-Bellevue Hospital to meet with the 73-odd Canadian veterans of the Korean war who are hospitalized there. In addition, he laid a wreath at the cenotaph in commemoration of the Canadians who fought in the war.

The Koreans remember Canada's contribution and they show Canadians a gratitude brimming over with kindness and hospitality. They remember and speak highly of the Prime Minister's visit to Korea. During a special meeting of our delegation with the President of the Republic, His Excellency Chun Doo Hwan, who insisted on giving us 45 minutes of his valuable time, we noted to what extent a deep friendship has developed between our two countries. Before our visit in October 1982, other members of the Canada-Korea Friendship Group had been given the opportunity of making that trip. I know of two senators who made that trip before I did, and they are Senators Guay and Muir. I have to mention here the trip made by the Honourable Ed Lumley, Minister of Industry, Trade and Commerce and the one made by the Honourable Jean Marchand, Speaker of the Senate. The list of Canadians who have now visited the Republic of Korea is getting longer every year and is an indication of that friendship to which I referred a few moments ago. I had the privilege along with other members to meet the chairman of the Canada-Korea Friendship Group, a worthy parliamentarian, a born speaker, in full command of both the French and English languages as well as of his own Korean language, the Honourable Duwan Pong, David Pong for us, whose graciousness and hospitality I found most attractive. I wish to thank him for his courteousness towards the Canadian delegation and for all the activities which he had so well organized with great success. To him and to all the Korean parliamentarians our sincere thanks for having made our visit so pleasant, so informative and so relaxed on occasions.

Upon its arrival at the airport the Canadian delegation was presented with a bilingual program in the English and Korean languages. The leader of our delegation was the member for Cumberland-Colchester, Robert Carman Coates, Chairman of the Canada-Korean Friendship Group. He was on his seventh trip and was quite helpful to the members of the delegation who were on their first trip to Korea as in my case. From the Senate, Senator Guy Charbonneau showed great interest throughout this short trip. Among the other parliamentarians

were the members for Gamelin, Arthur Portelance; for Halton, Otto John Jelinek; for Dunvernay, Yves Demers; for Portage-Marquette, Charles James Mayer; and for Portneuf, Rolland Dion. The secretary and clerk of the delegation, Mr. Rick Logan, showed constant concern for the welfare of the entire delegation. In all, those nine Canadians maintained the tradition of Korean-Canadian friendship. Certain senators have asked me how we were selected for such a trip and by whom. The executive council of this parliamentary association makes the decisions and selects senators and members of Parliament who already are members of the association. It is important that both Houses of Parliament be represented, that there be a rotation among members at each trip and that the delegation represent Canada as a whole rather than just the West or just the East, or only francophones or anglophones. It is important to select delegates who have varied interests such as, agriculture, sports, trade and commerce, industry, culture and so on. The executive council feels so much more at ease when the Canadian government is not involved in the funding of such a trip. Indeed, all expenses are paid for by the Koreans, either the private or the public sector. The delegates only had to pay for their travel expenses from Ottawa to New York and their stay in New York. The other expenses were handled by our friend Duwang Pong, the Chairman of the Canada-Korea Friendship Group. It would be appropriate at this point, on my behalf and on behalf of the delegation, to thank him and all the Koreans who contributed financially to that trip, and to express our appreciation.

I will attempt to give a few names, even though I am sure to forget some of them. I ask the forgiveness of those whose names I forget, but after five months it is difficult to remember the names of all the Korean and Canadian personalities we met during our trip.

I also wish to express my gratitude to all those who made our stay so enjoyable. I want to thank the Ambassador of the Republic of Korea in Canada, His Excellency Mr. Kyoo Hyun Lee, who was kind and courteous enough to offer us a farewell dinner party where he explained the problems and goals of his country. My thanks also to the Canadian Embassy in Seoul which, through its chargé-d'affaires, Mr. Lawrence T. Dickenson, welcomed us in Korea upon our arrival at the airport. In the absence of our Ambassador, Mr. Dickenson helped us through work sessions, accompanied us during our stay and gave us the opportunity to meet, during a luncheon given in his home, Canadian businessmen working in Korea who are a credit to our country.

The majority of these businessmen were in charge of several Canadian stands at the International Trade Fair or SITRA 82. Canada Day, fortunately, came up during our visit and the whole delegation was present at the official proclamation. Bob Coates, head of our delegation, delivered a well appreciated speech on our behalf at the invitation of the trade commissioner for Canada, Mr. Dickenson, after which we had the opportunity to visit some of the Canadian stands. Personally, I was mostly attracted by the one that explained the functioning of our CANDU nuclear reactor. Before that, we had had the opportunity to visit Wolsung where Atomic Energy of Canada Ltd. has just finished building an important nuclear centre in that mountainous southern area of the country. We travelled from Seoul to Wolsung in an airplane and then a helicopter that Daewoo Enterprises had graciously provided us with. During that visit, we met some Canadians, men and women, who live there while supervising the construction of our nuclear reactor. We really had a great time with them. I want to assure my honourable friends that we made every effort possible during the trip to charm the Koreans into persisting in their endeavour to develop their own electrical power through other CANDU reactors that they would buy from us.

I mentioned Daewoo Enterprises, because during the same day we were invited to visit one of their plants, namely Daewoo Shipbuilding & Heavy Machinery Ltd., (OKPO). They explained to us that this shipbuilding operation is the largest in the world. During this most interesting visit, we saw a ship being built and received all sorts of technical information. And we dined splendidly. Moreover, we had the opportunity to visit the Daewoo offices in Seoul. I think it is appropriate at this time to thank once again the various presidents and vice-presidents of this corporation whose hospitality was equalled only by their kindness.

Another very interesting visit was that to the Seoul Sports Complex. We had elected as our leader during this visit Mr. Jelinek, our colleague from the other place, who, as honourable senators are certainly aware, is a former figure skating champion and, therefore, a sports specialist.

Hon. Joseph-Philippe Guay: Did he give you a small exhibition?

Senator Leblanc: Of figure skating? In 1988, that is two years after holding the Asian Games, the Republic of Korea will host the Olympic Games. For this purpose, they have built over a period of five years, a sports complex which will be completed this year—compare this, if you wish, with the situation in Montreal before the Olympic Games. During our visit, the authorities provided us with a booklet describing the various buildings in full detail. I will dispense with all this literature and I will just give you a summary—

• (2120)

[*English*]

It has a total capacity of 200,000 persons, and the construction period is from 1977 to 1983. The complex includes a main stadium, a gymnasium, an indoor swimming pool, parking for 10,000 cars, a student indoor swimming pool, a student gymnasium, a baseball stadium and a velodrome. This is quite an achievement for them.

[*Translation*]

In addition to having the privilege of speaking with President Chun, as I said earlier, we met the Speaker of the Legislative Assembly, His Excellency Jung Nae-Hink, in his offices, where he received us with his usual courtesy. We were also invited to sit in the Legislative Assembly during a budget debate and sat in seats usually reserved for ministers. We were

told that this had never been done before and that no other foreign parliamentarian had ever sat in the Legislative Assembly itself. This visit was followed by a reception which was held in the rooms of the Legislative Assembly, which was also a first. Our host was the Honourable Lee Jong Chaw, Chairman of the House Steering Committee, and I wish to thank him for his hospitality.

As you will have guessed, on every occasion, the chairman Bob Coates transmitted the acknowledgements of the delegation in the English language, and as ad hoc vice-chairman, I had the honour of following him in French because we wanted to show the Koreans that our country is bilingual and that this bilingualism is demonstrated at every opportunity.

It also gives me pleasure to thank once again the Honourable Ha-Dae-Don, President of the Korea National Tourist Corporation (Daewongak) for his legendary hospitality, as well as the Honourable Hon-Yoo Chang-Soon, President of the National Red Cross of the Republic of Korea. My pronunciation of Korean words is perhaps not quite correct, but I am doing my best. I also want to mention the reception which was given by Roh In-Hwan, Executive Vice-President of the Federation of Korean Industries, where we met an impressive group of Korean businessmen who, with the support of the government, have over the last 20 years brought about a remarkable economic transformation, which is being hailed as an economic miracle in some circles, by going from an agricultural economy to an export-oriented industrial economy. In the early sixties, the GNP per capita amounted to $87 and in 1981, it had increased to $1,500 and is still rising, but at a somewhat slower rate. In order to improve the situation, the government has taken a number of economic measures that are viewed by observers as an attempt to restore confidence in the business community, such as the lowering of interest rates and the raising of the maximum money supply. Those measures are aimed at bringing inflation under control and promoting exports.

Mr. Choong Hoon Cho, President of Korean Air Lines, has also played a major role in the success of our mission. I am pleased to express to him as well to his vice-president, Mr. Ho Yong Chong, the gratitude of the 1982 Canadian delegation.

● (2130)

The Republic of Korea also has trade relations with other countries such as Japan, the United States, Australia, the Middle East, Europe and many others.

It is no wonder the Republic of Korea has close ties with the Americans since the United States ensures the security of that country with a force of 40,000 men and is Korea's main trade partner, immediately before Japan. In the energy field—which is most important for us—South Korea is largely dependent upon imports and must necessarily give high priority to its relations with countries richly endowed with natural resources, including Canada.

It must be kept in mind that our bilateral trade relations with Korea have considerably increased since the opening of our embassy in Seoul in 1973. In 1981, exchanges between our two countries had increased more than tenfold, totalling $1 billion. This boom is largely due to the rapid and continuing expansion of Canadian exportations in Korea, with the material and equipment intended for the CANDU nuclear reactor under construction ranking first, followed by various other semi-finished products and raw materials.

Canada will probably continue to benefit from joint efforts from the Korean government and business community in view of diversifying their supply sources. Korea is determined to improve its relations with Canada, among other nations, in order to create a more favourable climate leading to the conclusion of long term deals involving raw materials and semi-finished products. This could also boost the sale of Canadian manufactured products since Koreans will more frequently travel to Canada and will have the opportunity to become acquainted with other aspects of Canadian skill.

The recent acceleration in the growth of the Korean economy should open new markets for Canadian exports and should offer major opportunities for mutual investments, joint ventures and other economic activities. It should be noted that three Canadian banks have branches in Korea and that two Korean banks have just opened branches in Canada.

The Export Development Corporation has allocated more money to support Canadian exports, while feasibility studies and other research projects have been financed by both the International Development Research Center and the Canadian International Development Agency.

Honourable senators, I will not hold your attention for very much longer on this matter. I believe I am saying rather important things about bilateral relations between the two countries.

Our two economies being complementary, there is an opportunity to expand the trade relations between both countries, and I am convinced that bilateral parliamentary relations can only further the friendship between our two countries and promote our economic development.

It was the wish expressed by the members of the Canadian delegation of October 1982, and we encourage the Canadian businessmen to take advantage of these relations in the best tradition of Canadian business.

To all our Korean friends, I say Kamsahamnida, or thank you very much for your hospitality.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment of this debate, I would like to congratulate our colleague, Senator Leblanc, for his speech and for the fact that he still speaks French without a Korean accent.

Now, if I may, I would like to move the adjournment of the debate on behalf of Senator Charbonneau so that he can speak on this subject, because I think he was a member of that delegation.

Senator Leblanc: Yes.

On motion of Senator Frith, for Senator Charbonneau, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 5429*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (C) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1983

MARCH 15, 1983

The Standing Senate Committee on National Finance to which Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1983, was referred, does, in obedience to the Order of Reference of Thursday, March 3, 1983, report as follows:

The Subcommittee on Estimates, chaired by the Honourable Senator Doody, was authorized by the Committee to examine and report to the Committee upon the expenditures proposed in Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1983.

In obedience to the foregoing, the Subcommittee heard evidence from the following witnesses from the Treasury Board: The Honourable Herb Gray, P.C., M.P., President; Mr. H. J. Mullington, Assistant Secretary, Crown Corporations, Program Branch; and Mr. E. R. Stimpson, Director General, Budget Co-ordination Group, Program Branch.

Supplementary Estimates (C) totalling $1.9 billion represents the last regular Supplementary Estimates for the current fiscal year. These Supplementary Estimates, together with the 1982-83 Main Estimates of $74.2 billion, Supplementary Estimates (A) of $0.1 billion and Supplementary Estimates (B) of $5.3 billion bring the total 1982-83 Estimates to $81.5 billion.

Of the $1.9 billion in Supplementary Estimates (C), an amount of $1.1 billion or approximately 58 per cent, is for payments already authorized by statutes, hence this amount is non-discretionary. An amount of $732 million is for expenditures that Parliament will be requested to vote.

The Treasury Board supplied the Subcommittee with a list of $1 votes included in Supplementary Estimates (C) which is attached as an appendix to this report.

$1 Votes

The President of the Treasury Board provided explanations for the thirty (30) $1 votes. Officials of the Treasury Board indicated that the proliferation of $1 votes is the result of a preference to utilize existing funds by transferring them from one vote to another rather than to request authority for new funds. The Subcommittee was of the opinion that this was an inappropriate use of Supplementary Estimates. It felt that it would be more appropriate if funds lapse within votes, and Departments, in need of additional resources, go through appropriate Parliamentary channels and request additional funds.

Canada Student Loans Act

The Subcommittee questioned the need by the Canada Student Loans Programme for an additional $30 million. Senators were particularly concerned that lending institutions were receiving 16⅜ per cent interest on outstanding loans from the government while recipients were still at school and 15⅞ per cent directly from recipients who had graduated last year. The Subcommittee suggested that the government, in cooperation with designated lending institutions, consider introducing interest rates for the programme linked to the prime rate. The Subcommittee also expressed concern for the high rate of interest being paid by some recipients of the programme and that some form of interest relief should be considered.

Secretary of State

The Subcommittee noted that a contribution was made for the celebration of the 450th Anniversary of the arrival of Jacques Cartier in Quebec in the value of $500,000 (five hundred thousand dollars). Senators were particularly anxious to learn whether there was any commensurate contribution by the Province of Quebec either in the form of cash or services rendered.

Audit and Controls

The Subcommittee noted many examples of items requesting funds for additional grants and contributions. For example, in the Citizenship Programme of the Secretary of State, additional funds were requested for grants to implement projects under the Special Employment Initiatives Programme; this item appears both under Citizenship Participation and Multiculturalism. The Subcommittee expressed concern that sufficient controls be in place to ensure that such grants are made to qualified recipients and that appropriate procedures be set in place to assure this.

Professional and Special Services

Senators felt strongly that the expenditures for Professional and Special Services should be monitored and used minimally. When professional and special services are required and are not available within government, careful scrutiny is advised to ensure that the best services are obtained at the lowest price. Particularly, Senators felt that the use of non-government legal services and the fees charged, should be more competitive.

Respectfully submitted,

D. D. EVERETT,
Chairman.

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (C), 1982-83

The 30 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I, according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Six votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Twenty-one votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. Two votes which amend previous Appropriation Acts. (Additional explanations are provided in Appendix II.)

D. One vote which authorizes an increase in the statutory limit of a Revolving Fund. (An additional explanation is provided in Appendix II.)

March 1983
Estimates Division

APPENDIX I

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (C), 1982-83

Page	Department or Agency	Vote	Categories A	B	C	D
12	Agriculture	10c		x		
12		15c	x			
12		16c				x
28	Employment and Immigration	1c		x		
30	—Canada Employment and Immigration Commission	5c		x		
32		15c	x			
34		20c		x		
46	External Affairs	5c			x	
46		10c	*	x		
50		25c		x		
52	—Canadian International Development Agency	35c	x			
64	Fisheries and Oceans	1c		x		
66		L11c			x	
74	Indian Affairs and Northern Development	35c		x		
80	Industry, Trade and Commerce	10c	x			
80		25c		x		
82		45c		x		
92	Labour	5c	x			
94	National Defence	1c		x		
94		5c		x		
94		10c	x			
98	National Health and Welfare	1c		x		
100		5c		x		
104		15c		x		
124	Public Works	30c		x		
156	Transport	10c		x		
156		11c		x		
156		12c		x		
156		35c		x		
176	Veterans Affairs	1c		x		

APPENDIX II

ADDITIONAL EXPLANATIONS

Category C—Amendment of Previous Appropriation Acts
External Affairs

Vote 10c—Authority is requested to purchase all the issued and outstanding shares of the Company, Societa a Responsibilita Limitata Immobilaire San Sebastiano for the purpose of purchasing an official residence.

Explanation—The Department of External Affairs has been leasing an official residence in the Vatican, Holy See, since 1970. Approval was given in early 1983 to purchase this property as Canada's official residence in Rome. In order to purchase the current residence, on the expiration of the existing lease in April, 1983, it is necessary to acquire all issued and outstanding shares of Immobilaire San Sebastiano whose sole asset is the residence. The total cost of the

residence will be $1.4 million, of which $1.2 million is required in 1982-83.

Fisheries and Oceans

Vote L11c—Authority is requested to increase the borrowing limit of the Freshwater Fish Marketing Corporation by $10 million to a total of $30 million.

Explanation—The borrowing limit of the Freshwater Fish Marketing Corporation was increased to $20 million by Appropriation Act No. 1, 1974. As a result of inflationary pressure it is now proposed to increase this limit to $30 million to provide for the working capital requirements of the Corporation to 1986 and beyond.

Category D—Increase In The Statutory Limit of a Revolving Fund

Agriculture

Vote 16c—To authorize an increase of $1.8 million to a total of $2 million in the statutory limit of the Race Track Supervision Revolving Fund.

Explanation—The Race Track Supervision Revolving Fund was established in 1969-70 with a non-lapsing statutory limit of $200,000. This Fund operates under the continuing authority of the Adjustments of Accounts Act and in accordance with Section 33 of this Act the authority can be increased to provide sufficient working capital.

The reduction in the levels of betting and the new betting systems (telephone account betting, track to track betting) have resulted in insufficient working capital in the Fund to meet operating requirements. The increase in the limit is required to meet the operating loss anticipated in 1982 and to provide sufficient working capital for future years. The Fund is financed by revenues obtained through a levy on all pari-mutuel betting.

THE SENATE

Wednesday, March 16, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not ready to present a motion at this moment, but perhaps this would be an appropriate time to share with you some thoughts about our schedule for the next few weeks, at least between now and March 30, the date, according to the rules adopted in the other place, fixed for the Easter recess until April 11. Of course, although we are not bound by those rules we are affected by them.

Honourable senators, I am sure we will not receive any legislation this week, but there is the probability that next week we will receive Bill C-139, dealing with the income tax amendments and/or Bill C-143, the borrowing authority. We may also receive some non-controversial legislation or even a private member's bill next week. The difficulty is in knowing when this legislation will come before us because, as I understand the scheduling and the allocation of time in the other place, it could happen that those bills will not be passed in the other place before Wednesday.

Therefore, honourable senators, I propose that we adjourn today until next Tuesday at 8 p.m. I also propose that, as an experiment at least until the Easter adjournment, we sit on Tuesday evenings at 8 o'clock; that we do not sit on Wednesday afternoons, in order to leave Wednesday afternoons for committee meetings and to take some of the pressure off Tuesdays, and thus avoid what has been happening and, indeed, happened this week when many senators had three meetings to attend at the same time; and that we sit on Thursday afternoons at 2 o'clock.

I suggest that we try this new formula until March 30 and perhaps even until the end of the session.

Hon. Jacques Flynn (Leader of the Opposition): What difference is there between the end of March and the end of the session?

Senator Frith: I suggest that we try this until March 30, when the House of Commons will adjourn. I referred to this before the Leader of the Opposition entered the chamber.

We will then sit on Tuesdays at 8 p.m., which will allow committees to meet during the day on Tuesdays; we will not sit on Wednesday afternoons, to allow committees to meet on Wednesday afternoons—we will then have Wednesday evenings in our hip pockets, so to speak, if there is a need to deal with legislation; and we will sit on Thursdays at 2 o'clock in the afternoon.

As for this week, honourable senators will have observed from notices sent to them that tomorrow the Subcommittee on National Defence will meet at 9 a.m.; the Standing Senate Committee on Health, Welfare and Science will meet at 9.30 a.m.; the Standing Senate Committee on National Finance, Subcommittee on the Estimates, will meet at 9.30 a.m.; the Standing Senate Committee on Foreign Affairs will meet at 11.15 a.m.; the Standing Senate Committee on Transport and Communications will meet at 11.15 a.m.; and the Standing Committee on Internal Economy, Budgets and Administration will meet at 11.15 a.m.

• (1410)

My suggestion, honourable senators, is that we do not sit tomorrow, unless there is a strong feeling that we need Question Period tomorrow.

An Hon. Senator: We need an Answer Period.

Hon. H. A. Olson (Leader of the Government): We give good answers to good questions.

Senator Frith: By not sitting tomorrow we could allow some of those committees to sit longer, if they wished. However, that would be an exception to our new formula, because the new formula will be: Tuesday at 8 p.m.; Wednesday, no sitting in the afternoon but an evening sitting, if necessary; and Thursday at 2 o'clock in the afternoon.

If honourable senators feel inclined to support that program, I will proceed with a motion to adjourn until Tuesday, March 22, at 8 o'clock in the evening. Before moving that motion, however, I will ask honourable senators to give an indication whether they are prepared to do so.

Hon. Duff Roblin (Deputy Leader of the Opposition): I have been in consultation with my leader and I may say that program would suit us. It would enable us to have committee meetings on Wednesday afternoon, which we have been hoping for. The understanding would be that we would not sit on Wednesday evening unless we had to. That program looks sensible to us.

Hon. Douglas D. Everett: Question!

Senator Flynn: Are you asking the Speaker to call Question Period?

Senator Everett: No, I was simply hoping to bring the matter to a vote now.

Senator Frith: Judging from your response, I assume that honourable senators are prepared to support the program at least on an experimental basis for a few weeks.

Accordingly, I move, seconded by the Honourable Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(g):

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, March 22, 1983, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE HONOURABLE PAUL YUZYK

FELICITATIONS ON BEING NAMED KNIGHT-COMMANDER OF THE ORDER OF ST. GREGORY THE GREAT

The Hon. the Speaker: Honourable senators, I take great pleasure in calling your attention to the fact that one of our colleagues, the Honourable Paul Yuzyk, has been honoured by being named Knight-Commander of the Order of St. Gregory the Great.

[*Translation*]

I refer to Senator Yuzyk's appointment to that Order. I think that I can say on behalf of you all that this honour is shared by the whole Senate.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

WINTER OLYMPIC GAMES, 1988

FEDERAL GOVERNMENT SUPPORT

Hon. Nathan Nurgitz: Honourable senators, I should like to direct a question to the Minister of State for Fitness and Amateur Sport relating to what I am sure is now his pet project, the Calgary Winter Olympic Games.

In June of last year half a million dollars in seed money or start-up cost money was promised to the committee responsible for those games. From my reading of newspaper accounts I understand that $125,000 of that money was paid immediately. Can the minister tell us the current status of the payments of seed money? I must say that some reports I have read indicate that the funds are not being received by the committee.

● (1415)

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I am very pleased to report that the other day our distinguished colleague, the Honourable Senator Bud Olson, and I delivered a cheque for $5 million to the Calgary Olympic organizing committee. This is in addition to an earlier payment of $500,000. The total amount paid by the federal government to the Calgary Olympic committee, therefore, is $5.5 million, which is the largest direct grant paid by any of the sponsoring parties to date. The $5.5 million amount is tangible evidence of our interest in the games and our determination to make them the most successful Winter Olympics in the history of the Olympic Games.

Senator Nurgitz: I wonder if the minister could tell us the source of the funds—that is, whether they come from consolidated revenue or out of the budget figures of his department.

Senator Perrault: The money represents a prepayment from non-tax revenue sources which, as the honourable senator is aware, will provide the basis of the federal contribution to the Calgary Winter Olympics.

Senator Nurgitz: Honourable senators, as a further supplementary, do I assume, therefore, that it would be the sports lottery program, which is still a matter to be dealt with in both houses of Parliament, that would provide the funds for that?

Senator Perrault: It is anticipated, honourable senators, that the funds will be derived from that source, but, as well, from other non-tax revenue sources. There is in preparation, for example, what I believe will be one of the most outstanding coin and stamp programs ever launched in connection with the Olympics. Much credit goes to the Calgary organizing committee for their fine work in this regard. They are receiving the fullest possible co-operation from the federal government in this area.

The preparations for bringing the games to a successful staging are moving along very well. We have in place our federal structure, our organizing committee, headed by Anita Szlazak working with Anthony Campbell and with Harold Millican. Mr. Millican, of course, is a respected Calgarian, known, I am sure, to the honourable senator. We have a good team in place. Together with these people I have had a number of meetings with representatives of the Calgary organizing committee.

There are some expressions of concern in the media as to whether Calgary will be able to move ahead and present the games. I feel confident that they will do so in magnificent fashion. There has been some discussion about sites for the downhill and for the slalom and other events. Any project as large as this is certain to generate a dialogue and questions relating to sites and planning. What I am saying is that in my view good progress is being made.

SPORT

SOCCER—1986 WORLD CUP COMPETITION—POSSIBILITY OF CANADIAN VENUE

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the minister. I am almost tempted to ask if he has anything in his pocket for the city of Winnipeg in Manitoba, but I will leave that for the moment.

I am aware of the announcement that the minister made in Vancouver during the Queen's visit. He made reference to

world soccer. I thought that there was something mentioned about the fact that you had to wait for confirmation from Zurich, or somewhere, in this particular regard. Could you explain to the Senate what is taking place?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I appreciate that question from the honourable senator. I thank him and his Senate government colleagues from Manitoba for the support they are giving to Canada's World Cup application, and their helpful advocacy on behalf of the city of Winnipeg.

I am pleased to tell the Senate that there are nine playing sites involved in Canada's bid for the World Cup. The list includes Winnipeg. I am pleased to state that other centres included are Regina, Calgary, Edmonton, Hamilton, Ottawa, Toronto and Montreal. If a suitable stadium is constructed in the maritime provinces, honourable senators, I will be more than delighted to suggest that the maritime provinces be included as well.

Senator Guay: When is the final decision to be made, and how many teams can we expect to participate in this event?

Senator Perrault: There will be over 20 of the world's leading soccer teams participating in the tournament. The final site decision will be made in Stockholm on May 20.

• (1420)

Between now and May 20, I invite honourable senators to lend their support to this Canadian World Cup application by, for example, attending receptions in the various centres when the International Soccer Committee evaluates the proposed playing sites in Canada, by making use of their international contacts and through other efforts. This is a project which transcends party differences. For this reason, I know that Canada's bid will have the enthusiastic support of members of the Progressive Conservative Party and the New Democratic Party, as well as the established and demonstrated assistance of the supporters of this government.

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning a question that was asked in the other place last Thursday by the member for Portneuf. He asked the Minister of Employment and Immigration what progress had been made by his department and the Department of National Defence with respect to job creation under the NEED program. He was referring to the recruitment of unemployables into the forces.

The reply from the Minister of Employment and Immigration was that a job creation agreement had been signed with DND providing for 3,000 places for people on the NEED program.

Are we to take it that that is the total number that will be in any program with the Department of National Defence, along the lines of the concept we both support, namely, to take unemployables into the military?

[Senator Guay.]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot answer in exactly the terms put by the honourable senator, but I believe the answer—and I would like to look at it more specifically—said that an agreement had been signed for 3,000 places out of the NEED program. But that is not the total, because I already know of an addition to that. It is not a large number, but it is the number that has been agreed to, where the commitment for the funding and agreement between the two departments have been arranged. There could be some more; indeed, there are likely to be more.

I know what my honourable friend is trying to do. I have seen him do it well in the past. He is trying to anticipate the budget. I want to caution him that he will not be able to draw that out of me.

Senator Marshall: The Leader of the Government indicated that he knew of others, that he knows of numbers. Can he disclose that?

Senator Olson: Yes. I can tell him of a number, for example, in my home province, where there was an amount of approximately $500,000 allocated to the militia units, so that they could take in a larger number of applicants than their regular budget would allow. In many cases the infrastructure—such as spaces in the training units, where there was vehicle training or training in some other trade they had to offer—was such that they were not fully occupied, and what we needed was a financial commitment to pay the allowances to the recruits. It is a highly successful program.

Senator Marshall: Will the Leader of the Government tell us what is in the budget?

Hon. Royce Frith (Deputy Leader of the Government): Having gone that far.

Hon. Gildas L. Molgat: Honourable senators, as a supplementary question on the reply given by the Leader of the Government on the extra contribution to the Alberta militia, was this available also in other provinces?

Senator Olson: Honourable senators, there was an option with respect to the allocation of some special employment program. After looking over what could be done immediately, I made a recommendation to the government and to the Department of National Defence that we would probably get better value for the funds, for that $500,000, than some of the other options that were open. But other provinces had options.

FOREIGN AFFAIRS

ZIMBABWE—CONFERENCE ON RECONSTRUCTION AND DEVELOPMENT—CANADIAN COMMITMENT

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government. In May 1981 I had the privilege of heading a Canadian delegation to Zimbabwe, to a conference on reconstruction and development which took place in Salisbury. I had with me an interesting delegation, and Canada made a commitment to Zimbabwe. It was the first anniversary of the country's independence, and

because it had been a year of orderly and peaceful transition Canada made a commitment of $50 million in aid over a five-year period.

● (1425)

For those of us who have watched the scene in Zimbabwe, it is a matter of real distress to see the recent developments that have taken place in that very beautiful country. I am sure the Senate will allow me to repeat one or two things I said about that country in my report to the Senate. There was a rather orderly transition from the days of the Rhodesian rebellion and Ian Smith. I have personally met many of the people involved in the political scene there: Mr. Nkomo, Mr. Mugabe and others. After visiting the country, I came away with the feeling that basically it was heading in the right direction. However, I can recall saying to the Senate that the major problem was the tribal differences that still seemed to exist because they could lead to trouble in that beleaguered country.

I have tried to keep abreast of what is happening in Zimbabwe. I listened with interest to reports on the 5th Brigade, which is not an army unit but the personal support force of Prime Minister Mugabe which was trained by the North Koreans. I have followed what has happened to Joshua Nkomo and read with distress of the number of atrocities that have taken place there. Some of us are rather fearful that the situation could become quite serious.

My question to the minister is: Is Canada considering withholding any part of the commitment made at the ZIMCORD Conference? I understand that Sweden has taken such action. I would also ask the leader—and he may have to take this question as notice—to report on the part Canada is playing in this particular situation, and on whether Canada is able to exert any influence for the good. The fact is that Canada is a highly respected nation in the eyes of Zimbabwe. I might say that I had the privilege of cutting the ribbon opening the new Canadian chancellery where we installed the Canadian high commissioner. As I say, we were welcomed with open arms by our friends in Zimbabwe and that is all the more reason why Canada must be concerned with the events there. I ask for a reply from the Leader of the Government at his earliest convenience.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to take as notice some parts of Senator Buckwold's question. However, I do want to acknowledge that Canada did, in fact, pledge $50 million in development assistance for the period 1981 to 1986 at the ZIMCORD Conference in Harare. I can tell the honourable senator that some of that funding has, in fact, been spent in such areas as enhanced funding for teachers, for teacher training, and some of it has been directed through the World University Service of Canada.

With regard to the other part of the honourable senator's question—and I shall try to obtain a more complete answer soon—we are very concerned about the reports of strife in Zimbabwe and the apparent escalation of that strife over the past few months. We hope that there will be a renewal of trust and confidence which will put an end to this insurgency and restore peaceful conditions. While seeking further information, we are also drawing our concern to the attention of the Zimbabwe authorities and conveying the hope that peace and conciliation will replace the conflict there.

That is about all I can say at this point. I shall try to get a more complete answer for Senator Buckwold with respect to the remaining parts of his question.

● (1430)

Senator Buckwold: I have a supplementary for the Leader of the Government. It would appear to me that if the nations of the world which gathered in Zimbabwe in 1981 and pledged several billion dollars for reconstruction would indicate to that country that those funds, committed to aid in Zimbabwe, could be in jeopardy unless some kind of settlement was made of the interior tribal warfare, it may have a very salutary effect in bringing these two parties together and thereby bring peace to that area. I would ask, when the question is answered, to have some comment on that particular statement.

Senator Olson: Your statement will be noted in the request for information.

AGRICULTURE

ATLANTIC REGION VETERINARY COLLEGE

Hon. Heath Macquarrie: Honourable senators, I would like to address a question to the Minister of State for the Canadian Wheat Board. As he will recall, I have asked him before about the progress on construction of the veterinary college in the city of Charlottetown to serve the maritime region. Since I have made those inquiries there have been some very positive developments in that it appears that his colleague, the Minister of Agriculture, now realizes that when the distinguished Premier of Nova Scotia makes a commitment, that commitment is as good as gold, and that the fine work of that great diplomat, Premier Lee of Prince Edward Island, has brought about a splendid consensus.

I am seizing this opportunity to praise the government, a situation that does not often arise, and I would like Senator Argue to convey to his colleague, the Minister of Agriculture, that, in the light of his positive response on this project, we in the maritime region are not only prepared to forgive his former apostasy but even to forget it and congratulate him and the government for forward steps in what I am sure will be a most splendid institution, as I am sure the minister here, as a distinguished agriculturist, will realize.

I would ask him to convey my remarks to his colleague and bring the Senate up to date on the present status of the federal contribution to this most exciting and needed project.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank Senator Macquarrie for his remarks. I am sure the Minister of Agriculture will be very pleased to learn of them. We have all been interested in the veterinary college for eastern Canada and the Atlantic provinces. There have been some difficulties in the past related to the position

taken by the Premier of Nova Scotia, but I am glad to hear that agreement has been reached.

I shall be very happy to convey the honourable senator's remarks to the Minister of Agriculture, and I join with him in looking forward to the fulfilment of this worthwhile project.

NATIONAL PAROLE BOARD

GATING OF INMATES

Hon. Earl A. Hastings: Honourable senators, I should like to address a question to the Leader of the Government. It is in reference to the question I asked him yesterday in regard to the practice of gating inmates, and denying them a fundamental right that has been confirmed by the Parliament of Canada. This right is being denied them on the basis of a decision by an administrative board which has no more ability to predict capacity for violence than any member of this house.

I draw this to your attention, honourable senators, because it is urgent. I understand that at the moment there are ten inmates being denied that right to be released from custody to supervision under the provisions of mandatory supervision.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I took that question as notice yesterday and I realize its urgency, as Senator Hastings has so eloquently pointed out, but I am sorry, I do not have an answer today.

Senator Hastings: I have a supplementary question, honourable senators. I wonder if the Leader of the Government, in his discussions with the minister on the subject of mandatory supervision, would draw to the attention of the minister that we have just gone through the exercise of passing an act which says that a Canadian is a Canadian. That means that a Canadian who is an inmate in a penitentiary in Ontario is entitled to the same treatment as an inmate confined in a federal penitentiary in any other province, and the treatment of those inmates must be fair and just. Any procedure whereby that right is revoked in the province of Ontario is not in keeping with the spirit of that act. In other words, a Canadian is a Canadian wherever he is.

Senator Olson: I will see that the minister responsible gets a copy of Senator Hastings' comments.

● (1435)

ENERGY

OIL AND NATURAL GAS PRICING

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government regarding energy prices in Canada.

The Minister of Energy, Mines and Resources has stated that the increase of $4.00 a barrel in the price of old oil, which was planned for July 1 of this year, will now not take place in view of what has happened to the world price. But there is another energy source which is caught in somewhat the same bind—that is, natural gas. I am not aware that the Minister of Energy, Mines and Resources has made any statement regarding the pricing of domestic natural gas.

[Senator Argue.]

As the Leader of the Government knows, natural gas is programmed to rise by 25 cents per thousand cubic feet every six months from 1981 to 1986, regardless of what happens to the world price of oil. There is no connection between the two. The fixed increase per 1,000 cubic feet of natural gas every six months from now until 1986 is 25 cents. The modifying condition is that the gate price of this escalated domestic gas will not rise beyond 65 per cent of the blended cost of old and new oil. There is to be that differential.

Up until the present time, the government has been able to increase the price of natural gas by 25 cents per 1,000 cubic feet and still have a margin that it taxed under the natural gas and gas liquids tax, which made up the difference between the escalated price of natural gas and the 65 per cent figure. The government, therefore, was able to collect a tax on natural gas. It now appears that that will no longer be the case, and if it wants to maintain the 65 per cent ratio between the price of natural gas and the blended price of oil in Canada it will have to pay a rebate to someone, so the tax will be a negative tax instead of a positive one.

This is a serious matter and an important one to the users of natural gas, and to those who sell natural gas.

I should like the Leader of the Government to tell us, when he can, what the policy of the government will be. Is it going to change the agreement on the 25 cent escalation steps; is it going to change the 65 per cent ratio; will it subsidize the price with this negative natural gas and gas liquids tax, or will the policy involve all three? What is the government's policy position on this matter?

Hon. H. A. Olson (Leader of the Government): Honourable senators, what Senator Roblin has just described is a very volatile situation with respect to some of the prices and, indeed, some of the factors in the formula that take into account those prices at the end with respect to what the base price of natural gas will be, as well as the tax.

Not very long ago, of course, Senator Roblin will recall that the amount of tax on natural gas was reduced by 29 per cent because of the factors that he has just described forming part of the formula.

It may be that one can look ahead and see a situation where some of the numbers and percentage factors that go into the gas pricing formula would be significantly different from the circumstances envisaged when the energy agreement was signed. I really do not wish to comment on that at this point, although I realize he has asked me what the government's policy position will be with respect to that.

As Senator Roblin can well imagine, there are intense discussions going on now with respect to a number of things in the agreement, and I presume those discussions would include this, although there is more to it than that because we also have some international considerations to take into account with respect to natural gas pricing.

The Minister of Energy, Mines and Resources, the Honourable Jean Chrétien, has slated some meetings with the Minister of Energy for Alberta later this week. I do not think it would be productive for me, or indeed anyone else, to make any anticipatory remarks with respect to what might develop as a result of those discussions.

Senator Roblin: Perhaps I should draw the leader's attention to the fact that, with respect to oil, a decision has already been made. The Minister of Energy, Mines and Resources has looked ahead with respect to oil. He has said, "We are not going to increase it by $4 a barrel on July 1." Therefore, he has taken a stand. He has announced policy. I submit that the situation with respect to natural gas is pretty much the same. The same factors are involved—escalating price, lower world oil prices and a particular situation where if the government does not do something it is going to be caught in a very expensive, negative tax because of this increase of 25 cents every six months.

• (1440)

While I grant the leader all the difficulties of the situation that he has mentioned—I will not fight about those—my point is that with respect to oil the minister has looked ahead and made the decision that he is not going to increase the price. Why can we not expect the same kind of decision with respect to natural gas?

Senator Olson: Honourable senators, I think I gave a perfectly reasonable and logical response when I said that we should at least wait until some discussions have taken place between the two ministers who are most directly responsible. We should not try to anticipate what their agreement, if they come to one, is going to be. I have already said those meetings are going to take place later this week, although I do not think it would be reasonable for me to say positively now that they are going to reach an agreement. Surely, in the name of everything that has common sense attached to it we should not try to anticipate what the conclusions of the discussions are going to be. As Senator Roblin has pointed out, we can try to add up some of the factors that have to be taken into account, but surely they ought to have a discussion about that and a number of other matters that are of great concern to both the federal government and the governments of the producing provinces. We should not try to state in advance what they are going to agree to.

Senator Roblin: I should like to state what my problem is here. I cannot conceive how the minister can set the price of oil, which is one of the salient facts in connection with the 65 per cent ceiling on natural gas, without considering the same matter. If he says it has not been considered, I take his word for it, but all I can say is that it is a funny way of running the store.

Senator Olson: You cannot come to that conclusion because I do not think I said that it has not been considered. I said an agreement or an announcement has not been made. Of course, the minister is considering these things, but with respect to the price of oil what the minister said—I want to be somewhat careful about this and also put in a reservation that it might not be entirely accurate—was that according to his calculation the international price of oil came down sufficiently and that on the way down it did, in fact, come to the 75 per cent point, or so close to it that any further anticipated increase on July 1 was not warranted under the formula. That is somewhat more clear than the other very complex factors that go into the price of gas and what could spin out of all that. As I said when we talked about this situation earlier, there was, indeed, a 29 per cent decrease in the federal tax on gas.

Senator Roblin: The minister made my point for me perfectly, and obviously the one follows from the other. Since I cannot get any more out of him on that line, I now ask him if he will ask his colleague to let us know when he is going to make an announcement with respect to the price of natural gas.

Senator Olson: Yes, and I think I can anticipate some of the answers. If he asks when, then I will say it will be after he has had discussions with the producing provinces, particularly Alberta, the major producing province. He has a meeting slated for Friday with the minister there.

Senator Roblin: Tell me on Tuesday.

Hon. Lowell Murray: Honourable senators, by way of a supplementary, may I ask the Leader of the Government whether he has been able to obtain the information I asked him for two weeks ago, and again last evening?

Senator Olson: Honourable senators, I am glad Senator Murray asked that question again today because I did have the exchange looked up. It took place on March 2 and is reported at page 5422 of *Hansard*. When Senator Murray asked a series of questions yesterday, he said that I undertook to give him an answer. According to page 5422, in response to the question on the interpretation of the agreement, I said:

> Honourable senators, I am not prepared to answer that question.

The point is that I did not give him an undertaking to get a reply to the question in the way it was put.

I am not prepared to give an interpretation on the basis that Senator Murray put it, but if he does not have a copy of the agreement that was signed on September 1, 1981, I brought one with me, and he can read it for himself.

Senator Murray: Indeed, and I can draw my own conclusions from it.

Senator Olson: They are usually wrong.

Senator Murray: What I am asking the minister to do is to tell the Senate and the people of Canada what the position of the Government of Canada is with regard to the provisions of that agreement in the event of a decline in the world price of oil. I see no reason why the minister cannot obtain that information and give it to us as a statement of policy of the Government of Canada.

I was under the impression that he had undertaken to do that two weeks ago and so was he, because I notice from page

5435 of *Hansard* of yesterday, March 15, that the following exchange took place. I said:

> Surely, the minister can tell us that or can obtain the answer from the Prime Minister or from his colleague, Mr. Chrétien.
>
> SENATOR OLSON: I gave an undertaking to do that some time ago.
>
> SENATOR MURRAY: Two weeks ago.

That exchange indicates pretty clearly that not only I but also the minister was under the impression that he had given such an undertaking.

Senator Olson: On a serious note, I do not care whether Senator Murray wins certain debating points or not, although he probably does. The point that I think has to be made is that if I gave any undertaking it certainly was on the basis that there would have to be some discussions between the principal parties involved in the agreement, because there are new circumstances that were not provided for in the agreement. If you want to think that is strange or untrue, then go ahead. You cannot laugh it off because there are circumstances surrounding the international price of energy and factors contributing to those circumstances that were not known or, indeed, not anticipated at the time of the signing of the agreement by both sides.

Senator Murray: I did not write down the words but the record will show that the minister said just now that circumstances have arisen that were not provided for in the agreement. Is that then the position of the Government of Canada—that the agreement does not make any provision in respect of a decline in world oil prices?

Senator Olson: Honourable senators, I told Senator Murray this before, but just in case he did not hear it correctly, or misinterpreted what I said, I will repeat it. He was asking me whether or not there was agreement as to the interpretation by both levels of government. I want him to know clearly that discussions involving this matter as well will be going ahead in the next few days, and I did not intend to anticipate the answer of the Minister of Energy, Mines and Resources. Nothing is being hidden in that reply. Whether my honourable friend likes it or not, there are major factors that have significantly changed since the signing of the agreement.

PARLIAMENT

REFORM—CANADIAN BAR ASSOCIATION REPORT

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. An article in today's *Globe and Mail* reported:

> Canada's lawyers told the country's lawmakers yesterday that they do a poor job of passing legislation and examining public expenditures.

● (1450)

The article mentions a 120-page report of the special committee studying parliamentary reform. Was that report tabled in this chamber, or does the Leader of the Government have copies available?

[Senator Murray.]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not think it was tabled in this chamber, and, frankly, I do not see why it should be. I believe the report relates to a study done by the Canadian Bar Association respecting Senate reform. If that is where the quote emanates from, I guess even lawyers have a right to an opinion if they want to have one.

Senator Marshall: Evidently, they appeared before a committee studying parliamentary reform. To my mind, parliamentary reform means reform of the whole of Parliament—the House of Commons and the Senate. If that is true, why is it not called a House of Commons committee?

I would also point out that the report really castigates Parliament. It states that Parliament has a sorry record in passing even the most routine, non-controversial laws.

Evidently, a committee on Senate reform is to be set up, constituted of senators and members of the other place. What I cannot understand is why we are relying on a committee of the other place when, after 115 years of Parliament, it is said that it cannot pass even the most routine laws. It has taken them up to four years to pass the garnishment law. I should like to know why a committee studying the reform of the Senate should be a joint committee when there already appears to be a report of a joint committee outlining what is wrong with Parliament and pointing out that it is not doing a very good job.

Senator Olson: Honourable senators, I think there is some misunderstanding, at least on Senator Marshall's part. I wonder if this is a committee on parliamentary reform sponsored and handled by the Law Society or the Canadian Bar Association.

Hon. Jacques Flynn (Leader of the Opposition): It is the Canadian Bar Association.

Hon. Royce Frith (Deputy Leader of the Government): It is a committee of the Canadian Bar Association.

Senator Olson: It is not a parliamentary committee. The honourable senator certainly has the right to disagree with the report, but I do not think he should expect me to intervene in their discussions about parliamentary reform. Perhaps they will make some comments with which both Senator Marshall and I will disagree, and we do have that right.

Senator Marshall: Am I correct that it is a committee that has come up with the concept of parliamentary reform affecting the other place?

Senator Olson: I do not think so.

Senator Frith: It could be, but I believe it is a committee of the Canadian Bar Association.

Senator Marshall: In order to clarify the situation, I would like to have a copy of the report. Can that be provided?

INDUSTRY

PHARMACEUTICAL RESEARCH AND DEVELOPMENT—EFFECT OF PATENT ACT AMENDMENTS

Hon. Andrew Thompson: Honourable senators, on December 1, 1982 I asked the Leader of the Government a question concerning pharmaceutical research and development and the effect of Patent Act amendments. I would appreciate having a reply to that question.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will make an inquiry to see if I can bring the matter forward.

ST. PATRICK'S DAY

TRIBUTES TO ST. PATRICK AND THE IRISH PEOPLE

Hon. Peter Bosa: Honourable senators, in view of the announcement that the Senate will not sit tomorrow, March 17, I wonder whether the leader would permit me to express my sincere best wishes to all my Irish friends on the occasion of St. Patrick's Day.

Hon. Royce Frith (Deputy Leader of the Government): Is leave granted?

Hon. Andrew Thompson: Honourable senators, I feel moved by the expression of devotion to St. Patrick by Senator Tipperary O'Bosa.

A certain compulsion makes me rise to my feet on St. Patrick's Day because, being an immigrant boy, the mention of that saint's venerable name leads me to nostalgic thoughts of the mists of Ireland, the valleys and the sea. I am thinking now of the view of Donegal Bay. As a young boy, I would travel over the mountains and down into the verdant valleys and then suddenly see that sweep of the Atlantic—that wide expanse of golden sand and tolling waves.

On this occasion, I think all of us must feel a certain nostalgia for the Emerald Isle. Even my good friend, Senator Bosa, has been affected by its beauty.

I want to join in a tribute to those who hold high office in the United States, who have decided to refrain from taking part in the parade scheduled for tomorrow because they do not wish to associate with those who do encourage violence, bloodshed and brutality in my small homeland. I admire the courage of such men as Senator Kennedy, who have decided they will not associate themselves with this great, traditional parade because on this occasion it may mean associating with people who espoused violence as a means of achieving justice and peace in Ireland.

Honourable senators, I should like to point out that this is March 16 and that St. Patrick's Day is on March 17. There has always been confusion about the date. There was a time when it was considered that St. Patrick's Day should be celebrated on March 9. Some thought it should be celebrated on March 8.

Hon. Ann Elizabeth Bell: That's the Irish for you.

Senator Thompson: A wise, renowned priest, Father Mulcahy, intervened when the argument put forward by both sides became heated. He said to them, "Now, boys, if you add nine and eight together you'll get 17; and that's the date we will celebrate."

I hope another Father Mulcahy comes to Ireland to encourage those on both sides, who now favour suspicion and violence, to practise some such compromise addition and to arrive at an acceptable solution, compatible with the beauty and tranquility of that wonderful island.

Hon. Senators: Hear, hear.

Hon. C. William Doody: Honourable senators, I should like to add a word or two on behalf of another group of immigrants in another part of the country. I and my people came to Canada at about the same time as Peter did, although I may have become a Canadian citizen just a year later.

Hon. Jack Marshall: How did you both get in?

Senator Doody: I don't know about Peter, but I had considerable difficulty.

On behalf of more than 40 per cent of the population of Newfoundland who can proudly say they are of Irish extraction, I would be quite remiss in not responding to Peter's sentiments. It is a tribute, indeed, to know that so many Newfoundlanders have Irish backgrounds. Some 300 years ago, my people had the exquisite good sense to leave that delightful island and to head for a better one.

To those latecomers and to all of you who have never had the opportunity of being associated with Ireland, I would like to bid you the "Top o' the morning!" and I hope you have as good a day tomorrow as I intend having.

Senator Frith: Honourable senators, only because Tipperary was mentioned do I feel constrained to say that my grandfather, Thomas Royce, came from Tipperary.

Also, I am grateful to Senator Thompson for drawing to our attention that on at least one occasion Irishmen compromised.

GRAIN

CANOLA—CANADIAN PRODUCTION

Hon. Gildas L. Molgat: Honourable senators, if I may digress from this most interesting subject to another one of more immediate concern to western Canada, I should like to pose a question to the Minister of State for the Canadian Wheat Board.

I received a press release entitled, "Canola Acreage Increase Needed". The press release indicates that we may not be able to meet our commitments in external markets unless there is a substantial increase in acreage.

My understanding has been that the main resistance to increasing acreage has been due to some fear on the part of farmers regarding price. It has not been adequate to encourage greater planting.

Would the minister give us an indication as to what the situation is and whether we can expect better prices and a subsequent increase in acreage?

● (1500)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, it is rather difficult for anyone to forecast what prices may be. In a relative sense, canola prices are somewhat better today than they have been, and in relation to the current prices for wheat and barley there is some indication of an incentive to producers to increase their canola acreage.

The Wheat Board has been most successful in exporting wheat. We have been exporting it at record levels. We have large supplies of barley this year. The price for feed barley on the world market is quite low, however, and there is an indication that unless barley prices improve there may well be a substantial deficit in the Wheat Board barley account.

Canola presents a particular opportunity for Canadian producers in western Canada, because there is a substantial market for canola in Japan, one that approaches a million tonnes a year. There is a substantial market for canola in Canada as well, because our crushing industry today is short of canola.

Because we are having difficulty meeting the demand for canola in the Japanese market, and bearing in mind that the Canadian crushing industry is in short supply of canola, the challenge to the Canadian canola producers is to increase production to meet those market demands. I am confident that our producers will respond to that challenge because the opportunity is there. Certainly, if they do not respond, if Canada does not take advantage of this important market opportunity, foreign rapeseed producers will step in and take the opportunity away from us.

I visited the European Economic Community and I discussed with them their canola situation; they indicated to me that they are in the process of improving their varieties of rapeseed so that in the near future, within the next three or four years, their rapeseed will be of a quality equal to the Canadian canola.

Another factor is that the rate of production on acreage in the European Common Market is about two to three times as great as the rate of production in Canada. That is partly because theirs is a winter type of rapeseed. Their production of rapeseed, as it is referred to in the European Economic Community, is about twice as high per acre as the production in Canada. Their support prices are almost twice the level of those received by the Canadian canola producers. They recognize that there is a need, from their point of view, to increase production and to improve their varieties, and there is every likelihood that an increased production of those improved varieties will be forthcoming.

In my opinion, the Canadian producers of canola have only two or three years in which to increase their production and to set their house in order, to be able to meet what will be much greater competition in the years ahead. To meet that challenge it is imperative that our Canadian canola producers this year increase by a substantial amount their acreage seeded to canola.

[Senator Molgat.]

THE ESTIMATES, 1982-83

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—DEBATE ADJOURNED

The Senate proceeded to consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1983, which was presented yesterday.

Hon. C. William Doody: Honourable senators, it is quite a transition in mood for me to speak on this subject. A few moments ago I was quite euphoric in thinking about St. Patrick's Day, but now I have to get down to the mundane and rather disheartening question of the excessive spending of this irresponsible government.

Yesterday I had the honour to report the supplementary estimates (C) on behalf of the Standing Senate Committee on National Finance. I must make clear that there is a broad distinction between reporting and supporting these estimates. I was honoured to report them, but I cannot support them at all.

This was the first set of estimates considered by the newly-constituted subcommittee. In considering them we had before us the President of the Treasury Board, the Honourable Herb Gray, and several of his senior officials. They did a masterful job of defending the supplementary estimates, but I must say, quite candidly, that even after their spirited and able defence some of us were still not completely convinced.

When you take the huge sum of money in these estimates, $1.9 billion, together with the 1982-83 main estimates of $74.2 billion and the supplementary estimates (A) of $0.1 billion and the supplementary estimates (B) of $5.3 billion, you find that total government spending, as outlined in these various sets of estimates, is a round sum of $81.5 billion.

I deliberately use the expression "as outlined in the estimates," because the types of estimates vary from year to year. In some years certain things are included that are not included in other years. The system seems to change from time to time and it becomes increasingly difficult to make comparisons. Indeed, one sometimes wonders if the process of estimating is still legitimate. Perhaps we should really be referring to a platform or floor below which government spending will not go but on the basis of which we should be quite prepared to accept various supplementary estimates as times goes on. In other words, the main estimates would be considered as the base or platform from which the government will continue to take off and to advance further spending programs.

I hardly need to point out that the increase in spending is in excess of the six-and-five guidelines. That is hardly a surprise. Other exceptions have already been pointed out in various debates in this house.

Among the major items in supplementary estimates (C) are $402.6 million for the CMHC, $130 million compensation to the railways, and almost $20 million for the Secretary of State for fitness and amateur sport.

I felt compelled to mention that last item since the minister is present in the chamber. I am sure he is delighted to know that he has been fully funded. Incidentally, that $20 million includes $10 million for the Olympics Winter Games, the Summer Canada Games and so on.

Also included in the supplementaries is $7.8 million for the purchase of tomatoes by the Agricultural Products Board. When you consider that expenditure together with the fact that Canagrex does not exist yet, you can see that we can look forward to great things in government-approved vegetable purchases over the coming years.

There is $4.5 million for subsidies to workers for the purchase of metric tools. Apparently, in the process of converting to the metric system the government is helping those who need to obtain new metric equipment.

I should point out that there is an amount of $431,000 to be put towards the cost of the visit of Her Majesty, and a $500,000 amount to be put towards the celebration of the visit of Jacques Cartier, who arrived some 450 years before.

Some Hon. Senators: Hear, hear.

Senator Doody: There is the additional cost of servicing the gargantuan debt load of the country, which amounts to approximately $536 million. That is a statutory item. Indeed, about 64 per cent of the total is statutory. In other words, it must be paid. It has already been ordained by law and the government has no option but to pay it. Perhaps one of the most frightening aspects about budgeting and spending these days is the fact that so much of the spending power of the government is pre-committed. That trend seems to be growing. There seems to be less and less leeway and more and more commitment, and as new programs, new policies, emergencies and contingencies develop, obviously we go further and further into greater and greater deficits. The greatest single amount is the debt servicing: interest, bonds, discounts, premiums, commissions and so on.

There is an additional $36 million in transfer payments to the provinces. The UIC fund has had to have another transfusion of some $182 million. Honourable senators spent quite a bit of time discussing that matter, since it is one of concern to many of us because of the way the UIC program is managed. The last time the funding or contributions in the UIC program were adjusted there was an increase. I understand at the time of the previous adjustment it was a decrease, because times were pretty good and the fund was in good shape. It has been suggested that perhaps a formula or system should be set up in an effort to make it more equitable, or more of an average.

• (1510)

One of the most unusual supplementary votes is one to the Secretary of State of some $67 million for educational support programs. There is $37 million for post-secondary education, and $30 million for Canada student loans. In themselves there is nothing very unusual about these votes; they are quite necessary. With regard to the student loans situation, however, there is an item that is passing strange. I guess it is a reflection of government/bureaucratic thinking. It seems that in certain specified times an interest rate is set, is fixed, and will stay constant for a given year. When the interest rate is set at one level it stays set for that particular year. The current rate which the government is paying to chartered banks for student loans is 16⅜ per cent. This was fixed last June, and so now we are stuck with it, or, more precisely, I guess the students are stuck with it, eventually, despite the fact that the interest rates are so much lower now; but government has refused to go along with the banks' offer of prime-plus-one because they felt—I do not know what they felt, but anyway, they have refused it. I understand that the banks are still willing to go along with prime-plus-one, and I suggest it would certainly be in the interests of good management, and in the interest of students who have to pay these amounts back, that this item should be looked at very carefully.

Perhaps in the same vein the government should try to find a way of refunding or forgiving at least a portion of this amount that the students have to pay in the way of additional interest rates which are not their fault but for which they are still being held responsible.

There is a $21 million payment to PetroCan. Of course that is becoming traditional now. We always have a payment to PetroCan in the estimates.

Hon. Jacques Flynn (Leader of the Government): For what?

Senator Doody: This particular $21 million is for the overseas work of PetroCan. There is a corporation set up called PetroCan International. The item in question refers to a payment to Petro-Canada International Assistance Corporation. I understand that the Government of Canada, through PetroCan, is assisting countries in the developing world in their search for resources, in the way of oil or gas, and to help them solve their balance-of-payments problems, to fulfil their energy requirements, and so on.

One of the unfortunate aspects of this particular set of estimates, at least from my point of view, is the fact that there is a reversion to the $1 votes syndrome. There are no less than 30 $1 votes in these supplementary estimates. Of these, 21 are simple transfers from one vote to another in a particular department. These are defended by Treasury Board with the suggestion that it is far easier, and makes more sense, to transfer these funds rather than let them lapse and then ask Parliament for new funding for another program. I disagree with that. I think that whenever the funds voted for a particular program are not used by that program they should lapse, and Parliament should be consulted as to the allocation of new funds or as to the allocation of funds for another program. That is a difference of opinion. I thought we in the committee had convinced Treasury Board of that during the past two years, and that they were coming around to using fewer $1 votes.

There are nine other $1 votes in here, some of which represent new programs. Perhaps these are even more serious from our point of view. One of them is the purchase of a building in the Vatican for a Canadian embassy there. Why that has to be done through supplementary estimates and not through the regular proceedings of the House of Commons is something I cannot answer and with regard to which I could not get an answer from Treasury Board.

In any event, honourable senators, I have not talked about many of the other items that I will get into when the main estimates are before us, such as the government's interest in the crown corporations, and my own on-going concern with regard to de Havilland, Canadair and so on. I simply report on this particular set of estimates. As I say, I do not support them, but simply report. I thank you for your patience and pass the estimates to the Senate.

Senator Flynn: No comment from the government?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not sure whether any other senator wishes to speak on this order, but to provide an opportunity to do so, I will move adjournment of the debate, and then yield to anyone who does want to speak.

Senator Flynn: We should have a reply from the government on the comments from this side.

On motion of Senator Frith, debate adjourned.

NORTH ATLANTIC ASSEMBLY

TWENTY-EIGHTH ANNUAL MEETING, LONDON, ENGLAND

Hon. Earl A. Hastings rose, pursuant to notice of Wednesday, December 8, 1982:

> That he will call the attention of the Senate to the Twenty-eighth Annual Meeting of the North Atlantic Assembly, held at London, England, from 14th to 19th November, 1982, and to the participation therein of the delegation from Canada.

He said: Honourable senators, the inquiry standing in my name pertains to the Twenty-eighth Annual Meeting of the North Atlantic Assembly, held in London. The London meetings represented the twenty-eighth annual session of the North Atlantic Assembly, an assembly which, over the past 20 years, has become a well established, worthwhile parliamentary institution of Western Europe and North America. In a world that daily becomes more interdependent it stands as a bridge of understanding across the Atlantic, with its 16 members representing countries that lie thousands of miles apart on this globe, but that are, at the same time, conscious of their common interests and their determination to defend their liberties, and dedicated to the preservation of peace.

In fulfilling its progress, it is essential that Canada play its role on the international stage. Not only must we strive to be strong at home in defence of our institutions, but we have an obligation to understand the democratic concerns and aspirations of the people in other countries with which we are allied. In short, we must practise, as Canadian parliamentarians, in real terms, international democracy. In this process, over the years the assembly has played an important central role. It provides a forum where the different countries can discuss together problems that are common to all of them. We can seek solutions from shared experiences and can learn from each other. We can remind our member governments of those concerns and those aspects of the alliance which continue to give concern to the people we have the honour to represent in our various parliaments. In these institutions it is essential that the backbench members of Parliament should be able, through committee meetings, through plenary sessions, through meetings with experts, to share our views and our experience on behalf of the people we represent. It is essential also that governments heed these views and representations.

At the recent meeting in London, the Canadian delegation played its full role in the deliberations of that assembly. Our delegation was led by Mr. Leonard Hopkins, the member of Parliament for Renfrew-Nipissing-Pembroke. This chamber was represented by the Honourable Senators Balfour, Hastings, Leblanc and McElman. The delegation from the House of Commons included Mr. Joseph-Roland Comtois (Terrebonne), Mr. Howard Crosby (Halifax West), Mr. Michael Forrestall (Dartmouth-Halifax East), Mrs. Céline Hervieux-Payette (Montreal-Mercier), Mr. Thomas Lefebvre (Pontiac-Gatineau-Labelle), Mr. Charles Mayer (Portage-Marquette), the Honourable Allan McKinnon (Victoria), Mr. Terrence Sargeant (Selkirk-Interlake), and Mr. Michel Veillette (Champlain).

● (1520)

The support staff included Mr. Stephen Knowles, who acted as secretary to the delegation, and Mr. Daniel Bon, who acted as research adviser and consultant.

In addition, Canada was represented by Mr. John Graham, of the Science and Technology Division, Research Branch, Library of Parliament. He participated in meetings of the Scientific and Technical Committee, and presented a paper before that committee outlining Canada's position with respect to acid rain. He did an honourable job of defending that position before the committee.

Speaking for myself—and, I have no doubt, on behalf of all members of the delegation—I believe that in exercising our individual and collective responsibility as members of the delegation, and participating in that international forum, with trusted friends and colleagues, where a reservoir of good will existed, we all benefited and were better equipped to perform our services as Canadian parliamentarians at home.

I will digress for a moment to tell you of the opening ceremonies which were held in that famous British landmark, Westminster Hall. That hall has stood for one thousand years, and throughout those years it has been a focus of the nation's life. It was in that hall that the first commoners were called to Parliament, where kings have been tried and where men have been impeached. I stood on the exact spot where a Hastings stood trial for treason. He was found not guilty.

An Hon. Senator: Naturally.

Senator Hastings: He was no kin of mine. My roots are deep within County Tyrone in Northern Ireland.

Being in that hall, which represents the home of the rule of law and stands next to the centre of parliamentary authority—namely, Westminster, the mother of Parliaments—and attending those ceremonies, presided over by Mr. Jack Brooks, the president, in the presence of the Speaker of the House of Lords and the Speaker of the House of Commons, who addressed the delegates, and also of the Right Honourable Margaret Thatcher, the Prime Minister of Britain, it inspired me and reminded me that I, as an anglophone Canadian, also have roots and an historic past and a contribution to make to Canada. It reminded me again of the great Canadian experiment and the responsibility that is ours. I refer to those great cultures of Europe, French and English together, combined with all the other cultures and linguistic groups that have come together, and the future we have in which to show the world that we can live in understanding and harmony.

Some Hon. Senators: Hear, hear.

Senator Hastings: Even though a man may speak another language and have a different culture, it does not make mine better. All it takes is a little understanding and appreciation of his culture, and then perhaps mine is that much more enriched.

There were other functions of the assembly. I believe it was Abraham Lincoln who once said that no nation could ever continue to exist or survive half slave and half free. Likewise, no alliance can prosper and survive with half of its members poor and half rich. Through the years it has become evident that there is need for the regular discussion of related matters, not only of nuclear weapons, armaments and defence but also of other matters that are of concern and to which the alliance has turned its efforts. I refer to economic, scientific and social issues. This is accomplished through the work of the various committees of the Assembly.

In that respect, Canada plays its full part. A Canadian parliamentarian occupies a position on the executive of the six committees. Mr. Leonard Hopkins is on the Standing Committee. Mr. J.-R. Comtois is rapporteur for the Education, Cultural Affairs and Information Committee. Mr. Michael Forrestall is general rapporteur of the Military Committee. Mr. Tom Lefebvre is general rapporteur of the Scientific and Technical Committee. And at the recent meeting I had the honour to be elected chairman of the Subcommittee on Energy Sources and Uses within the Alliance and also special energy rapporteur on the Economic Committee. So members of the Canadian parliamentary delegation play their full role with regard to the work of those committees.

I had the honour to present a detailed report with respect to the changing energy challenges of the future, and, with the permission of honourable senators, I should like to discuss the highlights of that report, which become important in the light of recent OPEC developments in London, and which become even more important, as has been indicated in the house this afternoon, with respect to questions pertaining to the price of oil in Canada.

At the meetings of the committee to which I referred there was general consensus that the oil supply problem experienced over the past number of years was actually one of price, not resources, and although there may be technical and economic problems associated with exploitation—there is no foreseeable oil supply problem—which represents a radical change in the views of some concerning our ability to provide the energy that we shall need well into the twenty-first century. Apart from the dangers of politically motivated costs, conventional oil supplies can satisfy market demands well into the twenty-first century.

Many observers at the meeting once felt that the demand for oil would exceed productive capacity by the end of this century; but the dramatic decline in oil demand over the past three years is now used as the rationale for stating that the fears of yesterday were perhaps unfounded. The decline in oil demand over those three years has probably been due to three important factors. The most important has been the downturn in economic activity throughout the world, and the continued increase in oil prices which, in turn, has led to both increased energy conservation and substitution of alternative fuels.

There is a further reason, and that is with respect to the supply side. It now appears that more oil is available and that our original estimates were overly conservative. In addition, we have modern technological methods for recapturing more oil through enhanced recovery; and there now appear to be many areas throughout the world which are under-explored and offer a challenge for the future. One region within the alliance is the Canadian Arctic.

This decline in demand, combined with the recent glut, resulting in reduced oil prices, may lead the industrial West to be lulled into a false sense of security, to believe that the energy crisis has ended and is behind us. If that is so, it is probably due to the widely held belief that the depressed oil demand we are experiencing and the price reduction are due to permanent changes in the way we use energy and are an indicator that we have now achieved a more rational oil market.

● (1530)

Undoubtedly, the price increases of 1979-80 contributed to the global decline in consumption. Between 1980 and 1982 there was a 15 per cent decline in consumption. But although this statistic is impressive it will not be possible to quantify the impact that conservation and substitution for oil have had until we return to a more buoyant economic condition. In other words, the decrease in demand has been due to a lack of economic activity and conservation, but it is impossible at this point to quantify what each contributed to that decline. To assume that we have now reached the stage of rational use of oil is dangerous until this relationship is quantified. It is only when we can quantify that relationship that it will be apparent whether the recent slump in energy demand simply reflects the downturn in oil or whether the traditional link between energy demand and economic growth has been actually attained.

The second oil price shock in 1979-80 resulted in oil prices increasing by 170 per cent. It reduced real incomes in the OECD countries by 5 per cent in 1980 and by 8 per cent in 1981. One of the goals of the Venice summit held in 1980 by the western industrialized nations was to break the link between economic growth and oil consumption. The target settled upon by International Energy Agency officials was to try to achieve a ratio between growth and energy consumption and growth in GDP of 0.6, but officials now believe that a ratio of 0.55 can be achieved. Furthermore, International Energy Agency officials now suspect that oil's share of total energy consumption will fall to 39 per cent by 1990 compared to the target of 40 per cent set at the Venice conference.

One question which looms foremost in the minds of many energy analysts at this time is whether or not future demands for oil will increase as economic growth gathers pace. Certainly, oil is seen as continuing to be necessary to meet any accelerating energy demand which cannot be supplied by other sources such as coal and nuclear energy. The scale of funding required for both these latter energy supply options is a deterrent until supply-and-demand trends become better established. Furthermore, public opposition to nuclear generation, combined with the lead time required for enforcing strict regulatory procedures, will also deter growth in the nuclear sector. Insofar as expanded coal development is concerned, transportation infrastructure costs, security of supply, and environmental problems are three important issues which must be seriously addressed before coal comes into much wider use.

However, the question still remains in the Western industrialized world, "Are we being lulled into a false sense of security over energy and, in particular, petroleum supplies?" Undoubtedly, the change in the strength of the OPEC cartel has had a great deal to do with changing our perceptions about the value and availability of oil. From 1973 onwards, OPEC's members were in a position to force up prices, create artificial petroleum shortages and maintain an iron grip on the sellers' market. But as of March 1982, cartel members found it necessary to submit to production quotas limiting overall output to a maximum of 17.5 million barrels per day in an attempt to stabilize rapidly falling oil prices. Some observers feel that the readiness with which the majority of OPEC members submitted to voluntary cuts suggests that the cartel realizes its grip on the market has been greatly weakened since the consumer countries began responding seriously to the price movements made in 1979.

At that time OPEC was marketing more than 30 million barrels a day and they controlled some 60 per cent of the petroleum market. Today, with sales standing at less than 13 million barrels per day, they can claim barely 30 per cent of the market. This has not only resulted from a declining demand for oil but also from the competition OPEC now faces from other oil supplying regions of the world, such as Alaska, Mexico and the North Sea. Today, OPEC's production is less than 50 per cent of what it was at its peak.

There are other strains on OPEC. Levels of production as a means of influencing price have become a major source of conflict. A commodity cartel like OPEC can only continue to control prices in a depressed market by maintaining strict discipline over how much its members produce. Cash hungry members of OPEC, such as Iran, Nigeria and Libya, now produce in excess of their quotas. It is therefore abundantly clear that the monthly monitoring mechanisms set up by OPEC to gauge oil market fluctuations have not been totally successful in persuading some of its members to adhere to their production quotas. If they could not adhere to their production quotas at 17 million barrels per day over the past year, I do not think that they will have much success in the future in adhering to any quota they set at their meeting in London.

Despite some signs of an economic upturn, recovery in the industrialized West is not happening fast enough to suit some of the poorer OPEC nations which are under severe pressure to keep up production in order to increase their earnings. This means that oil's share of the overall energy market has been predicted to continue to decline by 1 per cent annually as nuclear power, coal and gas continue to reduce the need for petroleum. By the time there is substantial economic recovery, the cartel may not be able to recapture its former position in view of the changed nature of the energy market. These developments are interesting because at a time when OPEC objectives in relation to the West are becoming more reasonable, the West may be less amenable to dialogue even though the way is open for genuine negotiations. While OPEC production continues to decline, non-OPEC production continues to increase. For the first time in 20 years in the free-world non-OPEC production will exceed OPEC production.

The decline in total world oil production was borne almost entirely by OPEC producers because OPEC kept its official price up even though the spot price for oil fell. Non-OPEC producers such as Britain and Mexico dramatically dropped their prices in order to increase sales and maintain revenues. Eventually, OPEC itself has been forced to set production levels so as to ease the over-supply of petroleum. At a recent meeting in London that great cartel, through its daily manipulations, appeared more like a group of Arab rug dealers than the great cartel it once was, and after all the haggling they set the production quota at 17.5 million barrels per day, which is quite unrealistic in light of the fact they have only been able to sell 13 million barrels per day over the last year. They reduced the price by US$5 per barrel, from US$34 per barrel to US$29 per barrel. It is the first cut in 22 years. OPEC bowed to market pressure to avoid an all-out war and to maintain an uneasy truce. I suggest, honourable senators, that that is all it is, an uneasy truce, and that it will only be temporary because of the actions of various members of the cartel.

No longer do we have one OPEC; we now have three OPECs. We have one OPEC led by Saudi Arabia which represents the Gulf producers; another OPEC led by Iraq which seeks to use OPEC to propagate its political views throughout the Far East; and, finally, an OPEC led by Nigeria which represents the poorer members of the great cartel. In addition, there are non-OPEC producers such as Great Brit-

ain, which has stated quite clearly that it will not reduce the price of its oil. Yesterday we saw that Russia dropped its price per barrel down to where it is now $1.50 below the OPEC price.

• (1540)

In conclusion, honourable senators, it was the consensus of the group that the future of oil with respect to energy remains fraught with uncertainty and very fragile. It was also the consensus of the members that, in spite of the present comfortable situation of the petroleum market from the consumer point of view, one has to warn against any dilution of energy-saving policies or abandonment of policies for the development of alternative energy sources. Regrettably, pressure to do so will rise in the future with the resumption of full economic activity in industrialized countries and in other parts of the world. This temptation must be strenuously resisted—and that includes Canada.

Furthermore, the energy dependence of the western European countries on the Middle East is still too high and should be reduced by conserving energy and by bringing about a diversification in sources of supply. It is evident that incentives for engendering structural adjustment in traditional energy supply-and-demand relationships have to be maintained in order to diminish the risk of another oil price shock or an interruption of petroleum supplies.

With respect to the establishment of secure supply, honourable senators, the Canadian group has organized a trip for members of the Economic Committee and the Scientific and Technical Committee to the Canadian Arctic from April 10 to April 16. Those meetings will be held across the northern Arctic, from Resolute to the Alaska oil fields. Their purpose is to permit European parliamentarians to view for themselves, to hold meetings with the producers and to establish in the minds of these parliamentarians a better knowledge of the source that is locked within the Canadian Arctic—a secure supply that will be available to Europe perhaps ten or twenty years from now. It should also impress upon them that this secure supply might be a much better investment for them than some of the other sources they are presently looking at.

It is in that spirit that we shall be showing our fellow European parliamentarians the value of the Canadian Arctic with respect to a secure supply of energy for the future.

Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat: Would the honourable senator permit a question?

Senator Hastings: Yes.

Senator Molgat: If I understood him correctly, the analysis of his group is that we have sufficient oil supplies to last us into the twenty-first century. Is that prediction based on some production from areas like Hibernia or the Beaufort Sea? In other words, is there a production figure to be attributed to those areas or are they still purely speculative?

Senator Hastings: There are no figures available for Hibernia or the Arctic. What we do know is that there are areas throughout the alliance which have been under-developed and under-drilled, and these offer a great deal of opportunity for the future.

For example, when the group goes up to Rae Point and meets with officials from PanArctic, they will learn that there are 750,000 barrels of oil in reserve. From conversations with PanArctic we learned that two more wells will give us over a billion barrels, and this area could be the Prudhoe Bay of Canada. However, until they are proven, you treat those as possible reserves, but on the basis of proven reserves, possible reserves, under-developed fields and, in addition, technological advances with respect to the recovery of more oil in present fields, it is safe to say that we have adequate supply well into the twenty-first century. The only thing which must be overcome is the economic and political situation.

Senator Molgat: I have a supplementary question. Since it is based, then, on proven, possible and underdeveloped fields, will $29 be a realistic price for that oil?

Senator Hastings: I think that is always a consideration, but I said "subject to economic and political considerations." An oil man in Calgary will ask you how much oil you want, and he inverts a triangle. At the bottom it is $1 a barrel; at the top it is $100 a barrel. You tell him what you want and he will provide what you need. Certainly, economics are always a consideration.

We had the honour of meeting with officials from coal gasification plants in the Ruhr Valley in West Germany. One has to give credit to the Germans who took the lead in coal gasification, but the economic fact is that it is $120 a barrel. They are spending $200 million or $300 million on these projects for the future. At the moment $100 a barrel is uneconomic; a year ago $60 a barrel was economic and it could quite easily have gone to $100. If there is one thing that we have learned since 1973 it is that a shortage today can be an abundance tomorrow, and we have to be prepared to insulate ourselves against those vagaries.

The Hon. the Speaker: As no other honourable senator rises to speak or wishes to adjourn the debate, I declare the inquiry debated.

THE ESTIMATES

CONSIDERATION OF REPORT OF THE NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—DEBATE CONCLUDED

Leave having been given to proceed to the Order for Tuesday, March 22, 1983:

> Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (c) laid before Parliament for the fiscal year ending 31st March, 1983.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I yield to Senator Everett.

Hon. Douglas D. Everett: Honourable senators, you will be aware that some time ago we set up the Subcommittee on Estimates as a subcommittee of the Standing Senate Committee on National Finance. The concept is that the subcommittee will conduct the studies that the main committee had been conducting on the estimates, and this will leave the main committee free to look at government economic policy.

We were fortunate in that Senator Doody was willing to chair the subcommittee. He has taken over that function, and may I say how impressed I am by the way he has been doing it.

Senator Frith: Hear, hear—except for his speech today!

Hon. C. William Doody: A momentary lapse. I will get back on track tomorrow!

Senator Everett: In his speech Senator Doody dealt with many of the complaints that the committee has had in the past regarding the way the estimates are presented, and especially in respect of $1 votes.

Requests for more information from Treasury Board have been made by Parliament over a number of years, and this year Treasury Board has taken those requests seriously, as honourable senators will know from the flood of material that has been provided in the main estimates for the year ending March 31, 1984. In fact, it may be more than we really need or want.

What we are dealing with in supplementary estimates (C) is a request for an additional $1.9 billion, bringing the spending estimates for the year to $81.5 billion. With lapses, this will be reduced to $81.1 billion.

I find it interesting that these estimates are for expenditures that are related to the problems of an economy that is operating well below its capacity. I think it would be difficult for anybody to argue that, in the present economic climate, these expenditures should not be made. For example, there is $182 million to the unemployment insurance account; $76 million under the Canada Assistance Plan; $49 million to the Farm Credit Corporation for loans to farmers in financial distress; $40 million to the Federal Business Development Bank to encourage further investment; $30 million in additional payments under the Canada Student Loans Act; $390 million of additional funds to encourage the purchase of new homes; and $500 million for the additional costs of servicing the public debt.

● (1550)

The fact of the matter is that you have a down economy. As the economy recedes, your expenditures go up and your revenues go down. Obviously, that is going to mean a greater deficit, and it is going to add to the costs of servicing the public debt. It is also going to add to the outlays, and, as honourable senators can see, most of those outlays are attempts by the government to reduce the effect of an economy in recession.

Now, I must say that the policy that was embarked upon to reduce inflation is probably the cause of the situation in which we find ourselves today; nonetheless, that was a correct policy. What we tend to forget is the virulence of inflation that existed twelve to twenty months ago—an inflation that was getting very close to becoming out of control. It was essential for the central bank and the government to take action to reduce that inflation and, no matter what people tell you, what nostrums they suggest, the only way that that can be done is by dampening down demand in the economy. That is a painful process, a process that takes time, and a process that takes a certain amount of living with for it to become effective.

We are at that stage of the cycle when the process has become effective. Inflation is down substantially, and it is falling and will likely fall even further. It is a painful process, and about all that a government can do at that stage is to attempt, through its expenditures, to mitigate the effects of recession on those groups that are least able to protect themselves.

I suggest to you, honourable senators, that what is happening now is that inflation is very much more under control, that the economy now is dishing out and is starting to come back. I predict that we will see a vigorous growth in the economy over the next 12 months.

I know that the predictions are that it will be a long time before we come out of this, but I personally do not think that that is right. I think that we will rebound much quicker than some economists are suggesting. We will rebound, and when we rebound, two things will happen: our revenues will increase and, because of the efficiencies and the increase in productivity we have achieved through this recession, I believe that our expenditures will be held very much under control, well within the six-and-five guidelines.

So, I think we can predict with some optimism that the deficit will narrow to a considerable extent over the next while, the economy will grow, and that the policy that this government and the central bank embarked upon will be seen to be very successful.

What we have here are estimates that tend to remove the pain of the present recession. What we have is the realistic hope that we are coming out of that recession, that the deficit will narrow, and that the GNP will grow by a substantial amount.

The Hon. the Speaker: Honourable senators, if no other senator wishes to participate in this debate, this order is considered as having been debated.

The Senate adjourned until Tuesday, March 22, 1983, at 8 p.m.

THE SENATE

Tuesday, March 22, 1983

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker *pro tem:* Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the calendar year 1982, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

APPROPRIATION BILL NO. 4, 1982-83

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-145, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

Bill read first time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

Hon. Jacques Flynn (Leader of the Opposition): Is there any special reason?

Senator Frith: No special reason; just to get it done.

Senator Flynn: Do you want to put it on the record that there is no special reason?

Senator Frith: Just the usual one.

Senator Flynn: No one will understand that.

Hon. Duff Roblin (Deputy Leader of the Opposition): I will.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

APPROPRIATION BILL NO. 1, 1983-84

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-146, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

Bill read first time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

Hon. Jacques Flynn (Leader of the Opposition): For the same reason as for the previous bill?

Senator Frith: Yes, the usual one.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a number of reports and other documents to table this evening. First, there are two memoranda of agreement between the Government of Canada and a number of municipalities in many provinces. It is a very long list, but I am fully prepared to read it if honourable senators insist.

• (2010)

Let me explain. This is the Memorandum of Agreement between the Government of Canada and these municipalities respecting the Royal Canadian Mounted Police Act. Of course, I will table the document, but if honourable senators will agree to take the names of all these municipalities as having been read, I shall be happy to proceed in that way. If, on the other hand, they want me to read the list, and if I can pronounce every one of the names properly, I shall be glad to do so. My suggestion is that this be taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, might I ask my honourable friend whether the material he refers to consists of the contracts for policing services as between the municipalities and the RCMP? Is that what he is talking about?

Senator Olson: Yes, honourable senators, it is the Memorandum of Agreement between the Government of Canada and these municipalities pursuant to section 20(3) of the Royal Canadian Mounted Police Act. I believe that is essentially what Senator Roblin has referred to.

Senator Roblin: If it is merely the tabling of the documents relating to the policing contracts in the municipalities, then it seems to me that there is no reason why we should not comply with the minister's suggestion.

Senator Olson: Thank you.

I have a number of other documents to table this evening, one of which is the revised document entitled: "1983 Constitutional Accord on Aboriginal Rights," signed at Ottawa on March 16, 1983.

Another is the report on the operations of the Shipping Conferences Exemption Act, 1979, for the year 1982, pursuant to section 20 of that act.

There is also the report of the Governor of the Bank of Canada and Statement of Accounts for the year ended December 31, 1982, pursuant to section 26(3) of the Bank of Canada Act, as amended.

There is also Order in Council P.C. 1983-738, dated March 10, 1983, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of that act.

There is then the report of Statistics Canada for the fiscal year ended March 31, 1982, pursuant to section 4(3) of the Statistics Act.

Lastly, there is the report of the Canadian Transport Commission for the year ended December 31, 1982, pursuant to section 28(2) of the National Transportation Act.

Senator Roblin: May I ask my honourable friend some questions in connection with two of the documents he has tabled? The first has to do with the so-called constitutional amendment. I recall that there has been a dispute between some of the native peoples and the government with respect to the wording of that particular amendment to the Constitution. Can the minister tell us which set of words has finally been accepted as correct?

Senator Olson: Honourable senators, the simple answer to that question is no, I cannot tell my honourable friend which set of words has been accepted or if there is any disagreement about it. Senator Roblin and other honourable senators may read the document which has now been tabled, and if they have any difficulty with it they can so inform us at the next sitting. I do not have, off the top of my head, information as to the wording.

Senator Roblin: I can tell my honourable friend now that I would appreciate an explanation from him as to the difference between the two claims, because I believe that the wording is different in the case of the document that was tabled tonight. It has to do with the rights of men and women within existing regulations and statutes, whereas some of the indigenous people wish it to have a wider application. Perhaps the minister would bear in mind that I shall be seeking from him elaboration on that point as to the government's policy with respect to the matter.

The second question has to do with the report of the Governor of the Bank of Canada. We have had the happy opportunity, in recent times, of being able to invite the Governor to a meeting of the Standing Senate Committee on National Finance in order to discuss his report with him as soon as possible after its tabling and while the matter is still current. Can my honourable friend give me an undertaking that that same privilege will be provided for members of the chamber in the immediate future with respect to the report that has been tabled this evening?

Senator Olson: Honourable senators, with respect to the last question I am not sure what kind of an undertaking I can give in terms of the body of the Senate, including the chairman of that committee. At first blush, in trying to reply to that question, I have no difficulty in—

• (2015)

Senator Flynn: Not opposing?

Senator Olson: Pardon me?

Senator Flynn: You are not opposing the move?

Senator Olson: I think that if my honourable friend would allow me to finish the sentence that I had started, we would arrive almost at the same place.

Senator Flynn: I was helping you; that's all.

Senator Olson: Thank you very much. I was about to say that I have no difficulty with the usual practice with respect to the appearance of the Governor before the committee. We do, however, have to give some consideration to the fact that the other place will adjourn on the 30th, which is a week from tomorrow. Within the time frame that we have left for a lot of important committee work and other things, I would have to temper my undertaking, to allow full and adequate consideration of those factors.

As far as concerns the other question with respect to the interpretation of what was agreed to and what is shown in the document that I have just tabled, I can make some inquiries about that. However, we are not in a position now, nor will we be even after that is done, to have a debate on the interpretation of what was intended and the words which were used to convey what was intended.

Senator Roblin: On the point that the minister has just referred to, I am not so much anxious to have a debate as to have an understanding. What I really want him to do is explain his position as opposed to the counterclaims made by the others, so that we will know what the government's position and the government's policy is. That could be done by way of a short statement on Motions some time soon.

With respect to the Governor of the Bank of Canada, the first thing that is necessary is to invite him, because he will not come unless he is invited. He may find it possible to come if he is invited at a convenient time. If we are no more busy in the next few days than we have been in the last few days in this house, we will have plenty of time to hear the Governor if he has the time to come and talk to us.

I note that the amiable deputy chairman of the committee is in the house tonight. Perhaps an invitation might be extended by Senator Leblanc.

Senator Olson: I wouldn't like Senator Roblin to assume that I have gone a lot further with the undertaking than I indicated in my reply to him a few minutes ago. I feel rather like someone who is being led down the garden path. My undertaking is still tempered by consideration for what is termed as classified, essential or extremely important legislation that needs to go all the way to Royal Assent. That, of course, in many cases includes some committee work. We will have to assess that on the basis of priorities, bearing in mind the limited number of days that we have left.

Senator Roblin: If my honourable friend is not more forthcoming, I am going to report him to the Chairman of the National Finance Committee, and he will make sure that the Governor comes.

Senator Olson: I am not trembling at that threat.

Senator Roblin: I will report that, too.

Senator Olson: The chairman is a very reasonable person.

BUDGET TAX MEASURES

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. George J. McIlraith: Honourable senators, I have the honour to table the second report of the Standing Senate Committee on Banking, Trade and Commerce on the advance study of budget resolutions respecting income tax and other matters relating thereto. I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 5474*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. Royce Frith (Deputy Leader of the Government), for Senator Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving supplementary budgets of the following committees:

Special Joint Committee on Official Languages; and

Special Senate Committee on the Northern Pipeline.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER REFERRED TO SPECIAL JOINT COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Report of the Commissioner of Official Languages for the calendar year 1982 tabled in the Senate on March 22, 1983, be referred to the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (2020)

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Thursday next, March 24, 1983, at 2 o'clock in the afternoon.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, this motion to adjourn until Thursday at 2 o'clock is consistent with the understanding I believe we reached last week that we would sit on Tuesday at 8 o'clock and on Thursday at 2 o'clock, leaving Wednesday afternoon free for committees to meet, but with the possibility of sitting Wednesday evening, if necessary.

I can advise honourable senators that I see no reason for sitting Wednesday evening this week. We have two pieces of legislation before us now, but I do not think we will receive anything else this week. Therefore, the plan we set up last week seems to be unfolding as it should.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not like the last words of the deputy leader, that everything is "unfolding as it should."

Senator Frith: I was referring just to the plan that we had last week, not to everything in the universe.

Senator Flynn: The fact is that we have before us only the two supply bills mentioned previously. It seems obvious to me that the government would like to deal with Bill C-139, Bill C-143 and even with Canagrex, if possible, before the adjournment of the House of Commons next week.

As you know, the presence of the House of Commons is necessary for Royal Assent. The Leader of the Government has indicated that the House of Commons will adjourn, but that it is not absolutely necessary for us to adjourn on the 30th. Of course, we could sit on Good Friday and on the following Saturday and during the whole of Easter week. I am sure honourable senators are quite willing to do that, if necessary; I am sure they would be happy to do that. However, if the government really wants the Senate to deal with and

pass Bill C-139, Bill C-143 and the Canagrex bill before March 30, it is rather presumptuous of it to ask us to do so in three days next week.

• (2025)

The deputy leader has said that we do not expect any legislation to reach us this week. That is obvious. It seems to me, however, that the government is playing a game. I know you will tell me that the opposition is also playing a game, but the government, as far as this house is concerned, has the majority here, and their attitude is of some concern to the Senate. With regard to time allocation, the other place voted time allocation before Christmas, with respect to the Canagrex bill.

Hon. H. A. Olson (Leader of the Government): There are two days now.

Senator Flynn: Two days left, and since we came back in January the government has not moved; it has done nothing to have this bill passed by the house. Now it comes to us, and they are playing the same game with Bill C-139.

I do not know if Senator Guay has something to say, or if he merely wants to make a noise.

Hon. Joseph-Philippe Guay: Well, I can ask you. I was talking to my colleague, wondering whether you were supporting Crosbie or Mulroney. That is all I asked.

Senator Flynn: I am not surprised that you have only that kind of thought on your mind. It is the only kind of thought you can have. It is not of the slightest importance in connection with the question we are dealing with at this time, but whomever you would support yourself would mean nothing in any event.

Senator Guay: I suppose you are not opposing them.

Senator Flynn: I would never do that, and I hope you would never try to do that, because you would be mistaken once more.

I come back to the serious business before us, and leave Senator Guay grumbling at the end of the chamber with his big voice.

Senator Guay: That is better than you can do.

Senator Flynn: Well, that is your own opinion, and I know what that is worth.

I will try to come to more serious matters, which are of interest to the Senate—as a rule, at least. With regard to Bill C-139, Bill C-133 and the Canagrex bill, what is going to happen if we get these three bills? I am asking the Leader of the Government if he seriously thinks that we can pass these three bills next week, since it is obvious that we cannot expect any of them this week.

Hon. Léopold Langlois: Perhaps if we were to sit night and day?

Senator Flynn: That is all right.

Senator Langlois: Are you ready to do that?

[Senator Flynn.]

Senator Flynn: I would not be too happy, I guess, and I am as sincere as you are in that respect.

Senator Guay: I would question that.

Senator Flynn: The echo again.

Hon. Duff Roblin (Deputy Leader of the Opposition): Little Sir Echo!

Senator Flynn: Are you rising on a point of order?

Senator Guay: Yes.

Senator Flynn: What do you have to say this time?

Senator Guay: Honourable senators, I would like to ask the Leader of the Opposition if he should not, in his wisdom, make representations to his leader in the other place, and ask him to accelerate the legislation so that we can deal with it in the Senate immediately.

Senator Flynn: Of course, you did not have to make that suggestion. I said that the opposition was doing certain things. I am speaking of the responsibility of the government, and the responsibility of the majority in this place. If you do not care about that, Senator Guay, and if you are willing to pass three important bills in two days and a half, with our eyes blindfolded as usual, that is your responsibility; but I do not think you should agree to allow the Leader of the Government in the other place to put you in that awful situation, and compel you to act in that way. If it does not show too much, all well and good, but if it shows the degree to which you are prepared to agree to such treatment, that is something else.

I am asking the Leader of the Government if the leader of the government in the other place really thinks that he can finish these three bills, even with time allocation so that they will come to us next week at the earliest. If time allocation is to be used, it should be used with some regard for the position of the Senate and that of the majority here on the other side—excluding, of course, Senator Guay.

• (2030)

Senator Olson: Honourable senators, Senator Flynn has raised a number of interesting propositions with respect to how we can influence and expedite the business in the other place. He mentioned that there is time allocation on Bill C-85, the Canagrex bill. Bill C-139 is an extremely important bill for thousands, and perhaps millions, of Canadian taxpayers who are awaiting its passage in order to facilitate an orderly calculation of their income tax returns and, in some cases for a lot of other things, including tax refunds. The leader of the government and, particularly, the house leader in the other place, indicated publicly a number of times that they would like to have that bill dealt with. They did not ask the opposition to agree with it, but to come to a decision. That has been going on for a long time.

Bill C-143, which is a borrowing authority bill, is relatively brief and has been debated for quite some time in the other place. The Leader of the Opposition suggests that we do something to persuade those in the other place to put some

time allocation on it. I am not sure that it is useful for us to debate what the other place ought to do.

With respect to Bill C-85, the Senate has conducted a very exhaustive pre-study, the subject matter having been referred to the Standing Senate Committee on Agriculture. I believe the hope is that that process shortens the time considerably for consideration in this chamber. In some cases, the bill is not even sent to committee after it comes over here, because the committee has already been at work. It has heard the witnesses, and the evidence adduced is available to all senators.

With respect to Bill C-139, an exhaustive examination has been made. Senators have spent a great deal of time on it, and the acting chairman of that committee has tabled the second report this evening. There is a great deal of useful material in that report since the examination of that bill provided an opportunity for outside witnesses to be heard.

Bill C-143 is not a very long or complicated bill, although it probably has some very important aspects. I do not see why we should have to spend that much time on it.

Looking at those three bills, it seems to me that the Senate has done—and I might say with the co-operation of the opposition—

Senator Guay: Very good!

Senator Olson: —all of the preliminary work, and has done it so well that we can have expeditious passage of those bills in this place. We will not have the problem that we had for some time before those techniques were employed, when there was not time to call witnesses in order to hear their views. The Senate committees have already been through that.

If you look at what has been exchanged with respect to when those bills may come, we do have Monday and Tuesday, and Wednesday up until a few minutes before 6 o'clock, in which to deal with them. We have done the preliminary work. I am sure that the house leader, working with others, can find a way to put them through. We have some business this evening that we can deal with. Certainly, because of all the pre-study that has gone into these matters, we may find we can have a longer than usual debate on second reading. Perhaps we can consider some of them in Committee of the Whole. In my view, all that leads to a possibility, at least, that the Senate can deal with those three bills in three days next week.

• (2035)

Senator Flynn: I could not hope to have the Leader of the Government be more frank than he has been up until now. I cannot vouch for the following discussion. At this time he has admitted that the new closure technique, that was used before Christmas, will be used again before the Easter recess—the subtle technique of closure, based on the excuse that a bill has been pre-studied by a committee, or that a bill, such as the borrowing authority bill, does not involve much wording or a long text and, therefore, can be passed in a few minutes.

The Leader of the Government will not claim that this is the proper way to deal with these important bills. I am not speaking of the supplementary estimates, which may have been pre-studied, for we know that the Senate generally cannot voice important objections to appropriation bills. I am speaking of the three other bills, the Canagrex bill, the income tax bill, and the borrowing authority bill, which are important pieces of legislation. When the Senate is caught with Easter or Christmas closure, when many members, on both sides of the house, are away—I do not mind admitting that quite clearly; we know that many are away—it is impossible to conduct a normal debate. We cannot follow the normal procedure of moving amendments, and having decent votes—not votes with 15 on one side and 30 on the other, with less than 50 per cent of the membership here. We know very well that the government counts on that. We know very well that the leadership in this house counts on that; and we know very well that the majority here, perhaps on both sides of the house, do not care about it. But I do care, and I say I don't like it. I want to put that on the record with regard to what is likely to happen next week.

Senator Olson: Honourable senators, it is useful to know what the Leader of the Opposition is in favour of and what he is somewhat opposed to. I believe he used the words, "I don't like it", but, in fairness, the Leader of the Opposition would have to agree—perhaps that word is too strong; so I shall say "concede"—that we have done every conceivable thing that the Senate can do—

Senator Flynn: No.

Senator Olson: —so that we can face up to our responsibility to the Canadian public and do everything possible to get the bills passed.

Hon. Jack Marshall: What about the Canada Day bill?

Senator Olson: In my opinion, we cannot—and that is the suggestion that was made at the beginning—give any commitment about what the opposition in the other place will do. All those bills have been there for weeks or months.

• (2040)

Senator Flynn: Speak of the Senate.

Senator Olson: Let us talk more frankly. It may be that the honourable senator disagrees with some of the provisions in these bills, but I do not believe that carries into the situation where we deny the majority from taking a decision after a long period of debate. That is also part of the democratic process and it should be respected.

Obstructions and log-jams are all right for a few days, but this has gone on for quite a long time. Therefore, we have taken that action. I really do not think we would be performing our duty, after we have taken all the preliminary action open to us, if we complain that we have to sit here for five, six or eight hours a day for three days, if all of this legislation is coming over. Hopefully, within that length of time, we can consider the evidence and the suggestions that have already been made so it can go through that process.

Senator Flynn: The Leader of the Government can say what he wants about what is going on in the other place. We do not have to pass judgment, necessarily, on the whole, but the

government could very well proceed in a way that would take into account the problems of the Senate.

Really, what we should do, in the circumstances that we are going to be faced with, is adjourn until after Easter and consider the bills in the regular way, rather than be pushed to decide in a short period of time. It is all right to say that we can have eight hours of debate in the Senate and sit here until midnight, but that is not the way to deal with important legislation, and that is not the way we should discharge our responsibilities. Senators should be able to dispose of these bills in a normal way and have three, four or five days of debate if necessary, as we usually do when we are not pushed. The Leader of the Government is only too happy to agree that we can be pushed, that we have to decide before March 30, and that we are going to pass all these bills under very difficult circumstances with only 50 per cent of the senators in attendance.

I say to the Leader of the Government: You should talk to the Leader of the Government in the other place and ask him to try to arrange a schedule because he knows very well that, in some cases, time allocation is necessary.

I would remind the Leader of the Government of the circumstances surrounding the Canagrex bill. An order was made before Christmas. Only two days were required, and the government has not moved.

Senator Olson: Yes, we have.

Senator Flynn: The bill has not progressed.

Senator Olson: Yes, it has.

Senator Frith: They refused to let it be called by raising points of order.

Senator Flynn: The government can call this bill any time.

Senator Frith: We tried.

Senator Flynn: And the order has been made.

Senator Frith: Look it up.

Senator Flynn: It is not impossible. Even if points of order are raised, you can dispose of them. It is my own feeling and my own conviction that the government is only too happy to have the opposition delay the legislation—

Senator Olson: Not at all.

Senator Flynn: —because then it is not forced to start a new session and to announce a new program after three years. That is my own conviction.

In any event, I am talking about the position in which the Senate will be put next week. If the Leader of the Government and the majority are happy with that, then that is fine.

Senator Olson: The Leader of the Government would have been much happier if those bills had been passed in the other place so that we had been in formal possession of them several weeks ago. There is no question in my mind about that.

Senator Flynn: We have to do something about it.

[Senator Flynn.]

Senator Olson: We have to live with the real world and the way it is. I repeat that we have done all the preparation, and I do not believe that we can legitimately argue that we need go again through all of what we have already done.

Therefore, I hope that the Leader of the Opposition will accept, as we do, his responsibility to the general public, which is waiting for these bills, so that we can carry on the business of governing this country in an orderly way. The best the Leader of the Opposition can do is help us to do that. I want to say that he has done that up until now, and we appreciate it.

The Hon. the Speaker *pro tem:* Honourable senators, is it your pleasure to adopt the motion to adjourn until Thursday at 2 p.m.?

Senator Flynn: Of course. We have nothing to do.

Motion agreed to.

QUESTION PERIOD

[*English*]

INCOME TAX

BILL C-139—RECOMMENDATIONS OF BANKING, TRADE AND COMMERCE COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, Senator McIlraith.

I understand that he has tabled a report on Bill C-139. As yet, I have not seen the report, but, in order to have some idea of what we should do about it, I should like to know if the report contains recommendations for amendments or changes, or if it contains only general observations?

Hon. George J. McIlraith: Honourable senators, regrettably the report is rather lengthy. It contains no specific recommendations for amendment except in regard to one small point.

One of the major subjects dealt with is the situation regarding aviation fuel, that is, the system of trying to collect an additional amount of money for the purchase of aviation fuel by foreign airlines operating in Canada and by Canadian airlines operating out of Canada. That matter is dealt with in a complex way by the airlines being charged a higher price than the contract price; by adding a deemed income, on the sale of such fuel, to the income of the fuel suppliers; and by them, in turn, hoping to recover taxes from that added income from the fuel suppliers, some of whom are taxpayers and some of whom are not. We did not establish which suppliers were taxpayers and which ones were not, or their rate of tax, because that was beyond our authority.

The report contains a lengthy explanation of that very complex taxation system because the committee heard some critical evidence on this subject from the fuel suppliers, foreign carriers into Canada and Canadian carriers. That evidence is

set out in great detail. The committee's report does not recommend the rejection of those clauses or amendments.

The report then deals at some length with the capital cost allowance.

It also deals with the question of distribution tax on corporate dividends paid out of income affecting small business corporations particularly. I might add that Senator Roblin was concerned about this subject and dealt with it in committee on several occasions.

The investment tax credit is also dealt with.

In conclusion, the committee report states:

> The Committee has reviewed the matters set forth in the Orders of Reference in accordance with its terms of reference and, except as noted above, has no comment to make at this time.

● (2050)

I apologize for the length of what I just read, but I could not see how we could adequately cover the work we have been doing without going into the evidence that was given at some length.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if I may be allowed a brief comment on this report. The acting chairman of the committee, quite correctly, made reference to my views in respect to small business taxation. Perhaps it would be appropriate for me at this stage to say that I would be much happier if the committee had made a recommendation that the bill be amended in respect to these matters.

There are two points in particular which deserve the attention of the Senate, and I hope that when the bill comes before the house for second reading it may go back to the committee for consideration of an amendment, rather than merely an expression of opinion which is all that we have found possible to put in this report. The first point has to do with the cumulative dividend account by which, in the words of the tax experts, they replenish the capacity of small businesses to continue to take advantage of the small business tax level. It is proposed that this replenishment be removed from the bill so that it will no longer apply. Obviously, such a move would increase the taxation paid by small business, though not significantly, in the near future.

Of more importance, and of greater significance, is the proposal to increase the taxation on small business by 12.5 per cent, which is a surcharge on the dividends that small businesses pay in the future. That increase amounts to a 50 per cent increase in the corporation tax that small businesses will be paying.

I do not wish to anticipate what I will say on another occasion. I merely want to make it clear to the chamber that as far as I am concerned, as a member of the committee, I am disappointed that we in the committee have not found it possible to be more emphatic in connection with this swingeing taxation of small business. I serve notice now that when the bill does come before the house I intend to move that it be amended to give effect to the removal of these two objectionable and ill-advised measures by which we are going to reduce the cash flow, the capacity to raise equity, the profitability and effectiveness of the small business sector. I shall be elaborating on the importance of the small business sector in our economy when the time comes. The chairman of the committee has reported in respect to small business, in my opinion, quite accurately. However, I thought it necessary for me to make it clear that I have views on that subject which are not held by the majority of the committee.

Senator McIlraith: Honourable senators, I do not wish to open a debate on the report now and I am not prepared to do so, but I think the honourable senator who has just spoken may take a little comfort from the report with regard to one point he has raised. If he will look at the heading "Cumulative Deduction Account" on page 20 of the typewritten report, and then at the concluding sentence on that subject, he will read:

> The Committee reiterates its recommendation that the payment of taxable dividends continue to reduce the cumulative deduction account of Canadian-controlled private corporations.

That, at least, deals with a small part of the point raised by the honourable senator.

Senator Roblin: I thank my honourable friend for that comment because he is quite right. I did, along with others, I dare say, succeed in convincing the committee that it would be wise to deal with the point in the manner indicated by my honourable friend. The only trouble with that is that it is just a recommendation. Everyone knows what happens to recommendations from Senate committees. If we are very lucky, they may get looked at by those in authority in the other place, but the odds are that this will be nothing more than a recommendation.

My point is that I want to see the bill amended to put some teeth in it. I think we are well within our constitutional prerogative in moving for a reduction in taxation in any bill we get in this house. I would have been much happier if the Senate committee had been able to go that far. I understand perfectly well why they have not, but I will not get into that discussion right now. However, I do want to make it clear that I will not be satisfied until the bill is actually amended.

Senator Flynn: The problem is the time we will have to do that.

Senator Roblin: We will have all three days to argue about it next week.

Senator Flynn: It is a long time.

NEWFOUNDLAND

SEAL HUNT PROTEST ACTIVITIES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. It has to do with the fact that a protester has his ship, *Sea Shepherd,* outside the three-mile limit of St. John's, Newfoundland. Yesterday in the other place, the honourable member for St.

John's East, Mr. James A. McGrath, questioned the Minister of Justice as to the jurisdiction of the federal government to apprehend that pest, Paul Watson, and his ship. I wonder whether the Minister of Justice has seen the light since yesterday and will take the action necessary to apprehend the vessel?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I had intended to answer the question raised by Senator Marshall on March 15 concerning possible action to be taken against the anti-sealing ship *Sea Shepherd*, off the coast of Newfoundland when we got to delayed answers, but since the honourable senator has raised the matter, I shall give him the reply now. I can tell him that yesterday the Minister of Justice stated in the other place that if charges were to be laid in this case they would be laid by the Attorney General of Newfoundland, as prescribed by section 433 of the Criminal Code. If some of those involved are not Canadian citizens, he will also require the consent of the Attorney General of Canada. So far, the Attorney General of Newfoundland has not sought that consent. In the meantime, the federal government is clearly and closely monitoring the situation through the Department of Transport and the RCMP.

Senator Marshall: Does the section of the Criminal Code which the Leader of the Government quoted pertain to apprehension within the three-mile limit or outside the three-mile limit?

Senator Olson: Honourable senators, I do not have that detail in the answer, except to say that the Department of Justice has looked into the matter. I repeat what it says in the delayed answer, that if charges were to be laid in this case—whether it is inside or outside the three-mile limit, it does not say—they would be laid by the Attorney General of Newfoundland as is prescribed in section 433 of the Criminal Code.

Hon. C. William Doody: Honourable senators, I have a supplementary question for the Leader of the Government. Did the Minister of Justice suggest how the Attorney General of Newfoundland shall lay these charges? Is he suggesting that the province send somebody out to arrest the ship or to enforce the law? Exactly how is this procedure to be accomplished? Is the "Royal Newfoundland Navy" supposed to go out and do battle on behalf of the sealers?

Senator Olson: I am not saying that at all. I appreciate that the honourable senator is being a bit facetious but I think he should listen very carefully to what I said, which is, "If there are charges to be laid in this case, they should be laid by the Attorney General of Newfoundland as prescribed by the Criminal Code." I believe my friends have the view that there is a violation under the Criminal Code. If those charges are to be laid, then the law enforcement agencies of this country that have the capacity—and the honourable senator knows who they are—will lay them.

Senator Marshall: The Leader of the Government said, "If charges need to be laid." Certainly, charges need to be laid if an individual publicly utters that he intends to commit certain acts which are detrimental to good order. In other words, the minister's answer is a ridiculous one when this man, Paul Watson, has committed a crime by uttering publicly that he will ram a ship. If nothing is done, it will be like other such situations when, after the damage is done, everybody is sorry. If the Leader of the Government is as concerned about the public of Canada, as he has said, he should take the necessary action to impress on the Minister of Justice that he get on with the job and stop distinguishing apples and oranges.

• (2100)

Senator Olson: Honourable senators, I find it almost incredible that my honourable friends opposite cannot understand the reply to the question. There is no point in arguing with me as to whether or not I believe charges should be laid. That is not the point. The point is that, under the law of Canada—namely, the Criminal Code, and, to be more specific, section 433 of the Criminal Code—it is clearly stated that, if charges are to be laid, they are to be laid by the Attorney General of Newfoundland. I am not arguing with that one way or another. As far as I know, that is a matter of fact; it is a provision in the statute.

Therefore, it is really not important if I am persuaded whether charges ought or ought not to be laid, because I am not the person who makes that decision. The Attorney General of Newfoundland makes that decision.

Senator Doody: Perhaps, honourable senators, I can try this from another approach. If this were a matter which took place on land—if somebody made a threat against some property on land—I assume that the RCMP would be asked to patrol the area or to look at that particular situation. At least, that would be the case in Newfoundland, if this had happened on land. As it happens, it is occuring just off the mouth of the Narrows of the Port of St. John's, just a mile or so offshore.

My question is: Is there somebody from the Canadian forces—coast guard, navy, air force or whatever—doing any surveillance or patrol to see that Paul Watson does not endanger the lives of those aboard the sealing ships that leave the port of St. John's, or are we going to wait until after the fact in order to have the Attorney General of Newfoundland place charges under the Criminal Code? What exactly is the Government of Canada doing to prevent this monstrous deed from happening?

Senator Olson: Honourable senators, I suppose there is something wrong with the way I am talking.

Senator Doody: There is no question about that.

Senator Olson: What I have said is absolutely clear and unequivocal. I do not want to have to repeat what I said about who is responsible, generally, under the Criminal Code for laying charges. I think my honourable friend knows that. I then said, slowly and clearly, that in the meantime the federal government is closely monitoring the situation through the Department of Transport and the RCMP. I do not think that I can make it any more brief or clear.

Senator Doody: Honourable senators, I cannot believe that the honourable minister is as obtuse as he appears to be on this

particular evening. I am not interested in who is going to lay charges; I just hope charges will never be laid. I want to know whether the government is going to provide any protection for the people on these ships who will be sailing from the port of St. John's, or whether it will wait until that idiot Watson creates a disaster by ramming one of these ships? I am telling the honourable minister right now that if Watson attempts to ram the ship of one of these sealing captains—if he attempts to ram Morissey Johnson's ship, for instance—there will be blood all over the waterfront, and it won't be Morissey Johnson's.

Senator Olson: My honourable friend can make all the comments that he wishes to make, but this is a serious situation indeed. That has been conveyed, although it did not need to be conveyed. The RCMP, the Department of Transport and the other people who are involved have known that all along.

The point, however, still gets back to answers that I have given two or three times. I do not think that I can add anything to those replies except to repeat them. I presume that my honourable friend's memory is accurate.

Senator Doody: Is the honourable minister now telling us that he will indeed have protection forces on board the sealing ships if they leave the harbour of St. John's? Will there be RCMP people on board to protect the Canadian citizens who will be manning these ships? Are we given that assurance?

Senator Olson: Honourable senators, that is not a decision for the Government of Canada or for the Minister of Justice to take. That ought to be clear. I am not going to attempt to usurp the authority of the Attorney General of Newfoundland; that is also clear. I have already said three times that the federal government has this entire situation under surveillance by the Department of Transport and the RCMP.

Senator Doody: Can we feel reasonably sure, then, that the Government of Canada is certain that all reasonable steps have been taken to ensure that the lives of the seamen on board these ships are being protected?

Senator Olson: I think that my honourable friend ought to rephrase that question. I am not sure whether he understands yet. He has expressed a great deal of concern. I am sure he has done so sincerely and I accept it sincerely, but it seems to me that his representations should be made to the Attorney General of Newfoundland, who has the authority to take action with the police forces in this case.

Senator Doody: Honourable senators, the Attorney General of Newfoundland does not have the forces—the naval or seagoing forces—at his disposal, as far as I know, sufficient to look after the offshore area. Perhaps prior to 1949 we could have called in the British navy to do something about it, but that is not the point I am trying to make.

I just want the assurance of the minister that the Government of Canada has taken all of the steps that it feels are sufficient to protect the lives and property of the people involved.

SEARCH AND RESCUE

IMPLEMENTATION OF RECOMMENDATIONS OF EVALUATION REPORT

Hon. C. William Doody: Honourable senators, I have another question for the Leader of the Government. A week or so ago I asked the minister for an update on the search and rescue capability in the province of Newfoundland. At that time he said that certain new forces had been allocated and were being assigned. I asked him to tell me what they were and where they were being posted in the province. The minister undertook to get that information.

It is still winter down there; the weather is still pretty difficult. I wonder whether the minister can tell us exactly what these new steps are or whether he has received the information from the appropriate department?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure whether Senator Doody is asking me a question in addition to the detailed information that I have already given him. I did give him a fairly detailed outline of the equipment, where it is located, how much of it is serviceable on very short notice, and so on. If his question pertains to information additional to that which was given, then I do not have a further supplementary answer. As I recall—and perhaps the honourable senator is not aware of that reply—I gave that information approximately 10 days ago.

FITNESS AND AMATEUR SPORT

"KICK" BOXING

Question No. 100 on the Order Paper—**By Hon. Jack Marshall:**

> With regard to the sport of "kick" boxing (i) have any studies been undertaken by the Federal Government to establish whether or not it is dangerous (ii) is it the intention of the Government to investigate the sport (iii) if yes, what are the details and, if no, why not?

Reply by the Minister of State for Fitness and Amateur Sport:

> (i) Fitness and Amateur Sport has not undertaken any study to determine whether or not the activity "kick" boxing is dangerous.
>
> (ii) It is not the intention of Fitness and Amateur Sport to investigate the activity of "kick" boxing.
>
> (iii) Fitness and Amateur Sport neither recognizes nor funds the activity of "kick" boxing at the amateur level. Nor has Fitness and Amateur Sport any involvement whatsoever with professional sporting activities. As a result there is no legislative basis for such an investigation.

APPROPRIATION BILL NO. 4, 1982-83

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-145, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

He said: Honourable senators, the bill being introduced today is Appropriation Bill No. 4, 1982-83. It provides supply for all of the supplementary estimates (C) 1982-83. These are the final supplementary estimates for this year. They total approximately $1.9 billion, and bring the total tabled estimates for 1982-83 to $81.5 billion.

These estimates were tabled in the Senate on March 3, 1983, and were immediately referred to the Standing Senate Committee on National Finance. The estimates were discussed by the Subcommittee on Estimates, which is chaired by Senator Doody, with the President of the Treasury Board and his officials on March 8, 1983. The committee, as honourable senators are aware, reported back on March 15, 1983, and its report has been debated in the Senate.

Therefore, we have all of the details by way of background to this bill, but honourable senators might be interested in some of the totals or larger dimensions in it. The total of $1.9 billion consists of a net increase in statutory requirements of some $1.1 billion, or approximately 58 per cent of the supplementary estimates. The balance, which is $800 million, is the amount of new spending authority being recommended to Parliament for approval.

Dealing first with the proposed increase in the statutory requirements, it consists of the following major items: $500 million for public debt charges due to larger than forecast borrowings occasioned by the current economic situation; $182 million for additional contributions to the Unemployment Insurance Account as a result of the increased unemployment rate and to the Fishermen's Benefit Account due to a higher number of fishing claims; $88 million in additional contributions to the provinces and territories for hospital insurance, medical care and extended health care; and $76 million of additional contributions to the provinces under the Canada Assistance Plan.

• (2110)

The amounts that I have given, honourable senators, total $846 million. That leaves approximately $254 million, which consists of various items that honourable senators can find either in supplementary estimates (C) or in the report of the committee that was presented on March 15 last.

The new spending authority being recommended includes two major items. They are: $378 million of additional funds to encourage the purchase of new homes under the Canada Home Ownership Plan, and $130 million for contributions to railway companies to offset revenue losses resulting from carrying "crow rated" grain. As honourable senators will have noted, those two items amount to $508 million. As I said, there is approximately $800 million under these new spending authority heads, and the balance of these items are diverse and minor in comparison to the two I have mentioned. They too can be found in supplementary estimates (C).

Honourable senators, should you require additional information, I would be pleased to try to provide it. I could review the bill in terms of its clause, but it might be more useful to honourable senators if I asked for leave to add as part of my comments and intervention on this bill two tables. One is headed: "Supply to Date for 1982-83." Three appropriation acts have been approved in respect of the 1982-83 estimates, and this is the fourth. The other is headed: "Estimates Tabled to Date for 1982-83."

I should make a comment about the second table. Honourable senators may have noticed that two one-dollar items were struck out on a ruling by the Speaker of the other place. In this table, "Estimates Tabled to Date for 1982-83", the two one-dollar items have not been deducted, because the heading of the table is "Estimates Tabled to Date", so the amount being asked is $2 less than that amount.

It is because of the fact that the estimates which are the foundation of the bill have been studied by the Subcommittee on Estimates of the National Finance Committee, and that the material has been before the Senate and has been debated, that I respectfully suggest there is no need to send this bill back to that committee.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The tables follow:*)

SUPPLY TO DATE FOR 1982-83

Three Appropriation Acts have been approved in respect of Estimates for 1982-83:

Supply Approved to Date

Appropriation Act No. 1, 1982-83 which granted Interim Supply for *April, May and June* including 41 additional proportions, based on the *Main Estimates* for 1982-83	$ 8,786,438,129.08

Appropriation Act No. 2, 1982-83 which granted Supply for: – the balance of the *Main Estimates* for 1982-83; and – the whole of *Supplementary Estimates (A)* for 1982-83	$21,884,514,671.92 114,096,002.00	$21,998,610,673.92
Appropriation Act No. 3, 1982-83 which granted Supply for the whole of *Supplementary Estimates (B)* for 1982-83		$ 1,914,712,944.00
Total		$32,699,761,747.00
Awaiting Approval		
Supply for the whole of *Supplementary Estimates (C) for 1982-83*		$ 732,190,764.00
Total		$33,431,952,511.00

ESTIMATES TABLED TO DATE FOR 1982-83

	TO BE VOTED	STATUTORY	TOTAL
Main Estimates			
Budgetary	$30,231,181,946	$42,703,553,496	$72,934,735,442
Non-Budgetary	439,770,855	778,671,000	1,218,441,855
	$30,670,952,801	$43,482,224,496	$74,153,177,297
Supplementary Estimates (A)			
Budgetary	$ 114,096,002	$ ...	$ 114,096,002
Non-Budgetary	...	...	...
	$ 114,096,002	$ ...	$ 114,096,002
Supplementary Estimates (B)			
Budgetary	$ 1,877,267,790	$ 3,327,792,416	$ 5,205,060,206
Non-Budgetary	37,445,154	83,804,000	121,249,154
	$ 1,914,712,944	$ 3,411,596,416	$ 5,326,309,360
Supplementary Estimates (C)			
Budgetary	$ 723,207,765	$ 1,058,931,229	$ 1,782,138,994
Non-Budgetary	8,983,001	82,370,000	91,353,001
	*$ 732,190,766	$ 1,141,301,229	$ 1,873,491,995
TOTAL ESTIMATES TABLED			
Budgetary	$32,945,753,503	$47,090,277,141	$80,036,030,644
Non-Budgetary	486,199,010	944,845,000	1,431,044,010
	$33,431,952,513	$48,035,122,141	$81,467,074,654

* Two votes (Fisheries and Oceans Vote L11c and Industry, Trade and Commerce Vote 10c) were deleted by the Speaker of the House of Commons on March 21, 1983.

Hon. Orville H. Phillips: Honourable senators, may I direct a question to the sponsor of the bill? When the supplementary estimates were before the Standing Senate Committee on National Finance, the President of the Treasury Board and the officials assured the committee that the items were all in order. What is the difference between the interpretation made by the Speaker of the other place and the explanation given by the President of the Treasury Board to the committee?

Senator Frith: There was a debate in the other place on a point of order raised regarding these two one-dollar items. The position taken by Mr. Harvie Andre, the member raising the point of order, in each case, both on the fishermen item and on the Treasury Board item, was that in effect legislation was being amended. The position taken by the President of the Treasury Board before the committee was consistent with the position that he took with the Speaker, namely, that that was not the case, but the Speaker ruled in favour of Mr. Andre and for that reason, these two one-dollar items were struck out.

In the case of the fishermen item, what will happen is that the government will have to introduce amending legislation. With reference to the other item, legislation has been before the house for some time, and has not yet been dealt with.

Hon. C. William Doody: Honourable senators, on this particular set of supplementary estimates, you will recall that the subcommittee of the Standing Senate Committee on National Finance reported on Wednesday last, and at that time I had some comments to make on the estimates. They were not particularly complimentary comments, nevertheless, they were reasonably accurate. One of the comments I made was that 64 per cent of the items of the supplementary estimates to be voted are statutory. I notice that the sponsor of the bill tells us that approximately 50 per cent are statutory. One of us is wrong, and I mention that because anybody reading *Hansard* is going to notice the discrepancy. I will try to find out where and what the difference is, and make the necessary correction.

It is interesting to note that the one-dollar votes ran into trouble in the other place. We discussed them at some length in committee. They were defended by the Treasury Board officials as really housekeeping and a convenient way of moving money from vote to vote; nevertheless many of the members voiced their disapproval in committee. I repeated it here in the chamber on Wednesday last, saying that this is not the proper way to deal with the public funds of the country. Money should be spent only on that for which it is voted and, in the event that it is not spent in that way, it should be allowed to lapse and authority should be sought from Parliament for new funding for new areas and items. I know it is convenient for the bookkeepers in the treasury board to move money around from vote to vote and from place to place, but that is not the intent of the Parliament of Canada, which is the keeper of the purse. I am indeed pleased to see the Speaker support the opposition's concerns on that matter.

I see no point, honourable senators, in going through the amounts item by item. Let me say that this is another $1.9 billion added to the excessive amounts of money required for the operation of this government. It is of concern to many of us that so much of this money is tied in to pre-committed spending which allows very little leeway for government to operate new programs or even, indeed, to change existing programs. It is just a built-in invitation for deficit financing, and some way must be found to try and control the prior commitments before the money is voted. We are now at close to 70 per cent on pre-commitment spending, and that is a most unhealthy situation.

Once again, as we have pointed out, the largest single amount included in these supplementary estimates is the $500 million additional cost of servicing the public debt. I question what percentage of the spending of the country can be devoted to servicing the debt. Obviously, if it is the wish of government so to do, it can all be devoted to servicing debt. One has to recognize the fact that the more money that is committed for servicing debt, the less money there is for those social programs that are so desperately needed and for the housekeeping affairs of government such as defence, transfer payments and so on.

As I said on Wednesday, we will have a great deal more to say about this when the main estimates come before us later.

• (2120)

Senator Frith: Honourable senators, I have nothing to add to what I said in my introductory remarks. Therefore, I ask for your support of the motion for the second reading of this bill.

Motion agreed to and bill read second time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Frith: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

APPROPRIATION BILL NO. 1, 1983-84

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-146, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

He said: Honourable senators, Appropriation Act No. 1, 1983-84 is properly described as interim supply because what is being asked here is the supply of money to follow through and give effect to government programs while Parliament is studying the estimates for the year 1983-84.

It is important to understand that the voting of interim supply—and that is "interim" in the right sense of the word—is the supply of a kind of cash advance while the study that is being asked for is taking place. It is important also to note that a vote in favour of this bill does not in any way inhibit criticism of the estimates that are the subject matter of the bill. Furthermore, the bill asks for a proportion of the total estimates, although not always the same proportion of each item.

Appropriation Act No. 1, 1983-84 provides interim supply for the first three months of the new fiscal year. The 1983-84 estimates were tabled in the Senate on March 1, 1983, and immediately referred to the Standing Senate Committee on National Finance. The Subcommittee on Estimates discussed these estimates with the President of the Treasury Board and his officials on March 15, 1983.

The "amounts to be voted" in the main estimates total about $33 billion.

This appropriation bill contains $9.328 billion of "voted" items which are needed to meet government expenditure requirements to the end of June, while these estimates are being reviewed by the various committees. A second appropriation bill will be introduced prior to June 30, 1983 to secure release of the balance of the estimates.

Honourable senators, the bill contains a general proportion of three-twelfths of all votes plus additional proportions for some 31 votes. The additional proportions are required mainly to meet payments of a seasonal nature of some programs, and to meet the need in other instances to make major payments before the end of June.

I should emphasize that, as usual, in no case is Parliament being asked to pass the entire amount of a vote—that is, twelve-twelfths. The proportions that I have just referred to, honourable senators, are found in the bill in clause 2. If you turn to the top of page 2 you will see items (a), (b), (c), (d), (e) and (f). These are the additional amounts over the three-twelfths for all votes. At the back of the bill you will find Schedules A, B, C, D and E, in which details of the votes are set out. In each case they fall into the general category I have mentioned. In other words, they are normally to meet payments of a seasonal nature for some programs and, in other instances, to meet the need to make payments before the end of June.

Honourable senators, if you wish me to provide any further explanation I will do my best to do so. I ask your support for the second reading of this bill.

Hon. C. William Doody: Honourable senators, although I do not have a copy of the bill in front of me I can tell you that it pretty well follows the standard procedure for an interim supply bill. To say the least, it would be unseemly of the Senate to deny interim supply to the government, and, frankly, I would be the last one to hasten my departure by so suggesting.

The main estimates are now before the subcommittee, and a series of meetings to examine them has been scheduled. For example, on Tuesday next two witnesses will come to try to unravel for us the mystery of full employment budgeting, which has been talked about so much recently. They will no doubt tell us that we really do not have a deficit because, if we had full employment, we would not have a deficit, and, therefore, the deficit we have is really not a real deficit. However, we do have a series of meetings scheduled to examine these estimates and we will report on those estimates in due time.

In the meantime I see no objection, under these circumstances, to agreeing to the interim supply measure as asked for by the government.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker *pro tem:* I warn honourable senators that if the Honourable Senator Frith speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Frith: Honourable senators, I have but two items to mention. Senator Doody is correct that the form of the bill is the usual form for an interim supply measure. That is true in every respect. I find no difference in form between this measure and previous interim supply bills.

My second point is that I wish to stress, as he implied, that the passing of the bill will not abridge the rights of senators to criticize any item in the estimates when the estimates come up for consideration in committee. The usual undertaking is hereby given that such rights and privileges will be respected, and will not be curtailed or restricted in any way as a result of the passing of this measure.

I should mention as a final item, honourable senators, that I have two tables which you might find useful in understanding the bill. The first is headed: "Total Supply 1983-84," and the second is headed: "Estimates Tabled to Date for 1983-84." I would ask that those tables be printed in *Hansard* at this point in my remarks.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The tables follow:*)

TOTAL SUPPLY, 1983-84

Appropriation Act No. 1, 1983-84

This Bill when passed will provide Interim Supply for the Main Estimates for 1983-84.

This Bill (Appropriation Act No. 1, 1983-84) will provide:	
Three-twelfths generally of the Main Estimates for 1983-84 plus 31 additional proportions of special items to provide for expenditures for April to June inclusive	$ 9,328,506,277.74
Balance yet to be voted	23,618,654,033.26
Total to be voted	$32,947,160,311.00

Interim Supply for April to June, 1983

The Proposed Bill will provide:
In respect of the Estimates, 1983-84

(a)	*Three-twelfths* of all items to be voted in the Estimates.		$8,236,790,077.75
(b)	*An additional eight-twelfths of*		
	Transport	Vote 25	
	Treasury Board	Vote 10	
		(Schedule A)	$ 121,279,333.33
(c)	*An additional five-twelfths of*		
	Communications	Vote 45	
	Transport	Vote 20	
	Treasury Board	Vote 5	
		(Schedule B)	$ 136,437,500.00
(d)	*An additional three-twelfths of*		
	Public Works	Vote 55	
	Transport	Votes 35, L40 and 65	
		(Schedule C)	$ 72,285,250.00
(e)	*An additional two-twelfths of*		
	Communications	Vote 55 and 85	
	Energy, Mines and Resources	Vote 25	
	Indian Affairs and Northern Development	Votes 15 and 35	
	Public Works	Vote 50	
	Secretary of State	Vote 25	
		(Schedule D)	$ 351,525,783.33
(f)	*An additional one-twelfth of*		
	Communications	Vote 20	
	Employment and Immigration	Votes 15 and 25	
	Energy, Mines and Resources	Vote 1	
	Environment	Vote 15	
	External Affairs	Vote 30	
	Indian Affairs and Northern Development	Vote 40	
	Labour	Vote 5	
	National Health and Welfare	Vote 45	
	Public Works	Votes 10 and 45	
	Supply and Services	Vote 1	
	Transport	Votes 45 and 80	
	Veterans Affairs	Vote 25	
		(Schedule E)	$ 410,188,333.33
			$9,328,506,277.74

Estimates Division
March, 1983

ESTIMATES TABLED TO DATE FOR 1983-84

Main Estimates	TO BE VOTED	STATUTORY	TOTAL
Budgetary	$32,548,669,511	$53,069,529,722	$85,618,199,233
Non-Budgetary	398,490,800	1,444,163,000	1,842,653,800
	$32,947,160,311	$54,513,692,722	$87,460,853,033

Motion agreed to and bill read second time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Frith: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

• (2130)

The Senate adjourned until Thursday, March 24, at 2 p.m.

APPENDIX

(*See p. 5461*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

SECOND REPORT ON THE ADVANCE STUDY OF BUDGET RESOLUTIONS RESPECTING INCOME TAX AND OTHER MATTERS RELATING THERETO

MARCH 22, 1983

On November 12, 1981, the Honourable Allan J. MacEachen, Minister of Finance, delivered in the House of Commons, the budget which forms the basis of the matters before the Committee.

By Order of Reference of March 24, 1982, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the following:

(i) Budget tax changes tabled by the Minister of Finance in the House of Commons on November 12, 1981, and the impact thereof on taxpayers;

(ii) documents tabled December 18, 1981, by the said Minister of Finance in the House of Commons relating to some enumerated Budget tax measures announced on November 12, 1981, and describing the tax treatment proposed to be accorded thereto;

(iii) the proposals made by the Minister of Finance in the House of Commons on December 18, 1981, for adjustments in some measures contained in the Budget resolutions;

(iv) the further proposals made by the Minister of Finance in the House of Commons on December 18, 1981, for referral of some tax measures contained in the Budget resolutions to a parliamentary committee as follows:

Rules relating to corporate re-organization, taxation of whole life insurance, charitable foundations, retirement allowances and work in progress; and

(v) any bills based on the Budget tax changes in advance of the said bills coming before the Senate and any other matters relating thereto.

By a further Order of Reference of November 30, 1982, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the following:

(i) Budget tax changes proposed by the Minister of Finance in the House of Commons on June 28, 1982, and the impact thereof on taxpayers;

(ii) the Statement of the Minister of Finance to the House of Commons on October 27, 1982, on the Economic Outlook and Financial Position of the Government of Canada; and

(iii) any bills and other matters relating to the Budget tax changes in advance of their coming before the Senate.

In accordance with the Orders of Reference, your Committee has considered the Budget tax changes tabled on November 12, 1981, and the documents tabled December 18, 1981, by the former Minister of Finance. The Committee has also considered press releases issued by the Department of Finance and the Department of National Revenue announcing amendments to income tax legislation and assessing practice, the Ways and Means Motion tabled on February 1, 1982 respecting aviation fuel used on international flights, the Budget tax changes announced June 28, 1982, the detailed Notice of Ways and Means Motions tabled the same date and the Statement on the Economic Outlook and the Financial Position of the Government of Canada presented by the Honourable Marc Lalonde, Minister of Finance, on October 27, 1982, the Notice of Ways and Means Motion tabled by the Minister of State (Finance) on December 1, 1982, and Bill C-139 which received first reading on December 7, 1982. In connection with such consideration, the Committee has engaged the services of Mr. Charles Albert Poissant and Mr. Helmut Birk of Thorne Riddell, Chartered Accountants, Montreal and has retained as its counsel, Mr. Thomas S. Gillespie of Ogilvy, Renault, Montreal. Since tabling its first report dated December 1, 1982, the Committee has heard evidence from the Air Transport Association of Canada, the International Air Transport Association and Shell Canada Limited, has received representations from the Air Transportation Association of America on behalf of U.S. airlines serving Canada and from the law firm of Doheny Mackenzie, Montreal, on behalf of 15 foreign air carriers and has heard evidence from Mr. R. A. Short, General Director, Tax Policy and Legislation Branch and other officials from the Department of Finance.

The budget proposals announced on November 12, 1981, were important and extensive and many of such proposals were made effective as of that date. Substantial changes have been made to many of the Budget measures originally introduced with effect, in most cases, as of the date of the announced changes. Several of the November 12, 1981 Budget proposals have been amended more than once. As a result, taxpayers have had great difficulty in keeping abreast of the changes and arranging their affairs accordingly. More than 16 months have passed since the original Budget resolutions were introduced. It is regrettable that the Budget measures have taken so long to be enacted, particularly when such measures have retroactive effect to the date of their introduction. It is hoped that future budget measures can be implemented more expeditiously. The long period of time between the delivery of the November 12, 1981 Budget and its final enactment into

legislation has caused unnecessary delay and confusion with adverse consequences to Canadian taxpayers and the economy.

AVIATION TURBINE FUEL

Since the presentation to the Senate of its first report, the Committee has heard considerable evidence on the subject of aviation turbine fuel pricing. The price of fuel consumed in Canada until recently has been substantially lower than world prices because of national energy pricing policies. As a result, international airlines flying into Canada were able to take advantage of lower prices for Canadian fuel.

The Federal Government introduced its National Energy Program on October 28, 1980. The then Minister of Finance, The Honourable Allan J. MacEachen, announced the introduction of the Transportation Fuel Compensation Recovery Charge (TFCRC) on aviation turbine and marine fuels used in international transportation. The purpose of the introduction of TFCRC was to ensure that aviation and marine fuel bunkers for international use were sold at world prices and that the Federal Government would be able to recover the difference between prices of domestic and imported crude oil.

The TFCRC was introduced by Notice of Ways and Means Motion by the then Minister of Energy, Mines and Resources, The Honourable Marc Lalonde, dated April 23, 1981, which provided that, effective May 1, 1981, the TFCRC was to be imposed on all aviation and marine fuels consumed by carriers with international destinations and the legislation enacting it was part of the *Energy Administration Act*.

Strong representations were made to the Federal Government that the TFCRC should not be imposed because, inter alia, it was in violation of resolutions of the International Civil Aviation Organization (ICAO) and Canada's bilateral air transport agreements, which generally provide that no tax or similar charge shall be levied on fuel used in international transportation. The TFCRC was withdrawn effective February 1, 1982, after the United States of America requested arbitration of its claim that the TFCRC was in violation of the Canada-United States Air Services Agreement and the Department of External Affairs, on February 9, 1982, advised foreign embassies that their airlines would be reimbursed the TFCRC paid to January 31, 1982. In order to provide for the same treatment to Canadian carriers a Remission Order was made on January 20, 1983 pursuant to Section 17 of the *Financial Administration Act* which provided for the refunding to Canadian airlines of TFCRC paid for the period ending January 31, 1982.

The TFCRC was replaced, effective February 1, 1982, by the application of provisions of the National Energy Board Act and announced amendments to the Income Tax Act (subclauses 2, 3 and 5 of Clause 38, subclause 123(2) and Clause 125 of Bill C-139). This was effected by the tabling in the House of Commons of a Ways and Means Motion by the then Minister of State for Finance, the Honourable Pierre Bussières. Pursuant to this measure, the National Energy Board established a "mimimum, just and reasonable price" for aviation fuel sold to air carriers for consumption on international flights. Amendments made to the National Energy Board Act, which came into force on July 23, 1982, provided that the Governor in Council could prescribe by regulation the price at which such fuel should be sold for international flights.

The amendments to the Income Tax Act are intended to allow the Government to recover the difference between the prescribed price and the domestic price through an additional income tax imposed on fuel suppliers who sell fuel for international flights from February 1, 1982. Subclause 38(2) of the Bill will require fuel suppliers to include in their income for tax purposes a deemed amount in respect of aviation fuel sold for international transportation. This amount will be prescribed from time to time by regulation and will not be received by the suppliers.

By requiring fuel suppliers to charge a minimum, just and reasonable price in excess of contract prices and also requiring them to include "phantom" amounts in income for tax purposes, the Government expects to receive additional income tax from the fuel suppliers equal to the difference between contract prices and the minimum, just and reasonable price. The additional income tax would be, in effect, in substitution for the TFCRC. Furthermore, it is also intended that by this method the after-tax income of fuel suppliers from sales of fuels used in international transportation will be approximately the same as from sales of fuel for use in domestic transportation.

The Air Transport Association of Canada, representing Canadian carriers in the international markets, has submitted that the sections in question of Bill C-139 be deleted, inter alia, for the following reasons:

(1) The financial health of the Canadian airline industry is critical and the cost of these measures from February 1, 1982 to date is estimated to be approximately $50 million. This is a substantial amount when compared with the consolidated financial loss of all Canadian airlines last year which amounted to approximately $150 million.

They allege further:

(2) that there is serious doubt as to the legality of the legislation, alleging that the aviation fuel has not been "exported".

(3) That these pricing measures will not result in an equivalent amount of tax revenue to the Government. Rather, the tax on the additional income of a fuel supplier may be deferred, depending on its effective tax rate and taxable position.

(4) That these measures impose a tax or charge on aviation fuel used in international air service and constitute a breach of bilateral air transport agreements between Canada and other nations whose aircraft operate into this country (of which there are approximately 34). Such agreements contain clauses similar to that of the Canada-United States Air Services Agreement which reads as follows:

"Each Contracting Party shall exempt the designated airlines of the other Contracting Party to the fullest extent possible under its national law for import restrictions, customs duties, excise taxes, inspection fees and other national duties and charges on fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular equipment, ground equipment, stores and other items intended for use solely in connection with the operation of servicing of aircraft of the airlines of such other Contracting Party in international air service."

They anticipate that further protests similar to protests against the TFCRC will follow the enactment of the amendments proposed in Bill C-139 and, furthermore, that Canadian airlines can expect retaliatory action by other countries.

(5) That, furthermore, if the legislation is not a scheme of taxation, but is a mandatory fixing of prices to be charged by fuel suppliers to airlines, it is unconstitutional as it invades the provincial jurisdiction of property and civil rights.

The International Air Transport Association ("IATA") took the same position that these measures represent a tax on international aviation fuel and, as such, are in violation of Canada's obligations under its bilateral air service agreements. They argued furthermore that these provisions are in direct contradiction to the resolutions and recommendations of ICAO, of which Canada is the host state and a member. Furthermore, 15 foreign air carriers have indicated, through counsel, that they support the arguments submitted by IATA.

Shell Canada Limited, in turn, has argued that the measures have had the effect of distorting the marketplace and have caused Canadian fuel suppliers to lose substantial business to the foreign suppliers. They have argued that the minimum, just and reasonable price for aviation turbine fuel used on international flights has in many instances been in excess of average U.S. major airport contract prices. As a result, Canadian petroleum suppliers are losing volume to suppliers at U.S. airports. The estimated loss in the last year aggregates approximately 100 million litres.

In addition, it is understood that the United States authorities have argued that the provisions are discriminatory. Foreign carriers engaged in international flights are required to pay the minimum, just and reasonable price when purchasing fuel. On the other hand, it is impossible to determine, at the time of purchase, whether a Canadian carrier will be using the fuel for international or domestic flights. Clause 125 of the Bill would require Canadian air carriers to complete certificates in prescribed form specifying the amount of aviation turbine fuel which was used on international flights. The Canadian air carriers have argued that they need not comply with this regulation until passage of Bill C-139, as the regulations cannot be in effect until the Act authorizing them has been enacted. Consequently, as of the date of this report, Canadian air carriers have not yet complied with this request for information based on proposed regulations not yet in effect.

With respect to the foregoing objections, the Committee notes as follows:

The Department of Finance officials have argued that the price discrepancies noted by Shell Canada may have been selective and could not be interpreted as a general condition. They pointed out that the National Energy Board in arriving at a minimum, just and reasonable price examines world prices on a monthly basis. The officials agree, however, that a minimum, just and reasonable price in excess of the U.S. price would result in a loss of sales for Canadian suppliers.

With respect to the breach of Canada's obligations under its bilateral air services agreements, officials from the Department of Finance have argued that the substance of the measures is a pricing of fuel and not the levying of a tax or other charge.

Serious and complex legal issues are raised with the arguments relating to breach of Canada's international obligations.

It is significant to note the following provisions of the Vienna Convention on the Law of Treaties, 1969, to which Canada is a party:

"Article 31, General Rule of Interpretation

1. A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.

. . .

3. There shall be taken into account, together with the context:

. . .

(b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation: . . . ."

That is to say, Canada cannot do indirectly what it has agreed, by treaty, not to do directly. In the present context, Canada cannot impose by a price-fixing mechanism or otherwise "import restrictions, custom duties, excise taxes, inspection fees and other national duties and charges" on aviation fuel used on international flights.

According to Duff J. In *Lawson* v. *Interior Tree Fruit & Vegetable Committee*, [1931] S.C.R. 357, a levy is a tax if it is (1) enforceable by law; (2) imposed under the authority of the legislature; (3) imposed by a public body; and (4) made for a public purpose. The word "charge" is of broader application than the word "tax".

Thus, it appears to the Committee that serious arguments can be raised in support of the position that the measures under consideration are contrary to Canada's bilateral air service agreements.

The Committee is prepared to recommend the deletion of provisions that are clearly unconstitutional or otherwise illegal. Officials of the Department of Finance have testified that their counsel was of the opinion that the measures were not contrary to Canada's bilateral air service agreements. The Committee

has not had full opportunity to review all the legal issues in this regard and, therefore, is not prepared to go so far as to recommend deletion of the relevant provisions from Bill C-139.

The allegation that these measures may create a windfall for fuel suppliers is not accurate according to the submission by Shell Canada. They pointed out that in many cases Canadian fuel suppliers experience a lower after-tax return on fuel sales for international flights than for domestic flights. This will occur where the price charged for fuel on domestic flights exceeds the minimum, just and reasonable price charged for fuel on international flights. Also a lower return will result if the deemed income under the proposed provisions in the Income Tax Act exceeds the price differential between the contract price and the minimum, just and reasonable price. It is accurate to say that the legislation will not enable Canada to recover the full amount of the price differential between contract price and the minimum, just and reasonable price in respect of aviation fuel used on international flights. For these measures to have full impact, oil suppliers must be in a fully taxable position. However, oil suppliers are in a position to defer or reduce taxes through the use of a number of provisions in the Income Tax Act. For example, Petro-Canada is currently not in a taxable position, and therefore, these measures are of no immediate impact in raising tax revenues. In addition to the aforementioned deferment of tax, officials from the Department of Finance have admitted that these provisions are not fully effective as they anticipate recovering only between 60% and 70% of what they would have recovered if the TFCRC had remained in place. This is due to the participation of the Provinces in the additional tax and partly due to the effective tax rate of fuel suppliers of less than 50%.

In conclusion, the Committee supports measures to eliminate subsidization by the Canadian Government of fuel used in international flights. However, the proposed measures concerning aviation fuel are harmful and cause great concern to your Committee. The additional revenue from fuel for international flights will not be fully recovered by the Federal and Provincial Governments of Canada; Canadian sales may be lost to U.S. suppliers of fuel; and the legislation in question may also invite retaliation by other countries and is being challenged as being unconstitutional or contrary to Canada's bilateral air service agreements.

Furthermore, there is no criteria for the establishment of the "minimum, just and reasonable" price and the "phantom" amount to be included in income of suppliers nor is there any appeal with respect thereto.

At the present moment, the price of Canadian fuel may be moving toward world prices and therefore the impact of the minimum, just and reasonable price and the effect of proposed amendments to the Income Tax Act may be minimal or of no impact at all. Should Canadian prices remain approximately equal to world prices, the proposed legislation would not be required.

The Committee has many grave concerns regarding the aviation turbine fuel proposals in Bill C-139. The Committee urges the Government to give immediate and intensive consideration to these proposals and the objections that have been raised by the airline industry and discussed in this report.

OTHER RECOMMENDATIONS

The Committee made a number of recommendations in its first report dated December 1, 1982 and tabled in the Senate on December 9, 1982.

With respect to its recommendations relating to after-tax financing, the Committee is pleased to note that Bill C-139 contains amendments which eliminate the concerns expressed by the Committee in its first report.

The Committee has heard evidence from officials of the Department of Finance and has discussed its recommendations with them and has the following comments to make:

CAPITAL COST ALLOWANCE

The Committee recommended in its first report as follows:

> "... that the measure to reduce CCA to ½ the normal rate in the year of acquisition be given further consideration and be modified.
>
> Amendments to the proposed rules might provide:
>
> —that the restrictive rules apply only to classes of assets with a CCA rate of 50% or more (24, 27, 29); or
>
> —that the CCA rate for all passenger automobiles be increased to 40%, and not only for the daily car rental business as announced on May 31, 1982; or
>
> —that taxpayers are provided with the option of following the restricted CCA rule in the year of acquisition or a system which allows for full CCA on assets acquired during the first 6 months of the year; or
>
> —any combination of one or more of the foregoing."

The measure to reduce CCA to ½ the normal rate in the year of acquisition is estimated in the November 12, 1981 Budget Papers to have the largest positive impact for the federal revenue of all budget measures introduced (in excess of $1.1 billion for 1982/83) and will help in large measure to offset loss of revenue anticipated from the reduction in marginal tax rates for individuals.

The Committee has received representations from the Canadian Automotive Leasing Association urging that the CCA rate for all leased automobiles be increased to 40% (only daily leased vehicles and taxis are entitled to a CCA rate of 40%). They have prepared a study relating to increasing deficiency between CCA and actual market depreciation with respect to passenger cars and light duty trucks. Assuming a first-year purchase base of 4,000 motor vehicles costing $10,000 each, their study shows that CCA has been insufficient to offset actual depreciation by $2,730,570 after the end of 10 years. Thus, after 10 years, approximately $1,365,285 would have been paid in corporate income taxes due to insufficient CCA. The Canadian Automotive Leasing Association has argued that the reduced CCA will produce an important detrimental effect on cash flow.

In view of the foregoing and previous submissions made to the Committee by the Federation of Automobile Dealer Associations of Canada and commented on in its first report, the Committee recommends that immediate attention be given to increasing the CCA rate for all passenger automobiles.

12.5% DISTRIBUTION TAX

Clause 109 of the Bill introduces a new tax of 12.5% on corporate dividends paid out of income which has benefitted from the small business tax rate. This tax ensures that the total tax paid by a corporation and its shareholders is substantially the same as if its income were earned directly by the shareholders. Thus, integration is achieved for earnings flowing through a corporation which qualifies for the small business tax rate.

Proposed subsection 181(4) of the Act would deal with the case where a corporation's potential liability for Part II tax is reduced by virtue of an amalgamation or winding-up. This subsection would provide a tax equal to the amount of the reduction of the potential tax liability which would arise, for example, in a case where a corporation with a surplus amalgamated with a corporation with a deficit. Under the proposed provision, there would be tax liability even though no distribution were made to the shareholders. Subsection 181(4) is an anti-avoidance measure. Officials of the Department have indicated that in the absence of this subsection, there could be circumstances in which small businessmen might avoid paying the 12.5% tax by means of amalgamations or winding-up. However, it has been pointed out that, the proposed measures would unduly restrict legitimate corporate amalgamations or liquidations. The Department of Finance officials have recognized the difficulty and have undertaken to reconsider this matter further and bring forth appropriate amendments.

CUMULATIVE DEDUCTION ACCOUNT

It is proposed that the small business deduction be denied to any corporation that has earned an aggregate of $1 million of income. Such corporations would no longer be entitled to maintain the small business deduction by the payment of dividends.

The taxation of small business is based on tax neutrality; i.e. an individual receiving income through a corporation in the form of dividends will pay the same amount of tax as if he received it directly in the form of business income.

The Committee considered that the proposed amendment would conflict with the principle of neutrality. That is to say, individuals receiving income by way of a dividend through corporations which had earned an aggregate of more than $1 million of income would pay more tax than if they received it directly in the form of business income. The payment of higher taxes, it was argued in the Committee's first report, would mean a substantial reduction in annual cash flow and earnings and increase the element of risk for Canadian-controlled-private corporations. This measure was considered to be detrimental to small business at a time when government policy sought to strengthen the small business sector which accounts for a significant portion of employment in Canada.

Officials from the Department of Finance have argued that corporations which have aggregated $1 million in income are no longer small businesses and it was never intended that there be integration for larger corporations.

It is the Committee's view that small and medium-sized businesses should be given every encouragement to grow. The November 12, 1981 Budget Papers indicate that the revenue effect of this measure is negligible. With the introduction of the 12.5% distribution tax, the small business deduction represents a deferment of tax rather than a permanent tax saving as heretofore. Therefore, the Committee considers that the reasons set forth in its first report respecting the payment of taxable dividends and the reduction of the cumulative deduction account of Canadian-controlled-private corporations still apply. The benefit to small and medium-sized corporations engaged in active business will more than offset the temporary deferment of federal revenue. The Committee reiterates its recommendation that the payment of taxable dividends continue to reduce the cumulative deduction account of Canadian-controlled-private corporations.

AUTOMOBILE STANDBY CHARGE

It is proposed to increase the minimum standby charge subject to tax in an employee's hands where personal use is made of a company car. For company-owned automobiles, the standby charge will be increased from 1% per month to 2% per month; in the case of leased cars, the standby charge will be increased from one-third of the leasing cost to two-thirds of the leasing cost.

The Committee noted in its report that the benefit taxed bore no relation to the value of the automobile; it related to the automobile's original cost. It was suggested that it would be more realistic to compute the benefit by relating the benefit to the automobile's value each year.

Officials from the Department of Finance have argued that while the standby charge is arbitrary, it understates the real value of the benefit. They argue that there would be significant problems of administration and compliance if the benefit were measured by the value of the automobile. They argue that a formula must be devised that produces a fair result and is certain in its application.

INVESTMENT TAX CREDITS AND LIMITED PARTNERSHIPS

Limited partnerships have become an important vehicle for financing major industrial projects, particularly those projects which qualify for investment tax credits. Investment tax credits must be claimed within five years of qualifying expenditures being incurred. It is often difficult for such ventures to claim the investment tax credits because they are not profitable within that period. However, individuals participating in limited partnerships can participate in such ventures while, at the same time, making use of the investment tax credits and accelerated capital cost allowances.

Investment tax credit claimed reduces the capital cost of property (Section 13(7.1) of the Act). Subsection 127(12) of the Act ensures that the investment tax credit allocated to a partner reduces the capital cost to the partnership of the depreciable asset under subsection 13(7.1).

Subclause 22(8) of the Bill proposes to amend paragraph 53(2)(*c*) of the Act to reduce the adjusted cost base of the partnership interest by an amount equal to the investment tax credit claimed by the partner. Thus, the investment tax credit will reduce the cost to the partnership of the property acquired and also reduce the adjusted cost base of the partner's interest in the partnership. Subclause 22(8) is applicable with respect to investment tax credits deducted for 1982 and subsequent taxation years. It is, therefore applicable not only to assets acquired in 1982 but to assets acquired prior to 1982 and therefore is a measure of retrospective application.

The evidence in support of the measure by officials from the Department of Finance is that, prior to the introduction of this amendment, there was no reduction in the adjusted cost base of a partnership interest in respect of investment tax credits being claimed. As a result, the Department of National Revenue proposed to take the position that investment tax credits claimed by individual partners be deemed to be income in their hands and be taxed at appropriate rates. This result was deemed to be inappropriate by the Department of Finance and, accordingly, amendments were introduced to paragraph 12(1)(*t*) (subclause 4(5) of the Bill) which provides that if the investment tax credit were to reduce the adjusted cost base of a partner's interest in a partnership, no amount would be included in the partner's income pursuant to 12(1)(*t*). The Department argues that the amendment to paragraph 53(2)(*c*) was a necessary consequence to the amendment to paragraph 12(1)(*t*). They argue that therefore the amendments, while retrospective, are of a relieving nature. They agreed, however, that it was never the intent to treat investment tax credits deemed as income and Revenue Canada have not assessed such amounts. They also agreed that the amount of the investment tax credit did not heretofore reduce the adjusted cost base of a partnership interest.

The Committee agrees that the investment tax credit should reduce the adjusted cost base of a partnership interest. However, the proposed amendments in subclauses 4(5) and 22(8) of Bill C-139 would appear to have the effect of correcting a minor technical deficiency in paragraph 12(1)(*t*) of the Act and at the same time providing for a taxing provision by an amendment to paragraph 53(2)(*c*) of the Act. Furthermore, these amendments have implications in the computation of income of the limited partner.

These proposed amendments in Bill C-139 were not included in the Budget of November 12, 1981, in the proposed Budget changes of June 28, 1982 nor in the Statement of the Minister of Finance to the House of Commons on October 22, 1982.

Inasmuch as these measures have a retrospective tax effect with regard to investments completed or projects significantly advanced at the time of the introduction of the Bill, the Committee recommends that provisions be implemented eliminating the retrospective application of these measures.

CONCLUSION

The Committee has reviewed the matters set forth in the Orders of Reference in accordance with its terms of reference and, except as noted above, has no comment to make at this time.

The Committee wishes to express its thanks to Mr. Gillespie and to Mr. Birk for their assistance in this matter.

Respectfully submitted,

GEORGE J. McILRAITH,
Acting Chairman.

THE SENATE

Thursday, March 24, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE BUDGET TABLED

Hon. A. Irvine Barrow, Acting Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a report approving the supplementary budget of the Standing Senate Committee on National Finance.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask the representative of the committee just what he has done? He has tabled a report approving certain expenditures. Will the Senate be asked to approve that report and have an opportunity to discuss its contents?

Senator Barrow: Honourable senators, I do not know the procedure, but I understood that it was merely a matter of tabling the report.

Senator Roblin: I am concerned by the wording of my honourable friend's statement. Tabling the report is one thing, but he then described the report as having approved certain expenditure estimates, and that is another thing altogether. As far as I am aware, tabling does not in and of itself constitute approval of the report by the Senate. If Senate approval is required, a motion to accept the report would be in order. That is the normal course of events. I put it to the house that it is probably the course of events that ought to apply to this tabling as well, but I invite comments on the subject before I raise it as a point of order.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe the report approves a budget rather than an expenditure. The provision that seems to deal with this question is rule 83A. Rule 83A(2) reads, in part:

> A committee that has been empowered by the Senate to incur special expenses in respect of any matter referred to it by the Senate—

And it goes on to refer to supplementary budgets.

Rule 83A(3) reads:

> The Chairman of the Committee on Internal Economy, Budgets and Administration or a senator acting for him, shall, as soon as that committee has reached a decision concerning any budget or supplementary budget presented to it pursuant to this rule—

Which is the case here.

> —report to the Senate giving the substance of the budget concerned and indicating the nature of its decision thereon.
>
> (4) Each report of the Committee on Internal Economy, Budgets and Administration relating to a budget presented to that committee pursuant to this rule shall be printed—

and so on. I think the expenditures then have to take place in accordance with the budget. It is from rule 83A(3) and (4) that this procedure gets its authority. But that is not a total answer to my honourable friend's question, as to where we get the eventual authority from the Senate to make the actual expenditures pursuant to the approved budget.

• (1410)

Senator Roblin: That is precisely the point. Honourable senators, as I read rule 83A, it provides that the Chairman of the Internal Economy Committee can table the decision of the committee concerning any budget, but then the capacity to spend the money thereafter, which is obviously not included in the tabling of his report, is subject to the approval of the Senate.

Some of us on this side have a desire to talk about this report, and I am anxious to preserve its status so that we have a chance to debate it. I would appreciate an indication from the government that it is their intention to move approval of the report at an early stage so that we may have a chance to discuss it before it becomes part of the law of the land.

Senator Frith: Honourable senators, I certainly undertake to take whatever steps are necessary for the Senate to debate the question of the budget, the authority and the spending. I am not clear as to what form that will take, but I understand the substance of what Senator Roblin is asking, and that is what we will undertake to do in accordance with the rules.

Senator Roblin: I would appreciate it if there were some indication in the *Minutes of Proceedings of the Senate* that this matter was, in fact, in suspense awaiting some indication of how it should be handled, rather than have the tabling proceeded with without any further comment; otherwise, we might lose track of it.

Senator Frith: It is certainly agreed that the tabling is not intended to foreclose the type of discussion Senator Roblin is asking for.

Hon. Orville H. Phillips: Honourable senators, do I take it that the expenditures authorized in this report will also be held in abeyance until the Senate has discussed the matter?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there is a problem here with respect to how many

times this authority is given. If we want to change the practice of the Senate so that the reports of the Standing Committee on Internal Economy, Budgets and Administration are not just tabled, as happened today, but, in fact, are moved for adoption, then we should take a day or two, at least, to consider what is involved in that.

The Senate certainly has before it, from time to time, the estimates of all branches of government including its own expenses. Once that is done, it is not the practice to bring back each detail of authority under those spending estimates because the authority has been transferred to the Internal Economy Committee.

This is, I think, an attempt to set up a different procedure, and I am not prepared to argue that now. The undertakings given by the deputy leader will certainly be respected. If it is the wish of honourable senators to debate this particular report, I have no problem with that, but authority has already been given to the committee to handle these financial matters. If we now want to have those reports brought to this chamber in such a way that they have to be adopted, then that is, in fact, a change from the practice of the past. That is why I think we should think about that for a day or two, but, as I say, I have no objection to debating this one.

Senator Roblin: I see the point my honourable friend is making. It is quite true that, as a general rule, we have no problem with this kind of action on the part of a committee. However, I do submit to him that there is a certain looseness in the wording which would justify the consideration which I understand he is going to give this question. In describing the Standing Committee on Internal Economy, Budgets and Administration, rule 67(1)(f) states that the committee is

> —empowered on its own initiative to consider—

"Consider" is the word that is used.

> —any matter relating to the internal economy of the Senate—

That is what the committee has done; it has made a report to the Senate. However, there seems to be a missing link here—I do not know whether we ignored it in the past because we did not think it was important, or for some other reason—between the report and the Senate's formally adopting that report and thus clarifying its financial implication. I am quite content with my honourable friend's statement that he will look into the matter, particularly as he knows that some of us are anxious on this occasion to debate it. It might well be that, after looking through all of the rules and regulations—which I appreciate it is difficult to do on the spur of the moment—we will find that there is a missing link that could be considered for rectification.

● (1415)

Hon. George J. McIlraith: Honourable senators, I do not propose to deal with this matter now except to say that the confusion arises because of the use of the words "budget" and "estimates." The estimates for supplying the supporting services to the committees are contained in the estimates of Parliament which have come forward and have long since been approved.

Rule 83A, which was an addition to the rules, provides:

> (1) A committee that has been empowered by the Senate to incur special expenses in respect of any matter referred to it by the Senate—

It is under complete senatorial control up to this point.

> —shall not incur any such special expenses until the chairman of that committee, or a senator acting for him, has presented to the Committee on Internal Economy, Budgets and Administration a budget setting forth in reasonable detail estimates of its proposed expenditures for a specific period of time, and until the said budget has been approved in whole or in part by the latter committee.

This provision really has to do with granting the authority to hire the necessary staff.

A subsequent part of the rule reads as follows:

> (3) The Chairman of the Committee on Internal Economy, Budgets and Administration or a senator acting for him, shall, as soon as that committee has reached a decision concerning any budget or supplementary budget presented to it pursuant to this rule, report to the Senate giving the substance of the budget concerned and indicating the nature of its decision thereon.

That, however, is dealing with money that has already been voted by Parliament. The words "budget" and "estimates" are used in two different contexts throughout the rules.

In any event, honourable senators, I will not develop my point further. That is where the confusion arises, namely, in the use of the same words "budget" and "estimates" in describing the committee's proposed expenditure for hiring staff, for example, and again using those words "budget" and "estimates" in reference to estimates that have been voted for the operation of Parliament. This is a point that will have to be discussed or examined.

Senator Roblin: I thank my honourable friend for that contribution because I think there is a good deal of merit in it. What bothers me, however, is going to be the wording of this report when I have a chance to read it. Rule 83A, which has been referred to, states:

> A committee that has been empowered by the Senate to incur special expenses in respect of any matter referred to it by the Senate—

The expenditures I am talking about do not come under that category. They do not arise from the expenditures that a committee may make in response to a responsibility entrusted to it by the Senate. These expenditures involve something else altogether.

I would like my honourable friend on the opposite side of the house to take that into account when considering this matter.

Senator Olson: We know what you are talking about.

Senator Frith: Honourable senators, a number of interesting points have been raised. I think we clearly understand their

substance. I'm sure we can profit from a study of the rules and some opinions about the possible missing link.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

> That when the Senate adjourns today it do stand adjourned until next Monday, March 28, 1983, at 2 o'clock in the afternoon.

[*English*]

He said: Honourable senators, I have some information as to the legislative program between now and March 30, the date at which the House of Commons, according to its new rules, adjourns until April 11.

• (1420)

On Thursday—that is, today—it is expected that the House of Commons will give third reading to Bill C-139, the income tax bill. Third reading is expected to be given to the following bills on Friday: Bill C-130, dealing with assistance to international financial institutions; Bill C-136, the small business investment grants bill; Bill C-141, the human rights bill; and Bill C-144, the small businesses loans bill. So, it is expected that four bills will be passed tomorrow and one bill today.

With respect to Bill C-143, the borrowing authority bill, it is expected that it will receive third reading on Tuesday. A vote is to take place at 5.45 p.m. on Tuesday.

Because of that schedule, we are proposing—and we have had discussions with the opposition on this subject—to sit on Monday at 2 o'clock in the afternoon and at 8 o'clock in the evening. I expect that we will have adequate business on Tuesday afternoon and evening because, by that time, the Senate will have before it Bill C-139, the income tax bill, which, as honourable senators are aware, contains some 135 clauses. The subject matter of that bill has been studied by the Standing Senate Committee on Banking, Trade and Commerce for some months. That committee has already tabled two reports. We then hope to proceed with the other four bills expected to be passed by the House of Commons.

We should like honourable senators to put in long hours, if necessary, on Monday afternoon and evening in order to give adequate opportunity to debate on second reading the four bills that will be passed tomorrow.

If possible, we should like motions for the acceptance in principle of those four bills and Bill C-139 on Monday so that the Senate will be in a position to decide how it wishes to dispose of its time on Tuesday. For example, we may want to hold some committee meetings on Tuesday afternoon with respect to some of the bills I have mentioned and, therefore, we may not wish to sit until Tuesday evening. There will also be an opportunity to hold committee meetings on Tuesday morning.

The Senate may want to go into Committee of the Whole on one or more of the bills I have mentioned. That, of course, would have an effect on how we will dispose of our time on Tuesday.

The Senate will not receive Bill C-143 until Tuesday evening, because the vote will not take place in the other place until 5.45 p.m. If we follow the program I have mentioned, we should have all of Tuesday evening to debate approval in principle of Bill C-143. The Standing Senate Committee on National Finance would then be in a position to consider that bill some time on Wednesday and report to the Senate on Wednesday afternoon.

Therefore, honourable senators, next week we would have Monday afternoon and Monday evening, devoting most of that time to the five pieces of legislation; Tuesday morning and afternoon for committee meetings, including the possibility of Committee of the Whole, and then Tuesday evening to consider Bill C-143, so that we will be in a position to deal with as many of the bills as possible at the third reading stage on Wednesday afternoon in the hope of having Royal Assent for those bills that receive third reading.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, the Deputy Leader of the Government gave me a preview of what he has just said as we were coming into the chamber, so it is not altogether new to me.

I would note that Bill C-139 will be given first reading on Monday afternoon, and that leave of the Senate will be requested to proceed at once to second reading. I suspect that it might take some time to dispose of that, because it is a very difficult bill and one or two of us intend to make detailed speeches on the subject. Therefore, I think it is probably unrealistic to expect that we shall have concluded our discussions before Monday night on that bill. That makes it a little uncertain as to how far we will get by using the same procedure with regard to first reading of the four bills C-130, C-136, C-141 and C-144, plus second reading by leave on Monday, because the substance of those bills is not as yet known to me, for one, and I dare say to other members of the house who have not yet studied them. I do not think it would be practical, therefore, to try to be too precise as to the program. I think, however, that we would all agree that we could proceed to second reading, by leave, on Monday and see how far we could get with respect to those bills.

• (1425)

I am anxious to know what the government has in mind with respect to the committee stage on the four smaller bills, C-130, C-136, C-141 and C-144. I am not certain whether the committee stage is going to be a complicated procedure, or, indeed, whether there is anyone who wishes to speak to the Senate committees on these matters, or whether it is the intention of the government to put them right into Committee of the Whole. I think the committee-of-the-whole process could be looked at. I would like to have a look at the bills before offering any opinion of mine as to whether they should be referred to Committee of the Whole or to standing committees. However, I will undertake to look at these bills, consult with my colleagues, and offer an opinion on them first thing on Monday, so that you will know where we stand on them.

I also hope that Bill C-139 can be referred to the committee. At the present time it is my intention to so move in order that it may be amended; but I shall have to leave that open until we get a little further along in the debate on that subject.

What does bother me is the very short rein given us on the borrowing bill, C-143. We are to get it for first reading, and presumably second reading, on Tuesday night. That bill, in my opinion, ought to go to a committee, where the minister or his representative can be heard, because a number of us have some questions to ask about it, and it is going to be a close thing to get it out of committee and back here for final approval. We are disposed, however, to do our best with these matters. While reserving the right to comment further on the process when we see more of what is in them and the obstacles we may run into on Monday night, we are certainly going to do our best to handle them expeditiously.

With regard to the big tax bill, C-139, I am conscious that Senator McIlraith and his colleagues have been struggling manfully with its subject matter for a long time, as the house knows. We have looked at three possible tax bills before this one, the last of the succession. The detail of this bill has been pretty well digested, and the only thing that remains to be done in committee is to have some knock-'em-down, drag-'em-out arguments about one or two points that are all unsettled, in my mind at any rate.

Regarding the borrowing bill, I think that our aim in the committee would be to have the minister give us much more information than has been given so far as to what this is all about, because we are being asked to commit funds with respect to a financial year the budget for which is still in limbo and whose total requirement for money is quite unknown to this house or to anyone else, as far as I know, in the public arena. I think the minister should be expected to give us some explanations about that. I do think that a committee hearing, with the minister present, is an essential element in our program.

The program is not pleasant, and I do not accept it with any great satisfaction, but I certainly do not intend to be obstructive.

Senator Frith: Honourable senators, I think the position taken by the Deputy Leader of the Opposition with regard, first, to the four bills, C-130, C-136, C-141 and C-144 is entirely reasonable—that is, that the exact program for Monday should await an opportunity to study the bills, so that we may have some idea as to what is in them. They have been around for some time, or some of them have, and I do not think they have been amended. In any event, it is clear that to work out our program we should have a look at what is contained in those bills for Monday.

• (1430)

As far as Bill C-139 is concerned, if we decide to deal with it in Committee of the Whole, that could be the time for the "knock-'em-down, drag-'em-out" argument described by my honourable friend. Of course, it could take place in the standing committee itself rather than in Committee of the Whole.

With reference to Bill C-143, I cannot say that I like the metaphor of the short rein, but I understand what Senator Roblin means when he says that.

Senator Roblin: Is it not true? Do you dispute its accuracy?

Senator Frith: I do not dispute the poetic appropriateness of the metaphor, but I do not like the thought of being in the role of pulling a tight rein on the opposition, as the opposition would know.

It has always been our intention to have Bill C-143 studied by the committee before third reading and to have the minister attend before the committee to give evidence of the type requested by Senator Roblin.

With regard to committee activity, which could include Committee of the Whole, I ask honourable senators who are chairmen of committees to suspend all activity that might in any way conflict with the legislative program. In other words, I ask them, as is our custom and tradition, to give priority to legislation. Bill C-139 could be dealt with either in Committee of the Whole or by the Standing Senate Committee on Banking, Trade and Commerce. Bills C-130, C-136 and C-144 could be dealt with by the Standing Senate Committee on Banking, Trade and Commerce. I suggest that the Standing Senate Committee on Legal and Constitutional Affairs could deal with the human rights bill, while the Standing Senate Committee on National Finance could deal with Bill C-143. With that in mind, I ask the committees concerned to take into account the possibility that they may be called upon to help the Senate with consideration of those bills. It may turn out that some of them do not need to be referred to committee, but that has to await the weekend study referred to by Senator Roblin.

I believe that the Leader of the Government has something to add.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think that we should look at the legislative program on Monday morning, when we could have consultations with the Leader of the Opposition and the house leader after we examine the bills. I do not believe any of these bills will be new to members of the opposition, with the possible exception of Bill C-144, provided that no amendments have been made.

It might be useful before our sitting at 2 o'clock on Monday to review these bills because Senator Roblin has indicated that the debate on Bill C-139 may be longer than on some of the other bills. If so, it may be that we could reach agreement on passing the other three financial bills through so that they can be referred to committee, if that is the desire.

While we are considering that, I think we should also give some consideration to whether or not we would want Bill C-139 and perhaps some of the other bills considered in Committee of the Whole. That is why I do not want to suggest now what the scenario might be, but we could discuss that before noon on Monday or whenever it is convenient. Perhaps by that time all the bills will be in the hands of honourable senators or we will have them available to pass around—with

the exception of Bill C-143, but I believe the contents of that bill are already known.

Senator Frith: Honourable senators, I have to add one footnote by way of erratum—fortunately not errata. I have received a message that the information we had on Bill C-136 was in error. That bill, according to my notes, provides for the extension of low interest loans for small businesses. I have just been told that we shall not be getting that bill. If that information is correct, we are now looking at Bills C-139, C-130, C-141, C-144 and C-143—a total of five rather than six bills.

• (1435)

Senator Roblin: The suggestion of the house leader is a good one. We could meet shortly after noon on Monday with Senator Flynn and others to finalize the position.

Motion agreed to.

QUESTION PERIOD

[*English*]

SPORT

PROPOSED DOME FOR EXHIBITION STADIUM, TORONTO

Hon. Nathan Nurgitz: Honourable senators, I have a question either for the Minister of State for Fitness and Amateur Sport or the Leader of the Government. I read a lead story in the Toronto *Sunday Star* indicating that Ottawa's support for a domed stadium in Toronto is growing. In essence, the story indicated that most members of the government party in the other place are highly supportive of a dome for Exhibition Stadium in Toronto, the cost being somewhere in the neighbourhood of $140 million, with support being requested for roughly one-third of the cost.

Having regard for the fact that that figure represents almost the entire budget of the minister's department, perhaps he would comment on whether the federal government is prepared to participate to the tune of $40 million or $50 million for the construction of a domed stadium in the city of Toronto.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, understandably there is substantial interest in Toronto in the possibility of constructing a new covered facility in that city. However, as yet I have not received any direct submission or proposal from Toronto which would involve government funds made available to me in my portfolio.

Honourable senators may be aware that we do not fund major capital projects in Fitness and Amateur Sport. We do have programs to assist the various sports governing bodies and to help finance the operation of designated training centres, through grants to coaches and officials, and that kind of activity.

[Senator Olson.]

However, the government traditionally has shared in the cost of helping to construct major facilities which are necessary when Canada hosts certain major multi-sport international events such as the Olympics and the Commonwealth Games. But, with regard to these projects, there are no funds from my department. We have no budget for those purposes.

Senator Nurgitz: I have a brief supplementary—and I do not mind whether it is the Minister of State for Fitness and Amateur Sport or the Leader of the Government who responds. Has a request been made of the government, possibly apart from the Ministry of Fitness and Amateur Sport, for such financial support?

Senator Perrault: Honourable senators, I have not seen any specific proposal or request for federal assistance for that project. Together with the honourable senator, I too have read a number of speculative stories.

GRAIN

REDUCTION OF U.S. STOCKS

Hon. Herbert O. Sparrow: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. There has been an announcement in the last couple of days of a new United States government initiative on the reduction of grain stocks in that country. Can the minister inform this chamber of his knowledge of this matter, and how it may affect foreign markets for Canadian grains? Also, can he tell us whether the Canadian government is in any way co-operating with the U.S. authorities to assist in the marketing of grains and in the reduction of the surplus that appears to exist in the world today?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, the United States Department of Agriculture has just announced the sign-up in its various programs for a reduction of grain acreage for the coming year. There has been a major sign-up in the various programs. The main program is the payment in kind whereby a producer signs up to reduce his grain acreage, and he receives about 80 per cent of the normal yield of that acreage from the inventory of stocks currently held by the United States government. This is an income assurance program, and the United States producers have signed up in a major way.

• (1440)

The information I have is from our own Canadian sources. It is preliminary and may not be totally accurate, but it does give an indication of what is involved. The information I have is that there will be an enrolment in wheat acreage of some 78 million out of an acreage base of 90 million, and the projected harvested area is between 62 million and 64 million acres. According to these figures, this represents a reduction of close to 30 per cent.

The sign-up for corn and sorghum indicates an enrolled acreage of 78 million from an acreage base of 101 million, with a final harvested acreage projected of 65 million to 66 million. This represents a reduction of some 35 per cent.

Barley and oats—a smaller crop in the United States—have an enrolled acreage of 11 million out of an acreage base of 19 million, to a final, harvested area of between 17 million and 18 million acres. By quick calculation, this would be approximately a 10 per cent reduction.

This is a very major initiative on the part of the United States government to bring about a reduction in the very large stocks of wheat and coarse grains held in the United States. This has already had an influence on the market, and the market in the last few days has been strengthening on the basis of the prospective announcement. I believe that the long-term outlook for the export of wheat in particular is still bullish; that the long-term trend is up, but within that long-term trend there may be some periods of reduced demand and reduced prices.

The additional question asked by Senator Sparrow is: What is the response of the Canadian authorities to this initiative in the United States? I would point out that in the last two years we have had bumper crops. Last year we had the largest crop of grain in the history of western Canada. In the normal course of weather and events, we are not likely to see the same size crop again this year. Costs are up for Canadian farmers as well as they are for other producers in the world. We are not on any program of subsidizing production in this country. There are those who think we should be, but we are not on such a program. I would think that, with the cost factor and the weather prospects which suggest it might be time for a smaller crop, there is likely to be some reduction in acreage seeded to barley, in particular, and perhaps even to wheat. All factors considered, there is likely to be some reduction in the overall production in Canada.

What flows from the announcement by the United States and the willingness of Canada to cooperate in trying to bring about a more general management of grain stocks in the world is the need for other exporting countries, particularly the European Economic Community, to try to bring their stocks in line. If this is done, all of these programs will result in a very positive and, in my view, necessary strengthening of international prices for wheat and coarse grains.

Hon. Duff Roblin (Deputy Leader of the Opposition): On the same subject, could I ask the minister about the initial delivery price announcements that are usually made in March with respect to wheat, oats and barley on the part of the Canadian Wheat Board? Can my honourable friend tell us whether the announcements will be made this month? If not, when does he expect they will be made? I ask the question because it has a considerable bearing on farmers' plans for the year, and the sooner that information is in their hands, the better.

Senator Argue: I have found out that in government we are not always able to keep on target. Our objective is to have this information in place so that an announcement can be made by the end of March or, if we have to go into April, very early in April—in other words, well in advance of seeding—because that announcement is considered by western producers as an important one in preparing their seeding plans. So I can say to Senator Roblin that we hope to make this announcement soon.

Senator Roblin: I was hoping for something a little more definite than that, because the minister has been flying a few kites as to the price that would be announced, perhaps with good reason. He has left a good deal of uncertainty about that price in the minds of those interested, because he has specified a rather wide range of possible variations on the down side. While I appreciate the problem that he has, it would be helpful if we had a more specific statement from him as to when that announcement will be made.

Senator Argue: The end of this month is about a week away, so I am really saying we are trying to make the announcement rather quickly. If it gets into April, that too is not very far away. The reason I don't want to say it is going to be made on a certain date is that sometimes things can be delayed in the planning process. However, I am hopeful and optimistic that it can be made shortly.

Senator Roblin: I take it that probably means before we reassemble here in April.

NATIONAL PAROLE BOARD

GATING OF INMATES

Hon. Earl A. Hastings: Honourable senators will recall that on two or three occasions I have asked the government for a clear and simple statement of government policy with respect to the outrageous procedure being used by the National Parole Board in gating inmates. I have not received a reply from the minister responsible; my reply has come from Saskatchewan Penitentiary in Prince Albert where, this morning, an inmate was summarily gated under the authority of the National Parole Board. I can only assume that the government, which is binding itself in human rights legislation and the Charter of Rights and Freedoms, now, in fact, is supporting an act by one of its boards which deprives a Canadian citizen of the most valuable basic right of all, the right to freedom.

That act this morning brings to 11 the total number of inmates who have been subjected to this bizarre procedure. In my opinion, it constitutes cruel, unusual and brutal treatment of these men. This procedure is based on a decision by the National Parole Board that the inmate in question may pose a problem to society; that he is potentially dangerous, and that decision is reached not by a court of justice but by an administrative board here in Ottawa. It is contrary to the instructions of the board itself. I am now going to quote from "A Guide to Conditional Release for Penitentiary Inmates", issued by the Government of Canada and the National Parole Board, wherein it states:

> By law, most inmates may have their time in prison shortened by as much as one-third. This "good time" is called remission and is served on the street under what is called mandatory supervision. Release on mandatory supervision is by law, and not, as in parole, the result of a discretionary decision of the National Parole Board.

• (1450)

The document goes on to say that upon admission to penitentiary the sentence administrator will inform an inmate of his mandatory supervision release date and that this date is calculated. So an inmate enrolled in a penitentiary is advised of his release under mandatory supervision and, subject to his good behaviour, is released on that date under mandatory supervision under the Canadian Correctional Service. Now we have the National Parole Board assuming authority that was never granted to it by the Parliament of Canada in making a decision as to the dangerousness of an individual and, in effect, of some future event that may or may not take place.

What about the record of the National Parole Board? Under a five-year study with respect to the release of inmates on parole and inmates under mandatory supervision—the two classes—by the Solicitor General's Department, 27.5 per cent of inmates who were returned for violating their parole were guilty of some form of violence or robbery. What about mandatory supervision or release by law? The study showed that 27.7 per cent of the individuals under such supervision were returned to the prison for violence or robbery. The two figures are almost exactly the same. So much for the predicted capability of this board.

There are two dates that are important to an inmate in custody. One is his parole eligibility date, and the other is his mandatory supervision release date. If the inmate misses parole eligibility, everything is put forward to his mandatory release date; all his thoughts and plans are on that and he lives for the day of release under mandatory supervision. This inmate will have been in the prison all that time and no one will have said anything about the possibility that he might not be granted that release under mandatory supervision because he has been judged to be a dangerous offender. The inmate is given no such indication whatsoever and when it comes to his date of release under mandatory supervision he goes nowhere. I ask, does anyone care, does anyone understand the psychological and mental damage such a procedure does to these individuals? Does anyone understand the danger we are putting the staff of our penitentiaries in as a result of this procedure? Finally, the most important question of all, does anyone care that the rights of Canadian citizens are being abrogated by a government board?

If there is not adequate protection for society, there is a way of increasing the protection by asking the Parliament of Canada to do so, not by decisions of boards or commissions. If the National Parole Board wanted its powers extended, why did it not make a reference to the Supreme Court of Canada as it is doing now? In the meantime, these 11 men are being held until a decision is made by the Supreme Court of Canada.

My question to the government is: If the Supreme Court of Canada finds the action of the National Parole Board to be illegal, will the Chairman of the National Parole Board resign, will the Solicitor General assume his ministerial responsibility in that regard, and will the Government of Canada not instruct this board to cease and desist, in the matter of this brutal, nefarious procedure it is using, until the decision of the Supreme Court of Canada is handed down?

Hon. Duff Roblin (Deputy Leader of the Opposition): Answer yes or no.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I share with Senator Hastings his concern for civil rights and social justice in Canada. He always impresses me when he is addressing these questions which, today, are particularly inclusive of individual rights. However, the honourable senator begs the question of the legal authority of the National Parole Board with respect to gating. I have made inquiries of the Solicitor General of Canada and he has advised me that there now exist two contradictory rulings by provincial courts of appeal on the practice of gating. One decision is from the Ontario Court of Appeal, which says there is no legal basis for gating, and the other is from the Alberta Court of Appeal, which upheld the gating of Donald Oag and found gating to be within the legal authority of the National Parole Board. I am advised that the appeal of the Ontario case will be heard by the Supreme Court of Canada on May 17.

Pending the decision of the Supreme Court of Canada, the Solicitor General has instructed the National Parole Board to continue the practice of gating in provinces where it has not been ruled illegal. I am sure that this was a difficult decision to take, but it does respect the authority of the senior court in each province with respect to this question on which there is so much division of opinion in legal terms at the moment. There is also enormous division of opinion as to the appropriate policy which should be followed. If the Supreme Court of Canada is able to render its judgment by the end of its spring term, the matter will be settled fairly soon.

I must say that I agree with Senator Hastings that inmates are Canadian citizens and are entitled to a clear understanding of the laws that apply to the terms of their incarceration. It is regrettable that there is a legal dichotomy at the moment. However, the law has always had the difficult and paradoxical problem of balancing the rights of the individual against the rights of the community. The Solicitor General has, in his opinion, a legitimate concern with respect to the rights of the community as it pertains to certain inmates. Again, one will have to await the Supreme Court decision before knowing what the legal authority on the matter will be.

With regard to Senator Hastings' question about the Chairman of the National Parole Board, I can see no basis, on the facts as I understand them, why the chairman's tenure should be in question. I see no basis for assuming that the Solicitor General has not acted fully within his responsibility. I assure Senator Hastings that I am personally concerned with the matter. I will follow it closely and am prepared to respond to him again. I am sure that the honourable senator will want to know the policy of the government when the Supreme Court of Canada renders its judgment.

Senator Hastings: Honourable senators, I have a supplementary question. Did I understand the minister to say that the Solicitor General has instructed the National Parole Board

to contiue gating in those provinces which do not have a decision from the court within that province?

Senator Austin: I said that the position of the Solicitor General is that gating should continue in those provinces where it has not been held by a court of that province to be illegal. As the Court of Appeal of Ontario has held gating to be illegal, it is not currently practised in the province of Ontario.

Senator Hastings: The minister indicated that it was a difficult decision to reach. I would suggest that it was also a stupid decision. I cannot understand how a minister can practise one law for the citizens of Ontario and another for citizens in other parts of Canada. I am wondering what the citizens of Ontario will think, in the knowledge that these people are being released into the community within the province of Ontario, while within the other provinces they are being illegally held in custody.

• (1500)

It was always my assumption that a Canadian was a Canadian and it mattered not whether he lived in Ontario, Saskatchewan or Alberta. However, according to the instructions of the Solicitor General, Canadians living in Ontario will be treated differently from Canadians outside of Ontario.

It would seem to me the simple decision to have made would have been to cease and desist from the practice of gating until the decision of the Supreme Court of Canada is handed down, having regard to the decision of the Supreme Court of Ontario.

Senator Austin: I can understand the points which Senator Hastings makes, but the Solicitor General would necessarily have to take into account the decision of the Court of Appeal of Alberta. He does not have the option or luxury of choosing his preference where there are conflicting judicial decisions.

I agree with the honourable senator that a Canadian is a Canadian and is entitled to equal rights wherever he or she may be in Canada, but we have a federal judicial system, and, in the nature of that judicial system, the courts of one province, if not often, certainly have occasionally disagreed with the courts of another province. That is the conundrum in this case. We have two judicial systems opposed to one another. There is nothing in our legal system that requires the court of appeal in one province to agree with the court of appeal in another. The uniting part of the process is the Supreme Court of Canada which will hear these conflicting arguments and, we hope, resolve them so that we will have a law that applies to all Canadians.

Senator Hastings: I submit to the honourable minister that, when you do have these conflicting judgments and when there is the very basic right to freedom of the individual, the matter could be held in abeyance until the decision of the Supreme Court of Canada. When it comes to the freedom of the individual, any court—and I think it has been stated—will fall on that side.

ENERGY

SCOTIA COAL SYNFUELS PROJECT

Hon. Orville H. Phillips: Honourable senators, I have a question which I had hoped to ask of the Leader of the Government in the Senate. However, I note that he beat a hasty retreat while his colleague from Alberta was speaking. Perhaps the acting leader would advise him of the question, and he can answer on Monday.

Earlier this day the Leader of the Government tabled certain documents concerning Synfuels. I wonder if that has prompted his political amnesia, or can he announce if he is in a position to advise us when he, in his former position as Minister of State for Economic Development, was advised of the situation regarding Synfuels.

In addition, honourable senators, I would also appreciate being advised if the Leader of the Government had Synfuels on his long list of mega-projects or on his short list of mega-projects.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will see that the question comes to the attention of the Leader of the Government. He will have tomorrow and the weekend to edit out the rhetorical part of the question and determine what precise information is being asked for so that he can have it for the honourable senator next week.

Senator Phillips: Stimulate his memory.

CANADA-NEWFOUNDLAND GENERAL DEVELOPMENT AGREEMENT

RURAL DEVELOPMENT—STATUS OF SUBSIDIARY AGREEMENT

Hon. Jack Marshall: Honourable senators, I also ask the acting leader to relay a question to the Leader of the Government regarding the Canada-Newfoundland General Development Agreement.

One of the subsidiary agreements under that broad area of general development has to do with rural development. The agreement, which came into effect in 1974, is due to expire before the end of the month.

In view of the fact that this agreement is very important to many of the small communities of rural Newfoundland, in terms of trying to provide employment opportunities in some 508 communities, would the deputy leader impress on the minister responsible the urgency with regard to the renewal of that agreement? That part of our society can then allay their fears regarding the very drastic employment situation.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if the agreement expires at the end of this month, there is obviously some urgency in having information as to the status of the matter. I will try to have that for the beginning of next week.

COMMUNICATIONS

BROADCASTING TO NORTHERN COMMUNITIES

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I want to answer more fully the question put to me by Senator Nurgitz regarding northern broadcasting and the Anik D satellite. The question related to whether the Anik D satellite would be used in any way for northern broadcasting.

Honourable senators, there will be a use of that satellite in connection with the World Communications Year to which the federal government will make a contribution exceeding $1 million.

One of the projects funded by the Department of Communications is the Inuit Circumpolar Conference which will take place in Frobisher Bay in July, using Telidon and satellite technology—Anik D in particular. The conference organizers will link the Inuit in Alaska, Canada and northern communities in Europe.

With respect to the answer I provided, I confirm that the Minister of Communications announced on March 10 last that the government would be making available $40 million to various native communications societies across the country for purposes of native broadcasting.

FOREIGN AFFAIRS

ZIMBABWE—CONFERENCE ON RECONSTRUCTION AND DEVELOPMENT—CANADIAN COMMITMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Buckwold on March 16, 1983, concerning Canada-Zimbabwe relations. The answer is approximately two-and-a-half pages long and since Senator Buckwold is present in the chamber I will read it.

After a protracted guerilla war, Zimbabwe became independent in April 1980. Prime Minister Mugabe's party, the Zimbabwe African National Union, won a decisive majority in the national elections observed by a Commonwealth team. A distinguished Canadian, Mr. Gordon Fairweather, served on this team. Upon independence, the new government of Zimbabwe committed itself to a policy of national reconciliation—black and white, Shona and Matabele. Prime Minister Mugabe invited Joshua Nkomo, leader of the Zimbabwe African People's Union and members of Zimbabwe's white minority, to join the Cabinet.

As friends and supporters of an independent Zimbabwe we shared the high hopes for the country and its people. Recognizing the challenges posed in resettling and reintegrating many of its people, Canada pledged $50 million in assistance over five years at the Zimcord Conference in 1981. All these funds are currently committed to joint projects with the Zimbabwe government. We intend to honour these commitments. We have no knowledge of any donors curtailing any form of assistance to Zimbabwe as a result of recent conflict within that country, although one donor has postponed decisions on future commitments pending a review of the situation.

Honourable senators will be aware there have been acts of violence in the southwest region of Zimbabwe over the past year. They may recall in particular a number of deaths and kidnappings over the past Christmas holiday. We understand the government subsequently sent police and military units to that region in order to counter such dissident activity. It appears that in the course of these operations a considerable number of people in the area suffered injuries or lost their lives.

We were naturally concerned about these reports and we have drawn our concerns to the attention of the Zimbabwe authorities at senior levels. We conveyed the hope that peace and reconciliation will replace conflict. We have been assured by the Zimbabwe authorities that national reconciliation remains a primary objective. The Government of Zimbabwe has also informed us that a three-man team has been designated to carry out an inquiry and to receive briefs from the general public and non-governmental and church organizations. Although this is not a formal commission of inquiry, it has been established at the direction of Prime Minister Mugabe and is empowered to recommend remedial action.

We shall, of course, follow the situation closely in view of our close ties with Zimbabwe.

Hon. Sidney L. Buckwold: Honourable senators, I thank the deputy leader for the courtesy of reading the reply, as I was most anxious to hear it. I am somewhat disappointed that Canada is not playing a more active role in trying to influence a country with which it has very close ties.

• (1510)

It seems to me, having listened to the news dispatches from Zimbabwe, that the situation is continuing to deteriorate and that the newest threat is to the white farmers who, apparently, in some cases have been faced with extremely difficult conditions. I understand that one murder has been committed. In the final result, it would be as serious a deterioration of the situation as that posed by some of the problems of Mr. Mugabe, because the whole economy of that country really depends on the high productivity of a very skilled white farmer class.

I would ask the Government of Canada, therefore, to watch this situation carefully. We have unspent, although committed, millions of dollars available for Zimbabwe and in my opinion that could be used as a counterbalance to the undersirable activities that have been going on in that country.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question arising from that reply. It is a rather gloomy statement. The only constructive element that I noted was the commission of inquiry. Unfortunately, the statement did not tell us anything about the commission of inquiry, except the fact that it has been set up.

Is it possible for the Deputy Leader of the Government to give us some more information as to the nature of this

commission so that we can form an appreciation of just how impartial its investigations might be?

Senator Frith: Honourable senators, on that subject the statement states, in particular:

> The Government of Zimbabwe has also informed us that a three-man team has been designated to carry out an inquiry and to receive briefs from the general public and non-governmental and church organizations. Although this is not a formal commission of inquiry, it has been established at the direction of Prime Minister Mugabe and is empowered to recommend remedial action.

I am not sure, but I think we may infer that this information came as a result of an inquiry made following the question asked by Senator Buckwold. It may be that there is available more detailed information than this. I will try to find out.

Senator Roblin: I thank my honourable friend. It would be particularly useful if we knew who the members of the commission are. Oftentimes you can form an impression as to the nature of the transaction if you know the people who are conducting it.

Senator Frith: Honourable senators, I will get whatever additional information is available to us.

[*Translation*]

Hon. Jean-Paul Deschatelets: I have a supplementary. If I understood correctly, a specific amount was decided on. Could you please repeat the figure?

Senator Frith: Yes, it was $50 million.

Senator Deschatelets: In view of the present situation in that country, has this assistance been withdrawn for the time being or is the government spending part of those funds? What I would like to know, and I think it would clarify the statement somewhat, is the nature of these grants and the kind of assistance for which these funds have been earmarked.

Senator Frith: I pointed out that according to the statement, this assistance involves $50 million, to be distributed over a period of five years. The commitment was made in 1981. As far as details are concerned, the figure is qualified only by the words "in assistance". The statement also says that the funds are currently committed to joint projects with the Zimbabwe government. If I understood Senator Deschatelet's question correctly, he would like further details on this assistance.

Senator Deschatelets: I am interested in the nature of the assistance given.

Senator Frith: You are aware that it is a joint program?

Senator Deschatelets: Yes, I realize that.

Senator Frith: So you are interested only in the details or the nature of the programs involved?

Senator Deschatelets: Yes, but I want to make sure that it is not just a matter of money being spent.

[*English*]

PARLIAMENT

SENATORS AND MEMBERS OF HOUSE OF COMMONS—ATTENDANCE

Question No. 92 on the Order Paper—**By Hon. Jack Marshall:**

> What has been the average attendance in the House of Commons and the Senate over the past ten years?

Reply by the Leader of the Government in the Senate:

> Although the names of honourable senators convened for sittings of the Senate are recorded, the names of honourable members at sittings of the House of Commons are not. The government therefore does not possess the information needed to answer this question.

APPROPRIATION BILL NO. 4, 1982-83

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved that Bill C-145, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983, be read the third time.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1983-84

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved that Bill C-146, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1984, be read the third time.

Motion agreed to and bill read third time and passed.

The Senate adjourned until Monday, March 28, 1983, at 2 p.m.

THE SENATE

Monday, March 28, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-139, to amend the statute law relating to income tax (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) CONTINUING ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-130, to authorize continuing financial assistance to be provided to certain international financial institutions.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f) moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*English*]

THE SENATE

AMPLIFICATION SYSTEM MALFUNCTION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I rise on a point of order to advise all senators that the amplification system is not working. The technicians are on their way; in the meantime we shall have to speak a little louder.

Hon. Jacques Flynn (Leader of the Opposition): Does it make a real difference?

[*Later:*]

The Hon. the Speaker: Honourable senators, I am told by the Gentleman Usher of the Black Rod that he has received a message from the technician to the effect that if we now adjourn for half an hour the system can be fixed. Are honourable senators prepared to do so?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, unless anyone feels the need for the system this afternoon, I suggest we continue without it.

Hon. Jacques Flynn (Leader of the Opposition): Under the circumstances, I do not think we can afford to delay the proceedings. After all, we have not advanced very far in our conversation with the Leader of the Government as to where we stand or where we are going.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 4)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-144, an act to amend the Small Businesses Loans Act (No. 4).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

• (1410)

QUESTION PERIOD

[*English*]

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in view of the fact that we have received from the House of Commons three bills, Bills C-139, C-130, and C-144—and it is rumoured that we will receive two others, if I am not mistaken—namely, Bills C-143 and C-141—

Hon. H. A. Olson (Leader of the Government): Bills C-141 and C-143?

Senator Flynn: Bill C-141 is a question mark, but Bill C-143 is the borrowing authority bill. In any event, I should like the Leader of the Government to tell us what is expected of the Senate in the next few days, given that the House is going to adjourn on Wednesday to April 11, under the new rules.

As far as the Senate is concerned, and perhaps even more so for the opposition, the perspective is quite different if we adjourn on Wednesday, come back on the eleventh and continue the present session, as opposed to adjourning with the prospect of prorogation when Parliament re-assembles in April, after the Easter recess.

I should therefore like to ask the Leader of the Government, in the interests of every senator: Are we to consider that Wednesday is the last day of this session; that we will come back only to prorogue and have a new session in April; or should we consider that Wednesday will be a day like any other, on which we will adjourn to April 11 or 12, with a view to continuing the session thereafter? Some of the bills that may come to us may not need to be passed by the Senate right away. We could probably deal with them when we return in April, if the objective of the government is to continue the present session. If it means a few months more, after three years, what difference does it make? In my opinion, it would be useful for honourable senators to know what the government has in mind and, for once, what the Leader of the Government has in mind.

• (1415)

Senator Olson: Honourable senators, I should like to be as precise in my reply as the manner in which the question was put, but unfortunately—

Senator Flynn: What is wrong with the manner?

Senator Olson: There is nothing wrong with it at all. There was a request for some precision as to the date of prorogation, as to whether that is possible after Wednesday of this week, and so on. I am sorry that I cannot be as precise as I should like to be in responding to a very reasonable question. I have to say that things generally have changed somewhat in the last few days. For example, we have some essential bills—namely, Bills C-139 and C-143—that will be coming to us tomorrow. The other two bills—Bills C-130 and C-144, I believe—are also extremely important.

The unfortunate part about trying to give a precise and definite answer now as to whether or not there will be prorogation is that I believe the house leader in the other place, and the government generally, is considering that question. If, for example, Bills C-85 and C-95 had also come to us so that we could deal with them up to and including Royal Assent this week, then I think there would have been the possibility of prorogation. However, I believe that both of those bills are in the final stage of passage through the other place; indeed, one of them has a time allocation order on it of two more days.

Senator Flynn: After three months.

Senator Olson: My honourable friend knows that if there is prorogation, the government has to take into account the fact of the legislative procedure, that we would go back to square one. That may not be a problem for the opposition, but it is a problem that the government has to face.

As honourable senators know, Bills C-139 and C-143 have the highest priority of those bills that are required to be passed soon. I could say that they could have been dealt with some time ago, that they might by now be behind us, but the fact is that they have not already been dealt with and we now have them before us.

I believe there is some possibility that the government will be considering prorogation, even with the number of bills we now have and will have. We already have the three that have been mentioned, and we anticipate that Bill C-143 will be passed in the other place by 6 p.m. tomorrow. There is also a house order in connection with that bill. I believe there will be some profound consideration of whether or not there will be prorogation before Parliament meets on April 11 and thereafter. However, I cannot give an undertaking one way or the other, and that is where I encounter difficulty in being absolutely confident and precise in my answer. I can tell the honourable gentleman that it is our hope that the bills with the highest priority—namely, Bill C-143 and Bill C-139—will receive Royal Assent by March 30. It is also our hope that the other two bills will receive Royal Assent as well. These matters do somewhat change the requirement for carrying on the session because we are dealing with two extremely important bills which need to be passed before we prorogue.

• (1420)

Senator Flynn: With regard to Bill C-139, we on this side realize that we should dispose of this bill before Wednesday because it is important that the public at large should know where it stands with regard to income tax for the year 1982 and, I suspect, 1981, as this bill applies in general to three budgets.

With regard to Bill C-143, it seems to me that since it is coming to us tomorrow at the end of the day there will be no prejudice to the government if it is passed in the middle of April because the government can manage until then, unless it is at the bottom of its pool of available finances. The same can be said of Bill C-141. So it seems to me that if we knew whether or not there would be prorogation it would help us very much.

Perhaps by way of a supplementary question I should ask the Leader of the Government on what date he proposes that the Senate reconvene after Easter.

Senator Olson: Honourable senators, I want to discuss that topic with the Leader of the Opposition and with some of my colleagues in cabinet. I am sure that everyone realizes that there are some discussions—or perhaps you could call them negotiations—going on now between the government house leader and the house leaders of the other parties in the other place which have to take into account the number of days

there are between April 11 and June 30, when, as you know, there is a house order to adjourn. After taking these matters into account, they have to come up with a legislative program that is in the public interest to be dealt with by Parliament. However, I give the Leader of the Oppposition the undertaking that I shall try to obtain the information or, at least, some kind of resumé of the considerations before Wednesday, because they are rather long and complex.

I appreciate what the opposition leader has said about Bill C-139, that it is important that this bill be approved in all its stages by Parliament. With respect to Bill C-143, I can advise him that he is correct, that there are some emergency measures that can be invoked by government from time to time for a few days with respect to the use of treasury bills and other matters.

● (1425)

I want him to know also that we are already past the time when Bill C-143 should have been passed and authorization given so that the Minister of Finance and the Bank of Canada and other people involved could indeed make the necessary borrowing arrangements with the financial community. Although that community can expect, from time to time, a borrowing request from the federal government, it likes to know several weeks in advance just when the request will be made. Therefore, it is important for orderly management that Bill C-143 be passed before we leave here on Wednesday. I would encourage the opposition to assist us in that process so that we can have orderly, predictable demands made on the financial market for the requirements for which authority is being sought.

Senator Flynn: The Leader of the Government has mentioned that after Bill C-85, the Canagrex Bill, and Bill C-95, the Athletic Contests and Events Pools Bill, have been passed by the House of Commons and also by the Senate, we might have prorogation. It seems to me that these two bills will probably require a further day or two. If, when the House of Commons returns on April 11, the government were to make it clear that, if these bills are passed, a new session could begin with a Throne Speech, perhaps a deal could be struck in the other place and we would have to come back for only a few days.

The Leader of the Government has referred to the days available for government business between now and June 30. Well, rather than waste days on a Throne Speech and a budget debate and postpone these matters until the fall, would it not be worth while and save a lot of time if we dealt with them now? The Leader of the Government has insinuated that, because there are only 20 days available to the government until the end of June, it would not be worth while beginning a new session. That is really not a very strong argument. It is merely a good excuse to be able to say, "We cannot bring in a new Throne Speech because of the opposition and because of the other parties in the house." It seems to me that the government is not too anxious to proceed. They would like to wait and see if things are going to improve, especially with regard to oil prices and matters of that nature, which seem to worry the Minister of Finance.

Would it be possible for the Leader of the Government to come clean and tell us exactly what he has in mind.

Senator Olson: There is nothing that the government would rather do than, as the Leader of the Opposition has said, come clean.

● (1430)

The Leader of the Opposition knows that the government does not have the power of disposition of a legislative program put before Parliament; that rests very heavily on the attitude of the opposition. If we had the kind of predictability the Leader of the Opposition is asking for now, no one would be happier than the government. That, of course, has not been the case for the past three months or so.

In any event, to reply partially to the leader's question, we have had discussions on that. After taking into consideration the number of opposition days and those days set aside to deal with the estimates and those days set aside to debate private member's bills, which is one full day a week, we are left with approximately 18 days for government business.

The Minister of Finance has said that he is going to announce the date on which he will bring down a budget before Wednesday of this week, so there will be a number of days required to debate the budget between April 11 and June 30.

The real question is whether we can more profitably use those eight days, because they represent approximately 30 or 35 per cent of the total time left to the government for the passage of essential legislation, including bills that may emanate from the new budget, and so forth.

Furthermore, there are a number of other bills that have been waiting for months to be passed, and indeed, some have been waiting for years. I really do not think it would be useful for me to give any undertaking with respect to them, because we have always had a high level of co-operation from the opposition in the Senate. The problem arises not after legislation comes before the Senate but before legislation comes before the Senate, and negotiations in that regard are held between the government house leader and the two house leaders in the other place.

The Leader of the Opposition wants me to lay out an ideal solution—a solution which would be agreed to by the members of the other place and honourable senators—and I am sure there is nothing the government would like better.

INDUSTRY

PHARMACEUTICAL RESEARCH AND DEVELOPMENT—EFFECT OF PATENT ACT AMENDMENTS—ANSWER TABLED

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Thompson on December 1, 1982. The question concerned the pharmaceutical industry and the Patent Act. I do not see Senator Thompson in the chamber today and, since this is

rather a long answer which runs to six pages and five charts, I am reluctant to even ask that it be printed as an appendix to today's proceedings. I think it would be better if I were to table the answer and ensure that Senator Thompson receives as many copies as he wishes. If it is agreed, honourable senators, I shall table the answer.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Yes, on behalf of Senator Thompson.

Senator Olson tabled:

Document concerning the pharmaceutical industry and the *Patent Act*, being a reply to Senator Thompson's question of December 1, 1982 (*English text*).

INCOME TAX ACT

BILL TO AMEND (NO. 2)—SECOND READING

Hon. A. Irvine Barrow moved the second reading of Bill C-139, an act to amend the statute law relating to income tax (No. 2).

He said: Honourable senators, Bill C-139, with which we are concerned today, is one of the most important packages of tax legislation to come before this house in some time. It contains income tax measures first proposed in the budgets of November 1981 and June 1982, with modifications resulting from representations and consultations that followed those budgets. It also covers revisions announced by the Minister of Finance in his economic statement of October 1982; therefore, this bill goes back more than 16 months.

Since that time there have been very extensive consultations carried out with affected areas of the private sector, and specific studies by committees of both the Senate and the House of Commons.

• (1435)

Last June, the Minister of Finance issued detailed draft legislation—

Hon. H. A. Olson (Leader of the Government): Honourable senators, I rise on a point of order. Due to the fact that we do not have an amplification system, perhaps it would be better if Senator Barrow addressed the Senate from the seat next to the deputy leader because the *Hansard* reporters are having some difficulty in hearing him.

Hon. Senators: Agreed.

Senator Barrow: Last June, the Minister of Finance issued detailed draft legislation for public comment which formed the basis of the parliamentary studies.

In December, he also issued a 225-page document of explanatory notes setting out the intent of the bill in clear terms.

Some of the major provisions in the bill include enactment of the lower personal income tax rates first proposed in 1981, a restructuring of the federal tax reduction credit, increased payments under the child tax credit provisions and significant changes to the original proposals for the taxation of life insurance policies.

One of the key principles of this legislation is that the Canadian tax system is greatly improved and lower tax rates can be applied to a broader income base. Such an approach is less likely to discourage individuals from saving, working and investing. It also means a more equitable sharing of the tax burden.

The government's six-and-five restraint program is reflected in the section which caps the indexing of personal income tax deductions and rates at 6 per cent and 5 per cent over two years. In this regard it should be noted that the year-over-year rate of inflation, as measured by the consumer price index, was 7.4 per cent last month, the lowest in six years, and clear evidence that the restraint program is meeting its objective.

The bill will bring about a general reduction in personal income tax of $1 billion a year, starting with the 1982 taxation year. As an example of how this will apply, a married worker with two dependent children earning the average industrial wage of $22,000 will save more than $220 in 1982 tax liability. The $50 a year increase in the child tax credit will mean a $100 saving for a low or middle-income family with two dependent children.

To benefit one-earner families in the low and middle income tax brackets, the federal tax reduction has been changed to a flat $200 per taxpayer plus $200 for a dependent spouse. The reduction used to be 9 per cent of the basic federal tax with a minimum of $200 and a maximum of $500.

For taxpayers with dependent spouses and incomes of up to $20,000 this means an additional tax savings of $200.

Hon. Jacques Flynn (Leader of the Opposition): Did you say an additional tax savings of $200?

Senator Barrow: Yes, for taxpayers with dependents and an income of up to $20,000. This means an additional tax savings to that family of $200.

Senator Flynn: An additonal saving?

Senator Barrow: Yes, an additional tax saving.

Hon. Jacques Flynn (Leader of the Opposition): Are you saying, for the government?

Senator Barrow: For the individual. He is not only able to claim $200 himself, but if his wife is not working he can claim that extra $200.

• (1440)

Senator Flynn: What is the government saving by not increasing the exemption according to the cost of living?

Senator Barrow: It used to be a flat $200 per taxpayer; now it is $200 plus $200 for the spouse.

Senator Flynn: No doubt we will hear that in committee.

Senator Barrow: The $50 increase in the refundable child tax credit will raise the level of this credit to $343 a year,

effective in the 1982 tax year. As estimated, 2.5 million families will benefit from this measure.

The budget of 1981 contained a proposal to tax the benefits received by employees whose employers contribute to health and dental plans. This has been dropped, even though it means a reduction in tax of an estimated $100 million a year. The proposal to restrict the deductibility of interest expense on money borrowed for investment purposes has also been dropped.

Other measures in the personal income tax field include the introduction of a taxable benefit provision for an employee who has a company car for personal use. The rate will be 2 per cent of the cost of the car per month or two-thirds of the leasing cost. This is modified from the original 1981 proposal which was 2½ per cent of the cost of five-sixths of the leasing charge. The taxable benefit will be reduced when personal use is less than 12,000 kilometres a year.

A new forward-averaging system will allow taxpayers with large income increases in any year to average those over future years when they expect to be in lower tax brackets. The system is more flexible than the plan originally announced in 1981 and will cover income from all sources.

Another personal tax measure would limit the exemption for capital gains on a principal residence to one residence per family.

There are significant benefits for small business. The amount of income eligible for the low small business tax rate is increased from $150,000 to $200,000 a year and total eligible earnings rise from $750,000 to $1 million. This will provide substantial assistance to small business corporations. I would remind honourable senators that the tax rate for small business manufacturing profits is 10 per cent, 20 points lower than the rate for large corporations, and that other types of small business income are taxed at 15 per cent rather than 36 per cent.

A one-year extension of the Small Business Bond Program is being enacted. This program, which provides special assistance to small firms in financial difficulty, will now continue until the end of 1983. Its main provision reduces interest rates through a tax exemption to lenders.

The tax of 12½ per cent on dividends paid out by small business corporations will apply only to income generated in years after December 31, 1982, and small businesses are being exempted from the corporation surtax which was 5 per cent last year and drops to 2½ per cent for 1983.

The budget of 1981 proposed measures to tax income realized through investments in life insurance policies. Following the budget, several problem areas were identified in this regard and a long series of discussions took place with representative groups in the life insurance industry. Important modifications were made to meet the concerns of the companies, their agents and their policyholders. Let me touch on some of those.

First, policies purchased before December 2, 1982, are not affected by the bill.

[Senator Barrow.]

Second, the new rules will exempt from periodic taxation on accumulating income the vast majority of policies purchased on or after December 2, 1982. Regular policies paid for over 20 years or more will be exempt from the periodic tax. Other permanent policies can also be exempt, including those with single premium paid-up additions providing additional insurance on these policies. Universal life policies in which the savings and insurance protection parts are separated may also be exempted under this rule. There is no dollar limit on the amount of exempt life insurance coverage a policyholder can have. This change was made following discussions with the life insurance industry and reflects the objective of encouraging Canadians to provide protection for their families and dependants.

Third, the pre-budget rule for the taxation of loans taken out against insurance policies, for example, in a time of financial need, has been retained. This rule assumes that loans are drawn from the savings accumulated by premiums before being drawn from income earned on these savings. If the amount of the loan does not exceed the accumulated capital, no tax will be charged. It had been proposed to tax part of every loan as income. This change responds directly to concerns expressed by life insurance agents.

Fourth, administrative and selling expenses related to a policy will be deductible from the income earned. This is an important concession. As you know, premiums are comprised of several components. One covers the actual risk to the company; another generates savings on which income is earned; and the third portion defrays the administrative and selling expense, part of which really belongs to the cost of the risk portion of the policy. This rule will benefit individuals borrowing against their policies and those surrendering their policies.

Finally, there is a change benefiting small businesses that responds to concerns expressed about the proposed rules for corporate-owned life insurance. On June 28 it was announced that corporations could hold exempt life insurance policies but that benefits received by them could no longer be paid out as tax-free dividends to shareholders. This will now continue to be possible. The issue of extended capital gains tax deferral on a shareholder's death, which the original proposal was designed to address, will now be solved by a more narrowly-focussed measure. Surviving shareholders will continue to be able to receive the proceeds of corporate-owned life insurance tax free and use these funds to purchase the shares of the deceased from his or her estate or heirs.

Another provision which affects business income has also been modified. The taxation of work-in-progress of professionals will exempt doctors, dentists, lawyers, accountants, veterinarians and chiropractors.

Honourable senators, this bill is necessarily long and complex. It affects some 135 sections of the Income Tax Act. However, I would remind honourable senators that most of its contents have been public for more than a year and have been subject to a long period of parliamentary debate and study in both houses. There have also been many months of consulta-

tion with the taxpaying community which led to major improvements.

The time has come to end the uncertainty about our tax laws by enacting this bill. Prompt passage is also needed to provide the legal basis for payments of refunds on 1982 taxes now owing to millions of taxpayers. An estimated $6 billion in refund payments is involved and many of the claimants are unemployed and in need of the money. Indeed, because of the delay, many have found it necessary to go to tax refund discounters with the resultant cost to those who can least afford it.

I appeal for co-operation from both sides of this chamber to meet these urgent needs.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think that the mover of this bill has correctly described it as being a very difficult and complicated piece of legislation. I would point out that, in spite of his efforts to clarify the difficult portions of the bill for us this afternoon, senators who may not have read the bill or who, in spite of the fact that some of this detail has been in the public domain for some time, are not familiar with the bill, will probably have some difficulty in grasping its import and its impact upon ordinary people and upon the economy of the country.

Guided by that obvious difficulty, this afternoon I shall not deal in any great precision with the contents of this bill. They are so many and varied and so hard to understand that even those of us who have been studying the proposals contained in it for some time in committee find our ingenuity taxed in trying to understand the import of what we are dealing with, even though in that committee we have had the assistance of competent, expert advice as to the meaning of tax law and its implication on the accounting system.

• (1450)

I have to join with those who feel that it is unlikely that, at this stage of the game, we in the Senate debating second reading can do justice to the many factors that are involved in the legislation.

I intend, however, to deal with one or two points of a more general character, because I think that they might provide some food for thought, let us say, in connection with the general problems of taxation in the country today.

Certainly the history of this bill is extraordinary. I do not know of any tax bill in my lifetime that has taken the amount of time to come to birth that has been required for this piece of legislation. As the proposer of the bill quite rightly said, it took its origin from the abortive budget of November 12, 1981, delivered by the then Minister of Finance, Mr. MacEachen, and that is quite a long time ago. Since that time we have had the second failed effort of June 28, 1982 by the same minister, which again came to nothing in terms of legislation at that time. That was followed by what was probably a third budget, although it was not called a budget. I think it was called a financial statement, or something of that sort, but that deceived nobody. That was given to us by the present Minister of Finance in October 1982. Then on December 7 this bill had its first reading in the House of Commons.

This bill, therefore, is not come by lightly. It is come by with great travail on the part of those responsible for it. When they realized the horrible mess they made on the first effort in producing a tax bill for the country, it was obvious from their actions after that—in the second budget of Mr. MacEachen and the third budget of Mr. Lalonde—they realized they had a poor piece of work in their hands. I am afraid that it has not been entirely purged of its defects even now, on the third go round. I suspect that, when the new budget comes down in a month or so, we will find a whole stream of new proposals, some of which I am certain will go to nullifying what is in this bill today.

It seems to me that it is an unhappy state of affairs when the finances of the country are so badly run and so poorly managed that we cannot put before our people a tax bill in sufficient time for them to make out their tax returns. This bill is almost two years late. Surely no one in this house can regard that situation with any degree of satisfaction. Certainly, I do not. It is a poor show, and one can only hope that new management in the Department of Finance will be able to produce better results—although if the national energy policy is anything to go by, I cannot be too optimistic about that possibility, either.

This is, then, a most unsatisfactory performance. I feel that I am stating the opinion of a good many people in this country if I make that crystal clear. Certainly it is my opinion that this is a very unsatisfactory document that we have before us. It is a big one; it is 294 pages long. I do not know how much it weighs, but if I threw it at the Leader of the Opposition he would know somebody had hit him with something.

Senator Flynn: Throw it at the other side! You said, "Leader of the Opposition."

Senator Roblin: I suppose, honourable senators, that I have a fixation on that, because coming events cast their shadows before them. If ever there was a shadow cast by a coming event, it has to do with the status of that honourable gentleman. I may be a little ahead of myself, but perhaps history will indicate that I was not too far out. I will not throw it at you, Senator Flynn—in fact, I will not throw it at anybody, because I am not in the throwing mood. I am, however, in the critical mood; I will say that.

There are 133 changes embodied in this bill. If anyone wanted any evidence to the effect that the Canada income tax situation has reached a critical stage, this bill is a pretty good piece of evidence to throw on the table. Income Tax in Canada is supposed to be self-assessing. The taxpayer of this country is supposed to be able to read the law and know enough about it after he has read it, with all of the information bulletins that the government puts out, so that he can fairly assess himself and render a tax to the government which is in accordance with the law. He had better be able to do that, too, because in most instances, if the government does not think he is right, it does not have to prove that he is wrong; it simply reassesses

him, and he must prove that the government is wrong. It is a pretty good thing, therefore, for the ordinary taxpayer of this country to understand something about the tax law and to be able to make out his own tax form properly.

I want to say to honourable senators that it will be the man with a very simple and modest income these days who, without some considerable effort, will be able to make out his own tax form and do it correctly. The fact that we have a plethora of different people wanting to do it for him, in terms of tax accountants and income tax form fillers-out and so on, I think is some evidence that that is indeed the case. It is a monstrous tax law that we have and it is written in such convoluted, turgid, incomprehensible English—well, do I say "English"? Surely it must be another language. English is almost as limpid and pure in its character as is French, Senator Flynn, is it not?

Senator Flynn: Yes, it is.

Senator Roblin: Ordinary people can understand the English language, but ordinary people cannot understand the English language when it is translated into the tax law. It is the most convoluted, incomprehensible and turgid piece of prose one could hope to find, and something has to be done about that. It is obscure and it is hard to understand.

This is not a rhetorical complaint, honourable senators. It is a complaint that I think will be echoed by every citizen of the country who has to make out his tax form. When honourable senators are thinking about that situation, do not be persuaded by the comforting thought that many of the intricate provisions of the tax bill have to do with convoluted corporate organizations or matters which only concern business or people involved in such activities. That is not the case. It concerns ordinary people.

If we look at this very tax bill and examine one clause in it that has to do with the taxation of the benefits that accrue from the use by an employee of a car supplied by an employer, we will get some idea of the difficulties I am talking about.

I was interested in a speech that was made the other day by the President of the Institute of Chartered Accountants of Ontario, a gentleman by the name of J. Lyman MacInnis. He actually quoted to his luncheon audience some of the language of the tax law that had to do with this one item—namely, the taxable benefits that accrue to an employee from the use of a company car.

I am tempted to read it to honourable senators, except that I am afraid that I would lose my audience so fast that it would make my head spin. Perhaps I will read it anyway, because my audience may be a captive one. The clause reads as follows:

> For the purposes of paragraph (1)(*e*) an amount that is a reasonable standby charge for the automobile for the aggregate number of days in a taxation year during which it was made available by an employer, or by a person related to the employer, shall be deemed to be the amount equal to the product obtained when (*a*) where the employer or the person related to the employer owned the automobile at any time in the year, an amount in respect of its cost to the employer equal to the percentage thereof obtained when 2 per cent is multiplied by the quotient obtained when such of the aggregate number of days hereinbefore referred to as were days during which the employer or the person related to the employer owned the automobile is divided by 30 (except that if the quotient so obtained is not a full number and exceeds one it shall be taken to the nearest full number or, if there is no nearest full number, then to the full number next below it), or—

Honourable senators, this goes on for 49 more lines. I will not read it all.

Hon. Royce Frith (Deputy Leader of the Government): It seems clear so far.

Senator Flynn: As mud!

Senator Roblin: I thought I was reading it with great expression, so if my honourable friend understands it I am flattered. I am sure, however, that he must be the only one within the range of my voice who does understand it, because it is an extremely difficult piece of prose.

What it simply says is that if you are using a car that your employer provides you are going to have to pay a higher tax on it. Surely to goodness there must be some more simple way of expressing the law than is found in the portion that I have just read to honourable senators. It is quite out of all conscience that that should be imposed upon an innocent citizenry that only seeks to find out what its proper tax is and to pay it. How they can do so with legislation couched in language like that, I really do not know. That is particularly important because, if they get it wrong, they are subject to all kinds of penalties, and it will not be very hard to get that one wrong. That is a particularly difficult one to get right.

● (1500)

The Income Tax Act is a mess. It is incomprehensible. It is uncertain, heaven knows. Look at all the lawyers making a living out of the uncertainty. If there is anything in the principles respecting tax legislation that we were taught when we were young—perhaps these are all out of date now—it was that taxes should be certain, they should be clear, they should be comprehensible, and, of course, they should be reasonable and within the capacity of the taxpayer to pay. Our tax legislation today seems to offend all rules of good policy.

Mr. MacInnis, whose speech on this subject I read with such interest, goes on to tell what the law is with respect to home insulation subsidies. It is really quite remarkable how that has been worked out now. Paragraph 56(1)(*s*) is the overriding paragraph, and it is part of subsection 56(1), which is part of section 56, and that is just a paragraph in the general law. This is also quoted in full here, though I am not going to read it to you now. What it says, in fact, is that if you receive home insulation or heating system conversion grants, you should include them in your income, unless your spouse has a higher income, in which case he or she should report it. That is what the law says, in essence, but it takes pages of this convoluted English to express it in a way that satisfies those that draft these statutes.

Take the part of the taxing act that deals with capital gains. Have you looked into that recently? If you do so you will find yourselves in a mare's nest of unprecedented proportions. There has never been anything like it. In the capital gains paragraph, which is section 39, there are 774 words, 28 commas, and two semi-colons. Mr. MacInnis kindly gives the information that the Gettysburg Address had 267 words, and I leave it to you which one leaves the deeper mark on mankind. But there are nine subsections in reference to capital gains, and these subsections refer to 10 other sections, which refer in turn to 40 other sections which refer to an entirely different statute. So if you want to get your capital gains taxation right, you have five subsections and a reference to 40 other sections and a separate statute to go through altogether. This is an example of the kind of complexity which we find ourselves facing with respect to tax law in this country. Nobody can understand it without a chartered accountant and a lawyer at his side.

Since the great reforms of 1972 there have been 30 major amending statutes. The last time we had a tax bill here, for the 1980-1981 period, there were 350 changes; now we have this bill with 133 clauses in it, and no end in sight. If one could ever think that one of these days we could get this tax law into decent order, and be able to render it into language people could understand, I think we would indeed work towards that goal; but there is no end in sight.

The result of this complexity is that no one can really know the effects of these tax changes until long after they have become law. I put it to you that Mr. MacEachen did not know the real effects of the tax changes he recommended in November 1981. That is clear enough. And I suggest that he did not know, again, when he brought in the second of his budgets in the spring of 1982. He did not know what the effects of these tax changes were, and his people in his department did not know either. They thought they knew, but when we got them before us in the Standing Senate Committee on Banking, Trade and Commerce to discuss these things we found out that their apprehension of reality gave them a very strange grasp indeed of the situation that exists in the real world. It seems to me that with this multitude of tax changes, and the way in which they are written, certainty has departed, and even the tax branch of the Department of Finance really does not know what the implications of all of these statutes are in any complete and conclusive way.

The present Minister of Finance made a statement the other day which I was glad to hear, because he said, talking about tax simplification—and I guess that is what I am talking about now, tax simplification—that is an objective "that I can recognize and approve". That is good news, and I hope he will be able to do something about it. But he spoiled things for me by going on and alleging that the complexity is in response to legitimate goals. That may be, and I do not argue with that; what I do argue is that whether complexity is in response to legitimate goals or not, simplification of the tax law is becoming a pressing necessity. We want tax laws and tax changes that people can understand, and we want them written in simplified form.

In the United Kingdom, I think it is, they have set up a special department to simplify the bureaucracy and to translate bureaucratic language into the English language. A special officer has been appointed, with the job of translating bureaucratese into language which ordinary people can understand. That, I suggest, would be a good idea for us to adopt here. We could start with our tax law. As a matter of fact, I think the Senate banking committee would be willing to help in this endeavour as far as they could, so that we can bring simplicity and fairness and predictability to a tax system which we say must be self-assessing.

How can we ask for a self-assessing tax system, and how can we ask citizens to submit their tax returns honestly, when it is impossible for them to understand many of the rules they are expected to obey? What we need is some plain speaking, and we need it in the tax law as much as any place else. Therefore, I think the Senate could give itself a task here. I think that the next time the banking committee meets with the ministers concerned—though perhaps there might be better ways of doing it than that—we could put in a very sincere request that the tax laws be simplified, so that people can understand what on earth they are being asked to do.

There is one other aspect of this general subject that I intend to mention briefly today. This has to do not so much with the effect of tax law on individuals, but the effect of this law on the provinces of Canada. What the federal government seems to have overlooked is that when they are writing the personal income tax law—I am going to stick to that for the purposes of my argument this afternoon—for the federal government, they are also writing the personal income tax law of every province in the country, except the province of Quebec.

What does that mean? It means the provinces have got to track the federal changes. It means that in order to have the collection system we have now, provinces have to agree willy-nilly with what is being done by way of amendment to the federal income tax. I do not know whether I should confess this, Senator Flynn, or not, but you and I—hardly you, but certainly I—are old enough to remember what it was like when each province had its own income tax. Senator McIlraith will remember that as well, as will others in this chamber. The system was referred to as, not a dog's breakfast, but a tax jungle. Every province had its own personal income tax system, and they varied one from the other not only on minor points, but on major points, and it was a grave disadvantage to the economic unity of the country—which is one of our goals these days, and properly so—that we had this serious differentiation between the provinces of the country with respect to personal income tax law.

As a result of the necessities of war, the federal government took over the collection of personal income taxes from the provinces, and in that process was able to produce reason and uniformity and a degree of comparability with respect to personal income tax across the country. That had to be a good thing on any grounds. It was a good thing on pure grounds of efficiency alone, because if one body can do the collecting for ten, it probably saves a good deal of money.

Therefore, we now have this situation in which personal income taxes are collected by the federal government for every province except Quebec, and, as a result, when the federal government legislates on personal income tax, they are legislating for the provinces. The provinces, as a consequence, have to follow that law. In the beginning, if the provinces wanted some variation, they could not get it. As of today there is some possibility of making some changes to tax collected for a particular province. But it does not go far enough, and the decision as to whether or not it will be allowed rests entirely with the federal government. It seems to me that that is another point that should receive some attention here in the Senate.

● (1510)

What about this system where the federal government can decide on personal income tax for all of the provinces? This has become quite a vexatious matter. It has become all the more vexatious after the abortive budget of November 1981 which had so many unfortunate new clauses in it. That did not attract the support of many of the provinces, and the Province of Ontario asked the Ontario Economic Council to make a study of the situation. I happened to receive a copy of the study today. Thomas J. Courchene is chairman of the Council. It studied the question of whether or not Ontario should go for its own personal income tax, but did not think that it should. It came up with some very sensible recommendations to meet the present situation, which I would like to record for honourable senators. I believe it would be of interest to honourable senators if they were to obtain a copy of this statement on a separate personal income tax for Ontario by the Ontario Economic Council. It is a position paper and it comments that more attention should be paid to the legitimate interests of the provinces when the federal government devises amendments to personal income tax, so that consideration of provincial views may be put in hand.

I recall that in the 1960s there was a body called the Federal-Provincial Tax Structure Committee, and I am quite sure that some members of the Senate will recall it also. As a matter of fact, I had something to do with it. I think I may say that I had something to do with starting it. As its name implied, the committee dealt with the question, reporting to ministers of the provinces and the federal government, on a review of outstanding differences, difficulties or problems in connection with the federal-provincial tax structure. It had, I believe, a useful career of several years. It produced an agreed statement of fact and that was something that had not been done before. We ironed that out. It had some impact on the federal government's policy-making proclivities.

I believe it would be a good thing to consider reinstituting that committee today. We should have a federal-provincial tax structure committee which would enable the provinces to talk to the federal government about things in the personal income tax sector which are a source of friction between the provincial and federal government. It could head off any confrontation, which might happen if provinces decide to raise their own personal income tax themselves. We do not need to reach that stage, and in time we could deal with outstanding problems and arrive at reasonable statements—because politicians can be reasonable when they put their minds to it and are able to deal with such problems.

It seems to me that not only could that be done, but that we could also follow another suggestion in this report of the Ontario Economic Council, which is to establish a code of economic conduct for provinces and the federal government. When we consider some of the difficulties that we have in connection with the non-tariff barriers to trade between the provinces, this study of a code of economic conduct—which is somewhat similar to that which exists in the European Economic Community and in other places, where there are different interests—would be useful today.

Honourable senators, I have not dealt with any precision with the details of this bill, but I have laid before this chamber two suggestions of a general character: first, that we should set our minds to a simplification of the tax structure, which at present is abominable, is difficult to control and needs to be brought under control; and, secondly, that we could recommend to those who have authority to decide these things that there should be a renewal of the federal-provincial tax structure committee, particularly with respect to personal income tax, so that where there are differing views and interests at stake, the federal government would at least know what the provincial problems are, and the provinces would have an opportunity to present their problems to the federal government, in the expectation that we would get some amelioration of the points of friction and dispute. Also, there is the idea of a joint study by the two levels of government on a code of economic conduct with respect to the problems of economic matters within the several jurisdictions in order that we might make a more harmonious and better directed attack on the economic problems of this country.

Honourable senators, that is all that I wish to say at this time. At another stage in these proceedings I will deal with the specific aspects of this bill that I do not like. I may even ask honourable senators to vote for some amendments.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it appears that no one on the government side is going to speak in favour of this bill.

[*Translation*]

In those circumstances, I do have a few comments to make. I am surprised that a Bill as important as this one should, as far as the Government is concerned, deserve such a short speech by its sponsor. It is true that when we are in a tight spot, the less said the better.

Senator Frith: The opposite is also true.

Senator Flynn: I am not blaming Senator Barrow, who did his best. He was well aware that if he said too much, he might get into deep water and make the present Government's fiscal flop even more obvious. Remember the famous 1971 tax reform, when everything had to be simplified. The result was our present income tax legislation. This legislation was passed

in wartime and adapted to changing times. Today, what we have is undescribable chaos.

Regarding this Bill, Senator Roblin pointed out that it represented the results of three budget speeches. It took a lot of time. It took enough time to bring forth a bastard white elephant, the result of the budgets of two Finance Ministers. In the case of Mr. MacEachen, his second budget was an attempt to correct the first. In his first budget, Mr. MacEachen tried to close all tax loopholes in order to collect taxes more discreetly—that was the real reason. In his second budget, he tried to correct all the mistakes and poor judgment contained in the first.

Mr. Lalonde tried as well. He corrected a number of defects in Mr. MacEachen's two budgets.

The Senate is now faced with an intolerable situation. First of all, we shall have to pass this Bill within two or three days.

We cannot claim to work usefully and effectively in the circumstances. Obviously, a Bill like this one which is the consequence of one budget speech brought down in 1981, another in 1982 and a third one, will have to be passed as soon as possible so the taxpayers will know where they are. Tax experts are supposed to advise the taxpayer, but even the experts do not know what to do, since they cannot have prior knowledge of the advice they must give their clients. Once the Bill is passed, it will not be easy to find one's way around, because of a multitude of all kinds of directives aimed at clarifying some truly amazing legislation.

With Senator Roblin, I would like to point that Senator Barrow did not dare read us the entire text. Imagine the predicament of the taxpayer and the experts and lawyers who are supposed to advise their clients on the subject. It was interesting to hear Senator Barrow try, to some extent, to praise the Government for its 5-and-6 measures, when he said that there had been many positive results. That was not the point, however. In fact, what really made inflation go down was the Government's policy to do away with jobs and create an economic recession. There is no doubt that with the million and a half unemployed workers we have today in Canada, if inflation does not go down the situation is hopeless. The recession was planned. When we consider the 5-and-6 issue, it is all very well to say that tax exemptions will be capped at 5 per cent, whatever the inflation rate. Yet, we are not decreasing the tax burden proportionately. With this whole scheme, the government is the winner, for it taxes the difference between the 5 per cent it allows for inflation and the actual rate of inflation. As far as last year's income tax is concerned, the government, through this measure, has imposed a new hidden tax. It is as simple as that.

There is a last technical point I should like to raise. I understand that Mr. Cosgrove, the Minister, has indicated to the House of Commons that he had a number of amendments to propose. The opposition there has been unable to obtain information concerning these amendments. We know only about one of them, which will make it possible for Quebec notaries to enjoy the same treatment as lawyers in connection with work in progress. This particular amendment was not adopted by the House for technical reasons, due to the fact that the government used the so-called "closure". It did while the clause concerning the work in progress of some professionals was being considered in committee of the whole. The Minister forgot to propose this amendment which would have placed notaries on the same footing as lawyers. It was already too late. Closure was imposed and this amendment was turned down since it had been late in coming. There are also other amendments of which we are not aware and which of course were not adopted.

When this Bill is considered by the Committee tomorrow, I hope that the Minister will be open enough to tell us which amendments he plans to propose. We shall ask him whether he does not wish the Senate to correct any weaknesses in the legislation the House of Commons sent us, especially regarding this specific amendment related to Quebec notaries, as well as the other amendments which the Minister has kept to himself.

Technically, if the Minister really wanted to correct this Bill as he intended, we could agree to certain amendments and refer them to the House of Commons tomorrow afternoon. It would then be up to the House of Commons to approve or reject these amendments. I imagine that, once more, we shall be told that it is impossible to refer amendments to the House of Commons. We shall once again be told that the role of the Senate is simply to complain. If we complain loudly enough, we shall have done our duty and that is all that is expected of us.

The Liberal majority which has always obeyed the Government so meekly will do so once again tomorrow by adopting this Bill. As usual, our performance will have been pitiful because we shall have done only half of our job. What can we do? There are not enough of us to change the rules of the game. Even if we had a whole week to consider this Bill, the result would be the same. Since we are realists, we must simply comply with the wishes of the meek majority, much good may it do it!

● (1520)

[*English*]

Hon. A. Irvine Barrow: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Barrow speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Barrow: Honourable senators, I want to thank the Leader of the Opposition and the Deputy Leader of the Opposition for their remarks on this bill. I had to rely on my good friend, Senator Frith, for an interpretation of Senator Flynn's remarks.

Senator Flynn: I am sure he was faithful.

Senator Frith: Not like a woman—if elegant, not faithful; and if faithful, not elegant.

Senator Barrow: The deputy leader spent some time discussing the complexities of the Income Tax Act, of the system, and the fact that they should be simplified. I could not agree with him more.

Senator Roblin: But—!

Senator Barrow: However, as soon as you try to simplify something there are those who try to find ways around it, and I am afraid this is what has happened with the Income Tax Act. Originally it was supposed to be simple. Over the years it has become very complex and, as we have seen before the Banking, Trade and Commerce Committee, it is even difficult for some of our highly-paid advisers to know exactly what some of the sections mean.

I agree with the honourable senator that there should be a renewal of meetings with premiers to discuss changes made to the taxation system by the federal government as far as they concern the provinces.

The Leader of the Opposition said that when you do not have a good case you usually have a lot of discussion about it. However, it is equally true that when you have a good case there need not be a lot of discussion. The Leader of the Opposition also said that the Senate is expected to pass this bill within a few days. I would point out that the two previous budgets and this bill have been given a great deal of study by the Banking, Trade and Commerce Committee. Though it made a few recommendations in its last report, for the most part it did not recommend any changes.

• (1530)

Honourable senators, I do not have any further comments to make on the bill. I therefore commend it for second reading.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) CONTINUING ASSISTANCE BILL

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-130, to authorize continuing financial assistance to be provided to certain international financial institutions.

He said: Honourable senators, Bill C-130 is a bill authorizing financial assistance to certain international financial institutions. In general and in broad perspective, in a time of great concern over the world economy, these institutions represent a significant vehicle for strengthening the economic and social circumstances of developing countries and thereby indirectly improving the economic conditions of our country.

Honourable senators, I should like to describe briefly which institutions we are talking about, and perhaps one way of doing that is to tell you which institutions we are not talking about and to acknowledge the important role that they all play in international development.

Honourable senators will recall that last fall we dealt with a similar bill, Bill C-129, which concerned the World Bank and its concessional fund, the International Development Association. The World Bank group is relatively well known because of its size and world-wide activities. It is known domestically in Canada particularly because we had the privilege of hosting its most recent annual meeting in Toronto last September.

Honourable senators, the regional development banks that are affected by the bill before us, Bill C-130, play an equally vital role, but because they are individually smaller and regional in their orientation, most of us are not as well acquainted with them as we are with the activities of the World Bank group. For the purpose of this bill, honourable senators, the international financial institutions comprise the four regional development banks, that is, Asian, African, Inter-American and Caribbean Development Banks and the concessional funds associated with them. Also included are the International Fund for Agricultural Development and the Common Fund for Commodities. These regional development banks have proven to be highly qualified in dealing with the many challenges of development, particularly from the perspective of their particular region. Because they are regional, their specific insight into the values, cultures and attitudes of the people they are trying to serve provides them with a unique capacity and a special expertise.

The International Fund for Agricultural Development and the Common Fund, while global in their scope and part of the U.N. family, also represent specialized ways of advancing world development.

Honourable senators, testament to the acknowledged role of these institutions is to be found in many sources. Here are two: in their report on Canada's relations with the Caribbean and Central America, the Standing Committee on External Affairs and Defence noted that the international financial institutions have a vital role to play in moderating the acute financial crisis and in providing capital for the economic development of the countries of those regions. Both the Caribbean and Inter-American Development Banks are directly implicated by that recommendation. From a broader perspective, this view is shared by the Brandt report which urged greater support for the regional development banks in recognition of their growing expertise in development needs and problems of the various regions of the world. Honourable senators will remember that Willy Brandt and his colleagues brought his development message and its renewed urgency to Ottawa just last December.

Honourable senators, I believe Bill C-130 is relatively straightforward so far as its particular clauses are concerned. Clauses 2, 4 and 5 to 11 and the schedule of this legislation specify the institutions covered by this bill and provide for the procedure to add or delete institutions from the schedule.

I pause here, honourable senators, to tell you that, if you want to study this bill, it is very important to be sure that you have the one that is marked "As passed" and not the first reading version, because the bill as read a first time and presented in the House of Commons was considerably shorter. In the other place, an amendment proposed by the Honourable Douglas Roche, M.P., was accepted and incorporated in this bill. This amendment occupies all of the clauses from 5 through 11. What happened is that in the first reading bill those clauses did not appear and they were inserted after clause 4 to provide for a review procedure.

Honourable senators will remember that Parliament has shown some concern for the power given in a bill to, in effect, amend the bill or make important changes by dealing with, for example, amendments to schedules without reference back to Parliament. In one of the energy bills, Bill C-102, the proposal was made for what is called a negative resolution, and the essence of that resolution is that if, for example, applying it to this case, the government wished to amend the schedule and thereby change the institutions that would be the beneficiaries of this legislation, they would have to advise Parliament and the change would have to be laid before Parliament not later than the fifteenth sitting day of Parliament after that regulation or order is made according to clause 5. The reason it is called a negative resolution is that, if no one takes up the challenge to debate it, it automatically takes effect, but if the challenge to debate it is taken up, then all of these detailed provisions apply to the debate that takes place on that proposal. That is the reason for those clauses.

If you look at clause 4, you will see:

> The Governor in Council may, by order, amend the schedule
>
> (a) by adding thereto—

Et cetera. The original bill then skipped from clause 4 to what is now clause 12. The review procedure has been inserted, so perhaps honourable senators may wish to insert a note to that effect.

● (1540)

Clause 3 authorizes the provision of financial assistance to those institutions by way of direct payments, demand notes and share participation. Going from clause 3 to clause 12, that directs that the funds required for the purpose of the act shall be appropriated by Parliament and shall be limited to the amount appropriated.

Clause 13 provides interim appropriation for the current fiscal year. Clause 13 was inserted because this bill was introduced some time ago and the actual appropriations for this fiscal year—which will end on Wednesday—were not authorized; they did not find their way into the estimates and, therefore, the mechanism for fulfilling our international obligations with these institutions was put in place, although it cannot be given life and operational vigour until the legislation receives Royal Assent. That is the purpose of clause 13.

That was originally put in because the draftsmen thought there would be quite a time lapse between first reading and passage of the bill. It now appears as though the actual difference will be only a day.

In closing, honourable senators, I suggest it is important for the Senate to recognize that some of these appropriations are required to meet immediate obligations with the institutions, so I respectfully urge the Senate to support this bill at second reading.

[*Translation*]

Hon. Jean-Paul Deschatelets: Senator Frith, may I have a few explanations?

Senator Frith: Of course.

Senator Deschatelets: Clause 5 reads as follows:

> An order of the Governor in Council under section 4 shall be laid before Parliament not later than the fifteenth sitting day of Parliament after it is made.

Are we to understand that the words "laid before Parliament" mean that the order is laid before both Houses?

Senator Frith: When one says "Parliament", one means both Houses.

Senator Deschatelets: Then it is before both Houses?

Senator Frith: That is my interpretation, yes.

Senator Deschatelets: If it is laid before the House of Commons without any motion or debate, if the point is not raised, if I understand correctly, it is accepted. Now, the question remains: Is it laid before the Senate as well? If so, are senators also entitled to raise the issue? That is what I mean, do you see my point?

Senator Frith: In my opinion, it is indeed as stated in the clause:

> An order of the Governor in Council under section 4 shall be laid before Parliament not later than the fifteenth sitting day—

That is, before both Houses, naturally. So, the first proceedings required involved only the House of Commons, but the moment the order is tabled here, the issue can be raised in the Senate as well. We are not bound by the procedural details mentioned in clauses 5 to 11.

Senator Deschatelets: I now want to refer to Clause 8.

> (1) If a motion described in paragraph 5(2)(*a*) is taken up and considered by the House of Commons in accordance with subsection 5(3), and is adopted by that House, a message shall be sent from the House of Commons informing the Senate that the motion has been so adopted and requesting that the motion be concurred in by the Senate.

The Senate must therefore consider the motion already adopted by the House of Commons within five days. My interpreta-

tion is that the debate must originate in the House of Commons and we act only on a motion adopted by the other place. That is my argument.

Senator Frith: I would say that this is normal. As we are all aware, the Senate may pass a resolution or a bill, for instance, and send a message to the other place asking it for concurrence; the debate can be held simultaneously or consecutively. In this case, it is provided that, on a point raised in the other place, if there is no concurrence from the Senate, the objection raised in the other place will have no effect.

The procedure in this case is to hold consecutive debates beginning with a debate in the House of Commons. The resolution adopted in the other place will have no effect without approval from the Senate. The procedure or the rules of debate in the Senate are prescribed in the legislation now before us.

[*English*]

Hon. C. William Doody: The sound system is working but there is no interpretation.

Senator Frith: I shall repeat the essence of the question raised by Senator Deschatelets.

There were two aspects to his question, the first with respect to the Senate's role. What is provided for here is, in effect, a consecutive debate rather than a concurrent debate, because the House of Commons takes the first step when it picks up the challenge, so to speak. When it decides to debate the matter, the rules for the debate in the other place are established. Once that is done, we look to clause 7, which states:

> If a motion described in paragraph 5(2)(b) is adopted by the House of Commons, the particular order to which the motion relates shall stand revoked.

Clause 8(1) states:

> If a motion described in paragraph 5(2)(a) is taken up and considered by the House of Commons in accordance with subsection 5(3), and is adopted by that House, a message shall be sent from the House of Commons informing the Senate that the motion has been so adopted and requesting that the motion be concurred in by the Senate.

Senator Deschatelets asked whether the initial step has to be taken by the House of Commons, and my understanding is that the initial step has to be taken by the House of Commons.

I have not looked into what would happen once it is put on here, or whether there is a way the Senate could, through the Rules of the Senate, raise the issue. As far as the steps provided for and the law are concerned, as I read it, the House of Commons must take the initial step.

Hon. Duff Roblin (Deputy Leader of the Opposition): Then look at clause 9(1). That tells us what the Senate does.

Senator Frith: Yes, but it does not change what I have said.

Hon. Jacques Flynn (Leader of the Opposition): I am not too sure that the deputy leader has placed the correct interpretation on it. Clause 5(2) states:

> An order referred to in subsection (1) shall come into force on the twentieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless, before that time—

So if nobody moves—either the minister or a member—it seems to me that the order will come into force.

Senator Frith: That is right.

Senator Flynn: Therefore, if the House of Commons does not move such a motion, the Senate has no power to move such a motion even if the Senate considers it should debate and reject the order.

The Senate has no power except when the house moves and, therefore, I suggest that if such is the case, the role of the Senate is greatly diminished and it really has no power. The House of Commons can simply remain silent and the Senate, whether or not it agrees, must accept that.

So I think the deputy leader should consider the effect of clause 5(2).

Senator Deschatelets: To reinforce your argument, Senator Flynn, if you refer to clause 5 again, it talks about an order which must be laid before Parliament, and "before Parliament" should mean before the two houses of Parliament.

Hon. Jack Marshall: That is right.

Senator Flynn: If they do not move, can we move?

• (1550)

Senator Marshall: No.

Senator Flynn: And the order comes into force.

Senator Frith: That is right. I thought I made it quite clear that in order to trigger something stopping it from coming into force under clauses 5 to 11 inclusive, only the House of Commons under those provisions can trigger the slowing mechanism, in other words, to slow down the effect or to stop the automatic effect. I agree with that. What I said is that I have not looked into or studied the possibility of the Senate's trying to find some way of urging the House of Commons to do so by its own resolution, but there is nothing in the legislation—and I thought I had made it clear—that under clauses 5 through 8 the Senate cannot pick up the challenge itself. Its role depends on the House of Commons taking the first step. That is why I said I agree with that interpretation.

Senator Flynn: Do you agree that we should have nothing to say if the House of Commons does not make a move? You said that you agree with the interpretation, but I am asking if you agree that the Senate should be powerless if the house does not move?

Senator Frith: There are various forms of negative and positive resolutions and formulas, and the one that they have chosen here is one that requires the House of Commons to pick up the challenge.

Senator Flynn: It deprives the Senate of the power to act.

Senator Frith: This formula clearly does not give the Senate the chance to take the first step.

Senator Flynn: Do you agree with that?

Senator Frith: Yes, of course. If it is in the legislation, I am supporting it.

Hon. Arthur Tremblay: In a sense this is no longer a Parliament.

Senator Frith: I am proposing this legislation, and I support it. Senator Flynn knows that you do not ask a lawyer what he thinks of his client's case.

Senator Flynn: I completely disagree with the last words said by the deputy leader. He is not acting for a client here; he is acting on behalf of the people of Canada.

Senator Marshall: That is right.

Senator Flynn: The government may be wrong, and it is not because he is the deputy leader that he necessarily has to support it. The deputy leader is not a member of the administration. It is not a question of cabinet solidarity. He can say that he regrets that the legislation is out of touch, but to say that he supports it because he is the government's lawyer, that is unfair and unacceptable.

Senator Frith: It is not because I am the government's lawyer. We simply disagree. Let me make my position clear. When I agreed to sponsor this bill, I agreed to put forward the arguments in favour of the bill.

Senator Marshall: Your mind cannot be changed.

Senator Frith: Yes, it can. It is my view that my mind—that is, my own opinion as to whether it could be improved or whether it would be better if the Senate were given that right—is irrelevant.

Senator Flynn: It is relevant.

Senator Frith: I say it is irrelevant. My personal opinion is not relevant.

Senator Roblin: The point at issue is not irrelevant to the Senate. It seems to me that in a sense we are amending the Constitution. As I understand the role of the Senate, it has equal powers with the House of Commons. Here we are being asked to give up some of those rights if we pass this bill. It is quite clear, if you read clause 9(1) of the bill, that we cannot do anything unless the House of Commons triggers it. I think we are all agreed on that. Is that a proper thing for us to agree to? I suggest it is highly doubtful that it is.

I hope that this bill will be referred to the Standing Senate Committee on Legal and Constitutional Affairs so that these questions can be looked into. I did not have that opinion before I read this passage in the bill, but this is a new factor that has come up. It seems to me that the Senate should be very careful about passing this bill because I do not know what precedents it is based on. It may be based on a million precedents. Certainly, when it is brought to the attention of honourable senators that their rights are circumscribed in this way one has to doubt whether that is a wise course to follow. If you follow this line of logic much further, then you will reduce this body to even more of a cipher than some of us might think it is at the present time. Therefore, I ask my honourable friend to take that into account.

While I am on my feet, there is a question I should like to ask concerning the schedule. There are nine different financing institutions in the schedule and no one has told us anything about them. Who are they? Under whose auspices do they function? Who runs them? Where does the control lie? We put our money into these things and we do not know who is dispensing it and under what general policies they operate. The answers may be obvious, for all I know, but I think we need some explanation as to who these people are that we are giving this money to. Are they organizations of the United Nations or are they independent financial organizations?

Senator Frith: Honourable senators, there are three points I should like to make. First, there is no question that the issue raised by Senator Deschatelets, Senator Flynn and Senator Roblin is relevant as to the role of the Senate. I was not suggesting that it was not relevant but I was saying that my personal opinion is what I consider not to be relevant to the debate.

The second point is whether there is any justification for the House of Commons being the only body able to trigger this mechanism. One possible explanation—although it may be regarded as unsatisfactory—is that this is a money bill and normally the initiation of money bills and matters in that category are with the House of Commons. That is a possible reason why it is felt that the Senate should not have the initiating role in picking up the designation of the institutions to receive the benefit. As a money bill, it seems to me that you can justify the fact that the House of Commons should take the first step, as it must, in initiating all money bills.

As to the third point, if honourable senators feel that they would like to have more information as to what these institutions are, notice is now given that they are so interested, and we will try to have that information for the committee.

Senator Flynn: I must refute what the deputy leader said about money bills. He said because it is a money bill the Senate should have nothing to do with it.

Senator Frith: I certainly did not.

Senator Flynn: You certainly did. You said one of the reasons why—

Senator Frith: I said "a reason."

Senator Flynn: All right, "a reason," but it is not acceptable.

Senator Frith: I said it might not be satisfactory to you. I did not expect it to be satisfactory to you.

Senator Flynn: I say that constitutionally you are absolutely wrong. We cannot initiate a money bill, but regarding them we have all the powers except that of increasing treasury obligations. This is a case where the order implies spending and, therefore, we are entitled to block that by the device that you find in this bill. If the House of Commons does not move, it would prevent the Senate from having to play its normal role under the Constitution. In other words, the government may

decide to order the spending of money, and if the House of Commons does not object, implied approval is given by the Senate. I agree with you that with the present Senate, in which the Liberals are the majority, that may be the case, but constitutionally that is entirely wrong.

Senator Roblin: Honourable senators, I agree completely with my leader and I should like to add a point on this constitutional issue. Bill C-130 did not come to us by way of a message received from His Excellency the Governor General. If my honourable friend's point has any validity, the bill itself ought to have come with a message, but there is no message. Therefore, it is not a money bill and the point does not apply.

Senator Frith: Honourable senators, I am not about to suggest that Senator Flynn is absolutely wrong—

Senator Roblin: Well, that is good.

Senator Frith: —or that Senator Roblin is absolutely wrong. However, in light of the answer I gave, they might not be absolutely right either in their analysis that this bill is constitutionally wrong. I am sure if there is something constitutionally wrong with this bill, it will be challenged in due course.

Senator Roblin: It is up to us to defend the Constitution.

Senator Frith: Absolutely. It is perfectly in order for you to raise that.

Senator Flynn: We are circumstantially wrong.

Senator Frith: The first reading version of Bill C-130 states:

> His Excellency the Governor General recommends to the House of Commons the appropriation of public revenue under the circumstances, in the manner and for the purposes set out—

Therefore, someone thinks it is a money bill, although Senator Roblin does not. I am not saying that he is absolutely wrong.

Senator Roblin: Where is that? It is not in my version.

Senator Frith: It is in the bill before me.

• (1600)

There is no question in my mind that this is a money bill and was treated as such. If there is some discrepancy between the first printing of the bill and the bill as printed after Mr. Roche's amendment, it does not now contain the message from the Governor General.

As much as honourable senators opposite may think I am absolutely wrong, I would point out that someone disagrees with them and thinks that it is a money bill.

Does it mean, therefore, because it is a money bill there is no role for the Senate? The answer is, no. I agree with Senator Flynn that that does not mean there is no possibility of the Senate's being able to at least negate a matter it raises because we have that power otherwise.

Senator Flynn: That is not the point.

Senator Frith: I understand that; I offer this as a reason for its being this way.

Senator Flynn: A bad reason.

[Senator Flynn.]

Senator Frith: It may be a bad reason, as far as Senator Flynn is concerned. I am hoping that other senators will think it is a good reason, and if they do, they will vote for it on second reading.

Senator Flynn: You are right to hope.

Hon. Arthur Tremblay: I would pose a question to the deputy leader. Let us suppose that it is a money bill. In that case, does the House of Commons have the freedom to act or not to act? If I understand the situation, if they do not act but remain silent, then it is automatically passed. Constitutionally speaking, is a money bill open to those two ways of proceeding or only one, which is that the House of Commons must act?

Senator Frith: In the case of a negative resolution, under this formula, they can act or not act.

Hon. R. James Balfour: Honourable senators, I took the time this morning to read the debate concerning this bill which took place in the other place both at the time of its introduction and when the amendments were proposed by Mr. Roche. I am impressed this afternoon by the fact that the debate generated here is far more heated and, if I may say so, far more partisan than the one which took place in the other place.

I suspect that the amendments, which were proposed by Mr. Roche and which were accepted by the government in the other place, did not take into account this chamber.

I understand it to be the case that there is no compelling urgency to pass this bill. I further suspect that, through a process of negotiation, and by relatively straightforward changes to the bill, the defect which has been identified here this afternoon by other senators with respect to cutting the ground out from under the ability of the Senate to take any part in future implementation of the provisions in the intent of this bill could be remedied.

I would urge the Deputy Leader of the Government to give serious consideration to accepting a referral to a committee so that we may have a day to attempt to correct the situation, or to letting the bill stand until after Easter. My understanding is that the legislation is not required for any particular reason before the end of the year.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, I draw attention to the fact that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate, on the motion for the second reading of this bill.

Senator Frith: Honourable senators, my information is that it is not true that there is no urgency. We are behind in our commitments to these institutions for this fiscal year. This bill is designed to enable us to fulfill those commitments.

Senator Balfour: Before December 31.

Senator Frith: Before March 31 and then perhaps before December 31 for the next year. As regards the commitments this year, there is no authority in the estimates or elsewhere

respecting our commitments for the fiscal year 1982-83. Therefore, I have been advised that there is some urgency.

Honourable senators, just to put some perspective on this matter, it is also incorrect to say that there is no role for the Senate or that the Senate's role was totally overlooked because, of course, the legislation clearly provides a role for the Senate.

The question is raised as to whether that is adequate. Honourable senators will remember that one of our colleagues, Senator Godfrey, pointed out that, while he too was not perfectly satisfied with this form, he felt, as Joint Chairman of the Joint Committee on Regulations and other Statutory Instruments, that this at least has brought us a long way from what is a much more normal situation in terms of frequency, and that is for the Governor in Council, alone, to amend the schedule. There are hundreds of examples of that on the statute books.

What we have here is a mechanism to at least subject the discretion, the order or the activity of the administration to some scrutiny by both the House of Commons and the Senate. This parliamentary review of these executive orders, which has been praised by people on both sides, is at least a step forward. Whether or not the next step is to have the Senate in the position of also initiating the negative resolution is something for us to consider.

I think the clauses must be viewed in the perspective that for years and years there was no review mechanism for Parliament regarding these executive orders. At least now not only the House of Commons but also the Senate has a role to play. Perhaps the role should be a bigger one, but, in the meantime, I ask honourable senators to adopt this bill because, first of all, there is some urgency with reference to our commitments to these institutions which, as I say, play a very important role in international economic development, particularly in underdeveloped countries, and, secondly, because it is still a great step forward from what we have had for many years so far as review of executive orders is concerned.

If the matter is studied in committee, we can ask the minister why the Senate should not have the initiating role.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): I do not know whether the deputy leader wishes to put a motion, but if he does not so move, I would move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs to consider that very point, and whether we should accept it.

It seems to me that the deputy leader, in his closing remarks, has said that it is not because we have accepted a check on the discretionary powers of the government that we have to be satisfied that the House of Commons has more power than the Senate. Under the Constitution, the Senate has the same powers as the House of Commons. We are putting the Senate in a lower position under this text. Therefore, I would like to have this matter dealt with by the Standing Senate Committee on Legal and Constitutional Affairs.

It seems to me that, if we proceed by way of Committee of the Whole, we will be in a difficult position. We have tomorrow morning, tomorrow afternoon and even Wednesday morning, if necessary, to deal with this matter in committee, if the urgency the deputy leader has mentioned exists and this bill should be passed and assented to on Wednesday.

• (1610)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, my difficulty in choosing the committee is that if the basic principle of the bill—namely, the granting of funds to these regional institutions—is not the issue that we are concerned with, then it probably does not require study by the Standing Senate Committee on Banking, Trade and Commerce. If the Senate is concerned with whether there is really a constitutional issue involved in the clauses that have been added, then I agree that the bill ought to be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Flynn: In order to deal only with this point.

Senator Frith: The committee could then report the bill back, after considering that point.

Honourable senators, I think that is a reasonable suggestion. I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional affairs in order to consider the constitutionality of sections 5 to 11.

Motion agreed to.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. Ernest G. Cottreau, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the names of the Honourable Senators Frith, Bosa, Le Moyne and Stollery be substituted for those of the Honourable Senators Buckwold, Stanbury, Steuart and Godfrey on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think we deserve a word of explanation as to why these changes are being made. Four is a significant number. Is it because these members will not be here tomorrow, or because you are not happy with their behaviour?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the bill that will be referred to this committee, and of which its work will consist for this week,

probably, is a very important one, and since four members of the committee are absent we want to be sure that we have full representation.

Senator Flynn: When you say "full representation," do you mean for the vote or for the debate?

Senator Frith: For the debate, the vote and all proceedings of the committee.

Senator Flynn: If you had said "vote," I would have agreed to let the motion pass; but in view of the last answer it is going to be on division.

Hon. Orville H. Phillips: I wonder if I could ask the Deputy Leader of the Government if the four members who are now being placed on the Standing Senate Committee on Banking, Trade and Commerce were present and received advice from all the experts who were hired for the committee.

Senator Frith: In many cases, honourable senators, they did. I have checked the membership attendance, which I have here. For example, in some cases, Senator Bosa attended more meetings than certain committee members did, as did Senator Stollery.

Senator Flynn: Senator Bosa is, of course, a very devoted member of the majority.

Senator Frith: The answer to the question is, in large part, yes.

Hon. Duff Roblin (Deputy Leader of the Opposition): And in large part, no.

Senator Frith: In some part, no.

Motion agreed to.

SMALL BUSINESS LOANS ACT

BILL TO AMEND (NO. 4)—SECOND READING

Hon. Peter Bosa moved the second reading of Bill C-144, an Act to amend the Small Businesses Loans Act (No. 4).

He said: Honourable senators, I was very pleased to have been given the honour of speaking on this bill, Bill C-144, the salient points of which I hope, in the next few minutes, to be able to put before this chamber.

This act became effective in 1961, and its provisions have been extended many times since then. The purpose of this amendment is to extend the life of the act for another period, from April 1, 1983 to March 31, 1985.

The purpose of the act is to encourage lenders in the private sector to make term loans to small business, and for this the government provides a guarantee. The loan limits vary in size, but they started out in 1961, when the measure was originally enacted, in the amount of $25,000. In 1980 they were increased to $100,000. The rate of interest which was charged on the loans prior to 1978 was based on the average yield that some government bonds, usually of terms of five and 10 years, yielded. That sometimes resulted in lenders receiving a lower rate than the current rate. So in 1978 a change in the formula was proposed. It is now the bank prime rate plus 1 per cent.

[Senator Frith.]

That has resulted in a significant increase in the number of loans. In fact, the number of loans rose from 4,894, in 1977, to more than 17,000 in 1981, with a corresponding increase in the dollar volume from $96 million to $500 million.

● (2005)

The lending ceiling is established by Parliament from time to time, and under Bill C-144 it is $1.5 billion. The government liability under the guarantee provision of the act is limited to 10 per cent of the aggregate loan made by any lending institution during the lending period.

As of October 31, 1982, the contingent liability of the government is $213,970,155. The maximum loans that may be outstanding to any one borrower is $100,000. This amount was increased in 1980. In 1961 it was $25,000.

The definition of a small business is such that the gross annual income must not exceed $1.5 million, which businesses are eligible to borrow under the act. The provisions do not apply to finance companies, insurance companies, mining and oil companies, and those engaged in real estate development.

The purposes of borrowing are to purchase fixed and mobile equipment, the improvement or modernization of the plant or premises, and the purchase or construction of premises or the purchase of land.

The borrower's equity must equal 20 per cent of the amount that is borrowed, except for the purchase of premises or land, where the amount is decreased to 10 per cent. Loans are made at the sole discretion of the lender.

The program delivery is predicated on simplicity. The borrower consults with the lender, completes an application form and works out the conditions of the loan. The application form remains with the lender. The department is notified that a loan application has been made, and the event is registered in the minister's register and the lender is notified that the loan is guaranteed.

It is an inexpensive program to administer. I am told that there are only eight persons in the Department of Industry, Trade and Commerce who are involved in its administration.

The number of claims that have been registered in the past has increased considerably, but that is attributable to the fact that it is directly in relation to the greater number of loans that have been made.

Honourable senators, in essence, that is the extent of the purpose of the bill and the reason why this legislation is now before the Senate. I shall be pleased to answer any questions that honourable senators may care to put to me.

Hon. C. William Doody: Honourable senators, as Senator Bosa has explained, Bill C-144 is simply an amendment to the Small Businesses Loans Act, which came into force in 1961 under an administration of a different stripe and one that was far more sympathetic to small business and to business generally than the present regime which seems to have gone on interminably since that time. This particular piece of legislation simply amends and extends that particular act, as has been done many times in the past. As Senator Bosa has said, the essence of the bill is quite simple; it increases the amount

of money available to $1.5 billion and the terms are extended to March 31, 1985.

• (2010)

The legislation has the effect of guaranteeing the banks $1.5 billion in guaranteed loans. I was fascinated to hear Senator Bosa say how pleased he was that the interest rate was at prime-plus-one, and the decision as to who would make the loan is entirely at the discretion of the lender. That is not a bad deal. If a bank has an opportunity to pass on $1.5 billion of its money and the return is guaranteed at prime-plus-one with absolutely no risk, I do not think they deserve an awful lot of congratulation for being so discreet as to pass the money out to the small business community in Canada.

Hon. Royce Frith (Deputy Leader of the Government): I thought it was originally a Conservative bill.

Senator Doody: It was, but it has been extended and amended so many times that it has lost its original compassion and has now turned into a banker's bill. I would have thought that the government would have been much more pleased to say that it was prime less a fraction of a point or prime-less-one, or something of that sort, because it really is of benefit to the banking community. It is not fair to refer only to the banking community because it is the financial community. These guarantees are available to insurance companies, mortgage companies, caisses populaires and all the other companies in the money business. I certainly cannot blame them for taking advantage of this opportunity to make one percentage point over prime on a guaranteed effort.

I cannot quarrel with the fact that the government has made this money available to the small business community. I think it is a very positive step, and the more support the small business community in Canada receives the better off the community at large will be. The small business community has been and will continue to be the heart and soul of the economic driving force in Canada. Any growth that we have had or any hope of full employment or more employment will come from that community. I suppose a business with a turnover of $1.5 million or so is really not all that small, but it can go considerably below that. Certainly, these people do need the help and support.

There are other ways in which the government can help the business climate and small business in general. As I say, I do not deny or object to this particular measure. I think it is a good one. The interest rates of the past several years have been a burden which small businesses have had to endure. The number of bankruptcies over the past few years has been devastating. I am surprised that there are enough small businesses left to take advantage of the generosity of the program Senator Bosa mentioned, but it is encouraging to see that there are some.

Another positive measure the government should consider taking for the benefit of the small business community is that of easing the over-regulation and overburden of paperwork. So many of the people in small business spend their time filling in numerous forms for agencies like Statistics Canada—or the Dominion Bureau of Statistics as some of us prefer to call it. Many employees in the small business community spend much of their time and effort satisfying the insatiable appetites of the statistics gatherers. The government's purchasing policies are far too complex for the small business community. It should be split into smaller units to give these people an opportunity to compete with the larger companies in the marketplace.

Honourable senators, by and large I have no quarrel with the thrust of this particular bill. It is a step in the right direction and it will undoubtedly help many people who are employing fellow Canadians and who are trying to stay alive and alert in these difficult times.

• (2015)

Hon. Orville H. Phillips: Honourable senators, I wish to make a brief intervention on this bill.

I note the act was first introduced in 1961. I point out to Senator Bosa that Conservative governments have not lasted very long, unfortunately, but there is a lot of legislation in existence today that was introduced by various Conservative governments, and this is one example. Just in case Senator Bosa did not make that plain enough, I wanted to remind him of that fact.

The Minister of State for Small Businesses and Tourism, in introducing the bill in the other place, referred at length to the Small Business Consultative Committee. This is a committee of 22 members which makes recommendations to the minister, and I wonder if any of its reports are made public. Does the committee itself meet with any group of small businessmen, or does the minister perform this function.

The Clark administration had commenced a study on the problems of the small businessman. Can the honourable senator tell us the present status of that study? Is it completed, or are plans being made to make it public?

The loan ceiling is $100,000. The minister stated that, although he had considered changing and probably increasing the ceiling, he saw no need to do it at this particular time. Honourable senators, I would ask you to compare the ceiling on the small business loan and the ceiling on the farm loan. You will find that the farmer can get three times the amount that the small businessman can get. I presume there is some reason for this, and I would ask the sponsor of the bill, in closing the debate, to explain to us why a small business loan is limited to one-third of a farm loan.

Also, honourable senators, I would point out that $100,000 is equivalent to one job. Various departments such as DREE and so on consider that $100,000 creates one job, and surely for a sector that is responsible for almost 50 per cent of employment, we can do a little better than a $100,000 loan.

The average loan, however, is not $100,000, as the ceiling indicates; the average loan is only $26,000, which perhaps the sponsor of the bill mentioned. Honourable senators, $26,000 will not even buy an inshore fishing boat today, and, on top of that, the fisherman gets a subsidy, so when we compare the assistance given to the small businessman with that given to

those in other sectors, we find that he gets a very raw deal indeed.

I was intrigued by the excuse that the minister gave for not raising the ceiling at this time. He said it is because we are liable to bring in red tape, and if we raise the ceiling we are certainly going to disturb that happy relationship that exists between the lender and the borrower. Honourable senators will recall that the ceiling on loans under the National Housing Act was raised a number of times, and that fact did not disturb the happy relationship between the lender and the borrower. The ceiling on farm loans has been raised a number of times, and the Minister of Agriculture has told us that farmers are still happy with the Farm Credit Corporation and are still borrowing when they can get loans.

● (2020)

The program is not very expensive. Last year it cost $8.8 million. The estimates for this year indicate that $13 million will be spent to support small business loans. That increase indicates that not everyone believes the six-and-five program is going to work. Obviously, there are more than the three Senate cabinet ministers complaining about the six-and-five program, because they anticipate that the small business loans program will cost more next year.

The $13 million is really not a large amount when one considers the amount spent on loans to Canadair, de Havilland, Massey-Ferguson—

Hon. Jack Marshall: Maislin.

Senator Phillips: —Maislin and Chrysler, yet we are talking about a section of the economy that provides 50 per cent of employment in Canada. Surely it is entitled to as much consideration as at least one of the major industries.

Maislin had dealings in the United States; Canadair spent half of its production costs in the United States on jet engines, and we keep on pouring money into those companies, yet if a small business gets into trouble, it goes under. I think this is totally unfair and unreasonable, considering what a small industry means to the average Canadian town. I have used the example before in the Senate of Canada Packers closing its plant in Charlottetown. That will mean that 225 people will lose their jobs. Some may say that that is not a large number, but, in comparison, it is equivalent to 3,000 people in Montreal or Toronto losing their jobs. If that were allowed to happen in one major industry, everyone would urge the government to help it out.

If 200 people are laid off in Yarmouth or Saskatoon, we are told to forget it because they were employed by small businesses. Again, I emphasize that that attitude is entirely wrong.

Honourable senators, I urge the government to get on with its study of the problems facing small businesses. The Federal Business Development Bank Act probably requires some changes in conjunction with this bill. Currently, that corporation is the last hope for many people seeking loans. I often tell people to apply to the Federal Business Development Bank, but that they should not expect a loan. I say that because their feasibility work will be reviewed, and reviewed by those who are probably the best at it in Canada. Perhaps the banks should be doing more of this in assisting small businesses.

Money placed in mortgages is insured, so that it is not lost. That principle could be applied to small business loans.

I urge the government to get on with its review and study instead of sitting back and saying, "We have extended a program which was instituted in 1961 for two years." Things have changed considerably in 20-odd years. I urge the government to recognize that fact, and to prepare the necessary improvements to the legislation.

● (2025)

Senator Marshall: Honourable senators, I have a question for Senator Bosa which he can respond to when he closes the debate.

Hon. Jacques Flynn (Leader of the Opposition): Wishful thinking!

Senator Marshall: My question relates to what Senator Phillips said. I have difficulty understanding the difference between the Small Businesses Loans Act and the Fisheries Improvement Loans Act, the Farm Improvement Loans Act and the Federal Business Development Bank Act because the criteria are the same. Both fishermen and farmers can be classified as small businesses, so why are three agencies running four different programs when one agency would suffice?

I should also like to know what is the strength in numbers of the people who administer the Small Businesses Loans Act, the Fisheries Improvement Loans Act, the Farm Improvement Loans Act and the Federal Business Development Bank Act. Has any thought been given to combining these in this period of restraint and in our wish to economize?

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have a technical question which perhaps should not be asked until the committee stage. I have been trying for a few minutes now to see if the English version squares with the French version of clause 1, but to no avail. I would like some explanation so as to be sure that indeed the two versions mean the same thing. For instance, here is how subclause 1(b) reads in English:

[*English*]

"(*b*) during any of the periods referred to in paragraph 6(*d*) to (*i*), a total amount in excess of"

[*Translation*]

Even if the amounts are not specified, the meaning of this subclause can be understood. Now, I go on to the French version and I read subclause *b*):

b) pendant l'une des périodes visées aux alinéas 6*d*) à *i*), . . .

So far, it is the same as the English version and it goes on as follows:

. . . jusqu'à concurrence des proportions suivantes du principal global des prêts destinés à l'amélioration d'entreprises consentis par cette banque au cours de cette période.

To me, that seems to be an extremely elaborate translation of the words "a total amount in excess of". I simply cannot understand anything at all in that.

Senator Flynn: There is nothing to understand!

Senator Tremblay: It is the wording of a legislation which gives a meaning to things. I am simply seeking a clarification which might be given in committee if the Bill is referred. If I were to vote for the French version, I cannot understand the wording and therefore I would have no idea of what it is I would be voting for. With respect to the English version, I would at least have the impression of voting for something which makes sense. "In excess of" is not in the French version.

Senator Flynn: The point I am trying to make is that the French text does not make sense. It cannot possibly mean the same as the English version. I would also like the Bill's sponsor to explain why this Bill is the second or third one passed during the same session. If we refer to Sections 1 and 3 in Chapter 6 of the Statutes of 1980, 1981, 1982 and 1983, and to Subsection 2(2), there is also a reference to the Statutes of 1981, 1982 and 1983, Chapter 118. I did not know that the Statutes of this session had already been published with numbers, because we have not yet finished the session. In addition to the explanation requested by Senator Tremblay, could Senator Bosa explain this evening or in committee, what changes were introduced through these two Bills which apparently were passed during the same session?

• (2030)

[*English*]

Hon. Peter Bosa: Honourable senators—

The Hon. the Speaker: Honourable senators, I draw attention to the fact that if the Honourable Senator Bosa speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

[*Translation*]

Senator Bosa: Honourable senators, I shall be happy to draw the Minister's attention to the discrepancies pointed out by Senators Tremblay and Flynn. I shall be able to clarify my position before third reading of this Bill.

Senator Flynn: I did not think you would be capable of comparing the two versions.

[*English*]

Senator Bosa: Honourable senators, I was very pleased that senators brought to my attention some of the points on which perhaps, I did not elaborate sufficiently in the presentation of the bill.

First, I should like to address the question raised by Senator Doody in which he said I made reference to the rate of interest of prime-plus-one being very attractive to the lending institutions. This bill was not intended to subsidize the interest rate of the loans made to small businesses, but inadvertently it did serve that purpose because small businesses in a loss position or which are borrowing money for start-up operations might not be able to obtain a loan at such a favourable rate as prime-plus-one. Therefore, indirectly this bill also provides some subsidization of the interest rate.

Senator Doody: It is a guaranteed income for the banks.

Senator Bosa: Senator Phillips raised a question about the difference in the ceiling of the amount of money that can be loaned to small businesses as opposed to farmers. I believe he made reference to the fact that it is only one-third of the amount that can be loaned to farmers.

Honourable senators, I believe he answered the question himself because the average rate of loan to a small business is $25,000. That does not require an amount in excess of the present limit that has been established—that is, $100,000.

The committee constituted to advise the minister on how to deal with this particular area of endeavour has not had sufficient time to make an in-depth study of the problems related to small businesses. My understanding is that this committee, which is composed of small business people and which sets its own agenda, will undertake such a study and report at some future time to the minister.

Senator Marshall asked why there were four different acts and why there was a separate act to provide loans to fishermen.

Senator Marshall: And farmers.

Senator Bosa: The definition of small business applies to businesses which have a gross annual income of $1.5 million or under.

Senator Flynn: Taxable income?

Senator Bosa: The definition does not state that fishermen are excluded. It says that financial, mining and oil companies are excluded, but there is no exclusion of fishermen. Therefore, I believe the Small Businesses Loans Act also applies to fishermen. However, if I am wrong, I shall be pleased to correct my position tomorrow.

• (2035)

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Bosa: At the next sitting of the Senate.

Senator Flynn: Will you reply to the questions on third reading? You do not want this bill to be referred to any committee—neither Committee of the Whole nor a standing Senate committee?

Senator Bosa: If it is the desire of honourable senators that the matter be referred to the Standing Senate Committee on Banking, Trade and Commerce, I would be pleased to so move. My understanding, through informal discussions that took place before this sitting, was that during the last three years similar amending bills have never been referred to committee because they dealt only with the extension of the period; they did not deal with substantive changes to the bill itself.

Senator Flynn: Honourable senators, there may have been a misunderstanding. I thought that this bill would have at least been referred to Committee of the Whole. Who is the minister responsible?

Senator Frith: The Honourable William Rompkey.

Senator Flynn: Perhaps we can dispense.

Senator Frith: Honourable senators, in the past a bill which merely dealt with extension of the effective date of the legislation has not been referred to committee. We thought, therefore, that referral to a committee would probably not be necessary in this case. In view of the fact that these questions have arisen, however, I think it is a good idea that we have an undertaking by the sponsor of the bill that he will try to answer those questions between now and the third reading.

Senator Flynn: The problem is this. Suppose that the sponsor of the bill gets the reply that we should amend the French version of clause 1(*b*). It simply does not make sense the way it is written. I am not quite sure that Senator Denis would agree with me.

Hon. Azellus Denis: For once, I agree with you.

Senator Flynn: If we are to amend a bill for that reason, are we to do so on third reading?

Senator Frith: Yes.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should make it clear that the Leader of the Government did suggest to me, and I concurred, that we need not have committee stage on this bill. I must accept responsibility for that. I should have known better though, because I underestimated the interest of the opposition in this bill and I underestimated the number of valid points they were going to raise on it. That is the trouble in giving undertakings in advance—one never knows what is going to come up in the course of the debate.

I confess my complicity in the matter, but I want to assure my honourable friend that the next time he asks me about matters of this kind I will caution him to wait and see what the debate produces before we get to deciding concretely about the committee stage.

Senator Frith: Honourable senators, I felt that we could at least take a crack at dealing with the questions between now and third reading, since amendments are appropriate at third reading, in any event. If we did not have this undertaking from the sponsor to try to get those answers for us between now and third reading—as he would be trying to do between now and any committee hearing—we could change the plan.

We have a certain amount of work piled up ahead of us. My inclination is to suggest that we wait to hear the explanation. We could handle at third reading what we would in effect be handling if we were in Committee of the Whole for a bill with so few clauses. The Senate as a whole can deal with the amending procedure.

Senator Flynn: It is not the same thing if the reply comes from the minister rather than from the sponsor of the bill. Should we receive a reply of the minister from the sponsor of the bill, we can hardly discuss it with him. Although I realize that the sponsor of the bill is competent and could very well deal with the matter in a better way than could the minister, at the same time he is caught, as is the deputy leader, with solidarity and he has to say that he accepts the answers, and that is all. It is very difficult for us to accept, with our eyes closed, the replies that are going to be given by the sponsor.

• (2040)

Senator Frith: As I said, I would hope that if honourable senators are not satisfied with the answers given they will act as they would act if they were given unsatisfactory answers in Committee of the Whole, and simply debate the bill on the basis of unsatisfactory answers. Anyway, that is what I suggest as a way of dealing with the matter. If we are dissatisfied with the answers we are given, I suggest we deal with them then.

Senator Flynn: But is it possible that Senator Bosa will be able to tell us tomorrow that the minister has agreed that the French version is inadequate, and is willing to correct it?

Senator Frith: Anything is possible.

Senator Flynn: That will be something new, but perhaps Senator Bosa could say yes.

Senator Bosa: Honourable senators, I do not see how I could possibly make a commitment on behalf of the minister, whom I have not even consulted yet on this particular point. But the Leader of the Opposition can rest assured that this point, as well as the concern he mentioned a moment ago, will be brought to the minister's attention.

On motion of Senator Bosa, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, March 29, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-141, to amend the Canadian Human Rights Act and to amend certain other acts in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

INCOME TAX ACT

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday March 29, 1983

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-139, intituled: "An Act to amend the statute law relating to income tax (No. 2)", has, in obedience to the order of reference of Monday, March 28, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. MCILRAITH,
Acting Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. A. Irvine Barrow moved, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

[*Translation*]

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Health, Welfare and Science have power to sit at four o'clock today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

• (1410)

[*English*]

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Ernest G. Cottreau, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Molgat and Bonnell be substituted for those of the Honourable Senators Steuart and Godfrey on the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

QUESTION PERIOD

[*English*]

PARLIAMENT

GOVERNMENT INTENTIONS RESPECTING PROROGATION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wonder whether the Leader of the Government has more to tell the Senate about the intentions of the government with regard to terminating the session, or are these intentions to remain as obscure as they have been for some time?

Hon. H. A. Olson (Leader of the Government): Honourables senators, I cannot give a definition for the level of obscurity mentioned by my honourable friend. I can tell him that the obvious improvements in the passage of legislation manifested here in the past few days are of sufficient significance to show that some consideration is being given to the question. I do not have a definitive answer at this time. I

should also advise the Leader of the Opposition that the Minister of Finance has given an undertaking that he will announce, I believe either later today or no later than tomorrow, the date on which he will bring down a budget. That may be helpful information in making more definite plans with regard to the date on which we ought to resume after the Easter recess.

Senator Flynn: Did the Leader of the Government say that the announcement will be made later today?

Senator Olson: I want to be perfectly clear on that matter. I believe that the Minister of Finance has given an indication in the other place that he will announce before the Easter recess begins the date on which he intends to bring down his budget.

Senator Flynn: Will there be an announcement made in this place as to when we will be resuming after Easter before we adjourn?

• (1415)

Senator Olson: That is something we probably ought to discuss. It would appear to me that we shall have cleared up the government business, if I may refer to it as such, on the Order Paper, with the exception of some bills that originated in the Senate—namely Bills S-31, S-32 and S-33. Therefore, it seems to me that if by the time we adjourn for Easter we have dealt with all of the bills that have been passed to us from the House of Commons, it would be reasonable for us to wait for a few days after April 11, which is when the House of Commons will resume, so that they will have time to pass further legislation to this chamber for our consideration.

GRAIN

CANADIAN WHEAT BOARD—ANTICIPATED ANNOUNCEMENT OF INITIAL PAYMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to renew a question I raised with the Minister of State for the Canadian Wheat Board the other day. I asked him at that time when it was his intention to announce the initial payments for grains controlled by the Canadian Wheat Board.

At the conclusion of our exchange, I suggested to him that he had given me the impression that he would make the announcement either before this house rises for Easter or before we resume on April 11. On reading *Hansard*, I noticed that his nod was not recorded in the official proceedings. I should like him to confirm that he is going to make that announcement within those terms.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Those are my full intentions, honourable senators.

SEARCH AND RESCUE

NEWFOUNDLAND—PROPOSED ESTABLISHMENT OF LIFEBOAT BASES ON WEST COAST

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate, but first I want to congratulate him on taking action so quickly through the RCMP, the Department of National Defence and the Department of Fisheries to apprehend *Sea Shepherd* and to arrest 21 members of her crew. I never expected my request to get such quick action.

My question has to do with the release today from the Department of Transport regarding the construction of a new search and rescue lifeboat for the Gaspé. This is a good idea as a new lifeboat is badly needed in that area. However, in looking at the area covered by the lifeboat bases, there is a wide gap in the western part of Newfoundland where a lot of incidents occur and where there is no security.

I am wondering if the Leader of the Government could find out if it is still the intention of the Department of Transport to locate lifeboat bases along the west coast of Newfoundland, which was promised about seven or eight years ago.

Hon. H. A. Olson (Leader of the Government): Yes, I give an undertaking that I will make inquiries of the Minister of Transport and perhaps also of the Minister of National Defence, since search and rescue is often done under the direction of the Department of National Defence.

I want to thank my honourable friend for his attempt to give me credit for helping in the situation which arose in connection with the sealing operation and the threats with respect to it. Unfortunately, I cannot take that credit.

The federal ministers who were directly responsible were the Minister of Transport, the Minister of National Defence and, perhaps, the Solicitor General. There were also others who were watching the situation with great diligence—perhaps the attorneys general of the provinces were also there.

I think what they have done is in compliance with the law of this country, and while there was some understandable impatience, it is important that all of these departments, both federal and provincial, act in a way that is in fact in compliance with the legal requirements.

CANADA-UNITED STATES RELATIONS

U.S. CUSTOMS PORTS OF ENTRY—PROPOSED REDUCTION IN HOURS OF SERVICE

Hon. Gildas L. Molgat: I should like to address a question to the Leader of the Government in the Senate. The United States Department of the Treasury has given notice of its desire to reduce the hours of service at some ports of entry to the United States—in particular, the ports of Beaudette and Warroad, Minnesota, and Dunseith, North Dakota.

• (1420)

Two of these ports are on the border of Manitoba, and a reduction in hours would have a serious economic effect on the province, particularly at the port of Warroad where there is substantial truck traffic, much of which moves at night. There is also a CN line running through Warroad to the United States and back into Canada, which handles a substantial amount of grain traffic and is an alternative route to the CN main line. So, a reduction of hours could have a serious effect

on the movement of goods from our province and, indeed, from the west.

Could the Leader of the Government indicate what action the Government of Canada has taken with regard to this proposal?

Hon. H. A. Olson (Leader of the Government): Honourable senators, a few days ago Senator Molgat was kind enough to give me notice that he was going to ask this question. I have therefore obtained some background information for him. I am not sure I can be as specific as he would like me to be, because my understanding is that we have received a proposal or a suggestion from the United States immigration officials with respect to the reduction of hours of service at the ports Senator Molgat has identified. There are several others too; for example, the ports of Wild Horse and Del Bonita, Alberta. I think there is one, and perhaps more, near Rainy River, Ontario.

At the moment I am advised that it should be noted that this is only a proposal and that no formal notice has been received by the Canadian authorities.

There is another part to Senator Molgat's question which I should like to answer, but I do not have the information with me. He asked what the response of the Government of Canada was to this proposal.

First of all, if the proposal to reduce hours in fact goes forward, then there is no point in keeping the port on the Canadian side open. The concern that has been expressed by Senator Molgat will certainly be conveyed to our departmental officials so that those who will be affected by the reduction will know that our concerns have been expressed to the United States authorities.

SEARCH AND RESCUE

IMPLEMENTATION OF RECOMMENDATIONS OF EVALUATION REPORT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Rowe on March 2, 1983, concerning experiments with icebergs funded or conducted by the Government of Canada. This is a fairly long answer and, if honourable senators agree, I shall ask that it be taken as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Department of the Environment (DOE) through the Atmospheric Environment Service (AES) provides the main sea ice reconnaissance and forecast service of the federal government. This is funded mainly to support Arctic, east coast and Great Lakes shipping which can avoid icebergs. DOE is still seeking funds to carry out regular iceberg monitoring and forecasting, so the supporting research has been limited. Other research falls under the Department of Fisheries and Oceans mandate. Tactical or close-in monitoring and forecasting is considered to be an operator's problem, monitored by COGLA (Canada Oil and Gas Lands Administration).

Recently, DOE has supported two unsolicited proposals, working with the contractors on projects to develop mathematical models of iceberg drift and deterioration for future use at the Ice Central (Ottawa) of the Atmospheric Environment Service. The total cost of this work was $23,000 during the last year.

DOE (AES) has also shared in a cooperative program with the U.S. Navy, at less than $6,000 cost to DOE, to determine the capability of an airborne scanning microwave radiometer for detecting icebergs, both in open water and in sea ice. Also, studies have been carried out in former years to determine the detectability of icebergs using side-looking airborne radar (SLAR); to date, the results have not been conclusive. A further cooperative study has been proposed to take place during the Spring of 1983, provided an aircraft can be released.

The AES is also undertaking the preparation of an ice atlas which will include iceberg data to summarize available information from many sources on ice as well as on the frequency of occurrence and sizes of icebergs in northern and eastern waters from Davis Strait to Newfoundland. This will be completed in about a year.

Senator Olson: Honourable senators, on March 2 Senator Doody asked why the government has seen fit to dismantle the tracking station at Shoe Cove. I took the question as notice. Again, this is a fairly long answer, and I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

A decision was taken to close the Shoe Cove satellite receiving station after the U.S. National Oceanographic Administration (NOAA) increased the annual fees from $US 50,000 to $US 600,000 for reception of data from their LANDSAT satellite bringing operating costs to approximately $1.2 million per annum.

Faced with this increase, EMR could not justify keeping two receiving stations—Shoe Cove and Prince Albert, Saskatchewan—operating and the government decided to move towards one centrally located receiving station at Churchill, Manitoba which provides optimum coverage for Canada as a whole.

The dismantling of the Shoe Cove station was postponed until January 1983 in order to give Newfoundland and other east coast users some time to raise funds necessary to continue operation of the station. However, no group or agency has come forward with any significant financing proposal.

Concerns have been expressed regarding the coverage obtainable for the east coast areas for various satellites. All data is available from alternative sources. The U.S. National Oceanographic Administration satellite data

will be available from the Department of the Environment stations in Toronto and Greenland for all areas of concern, including the Scotian Shelf, the Grand Banks, the Labrador Sea and the Davis Strait.

ENERGY

COST OF OIL IMPORTED FROM MEXICO

Hon. H. A. Olson (Leader of the Government): Honourable senators, on March 15 Senator Manning asked if the announced reduction in the price of Mexican oil would be applicable to volumes under the existing Mexico-Petro-Canada contract.

On March 14, in a telex to Petro-Canada, Pemex, the Mexican national oil company, announced that retroactive to February 1 its new crude oil export prices would be as follows: $US 29 a barrel for Isthmus, formerly $US 32.50; and $US 23 a barrel for Maya, formerly $US 25.

● (1425)

INCOME TAX ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. A. Irvine Barrow moved the third reading of Bill C-139, an act to amend the statute law relating to income tax (No. 2).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if the mover of this motion does not intend to say anything about this bill, I should like the opportunity of taking his place in that respect because I have something to say about it.

I have noted the fact that the Standing Senate Committee on Banking, Trade and Commerce has reported this bill without amendment. I observe, as members of that committee are well aware, that the committee carefully studied not only this bill but also the proposals that accompanied the original budget of November 12, 1981, the second budget of June 28, 1982 and, of course, the third budget of October 27, 1982. In the course of time, many of the items about which the committee had some reservations, if not active complaints, were, in fact, dealt with, because the government found it necessary and desirable, if for no other reason than to save its own skin, to make some pretty drastic changes in the original proposals that were placed before Parliament and the people of Canada. I think it is appropriate to record the fact that, whatever the motives, they did make a great many changes and most of those changes were for the better. I wanted to make that point before I dealt with other matters that are contained in the present bill.

The bill is reported by the committee without amendment, but that is not to say that all members of the committee were satisfied with that judgment. Some of us wanted to have the bill amended and, in fact, three separate amendments were proposed in committee to change it in quite a constructive fashion. But, as can be judged from the committee's report, none of those amendments were accepted by the majority in that committee. As the mover of two of the amendments, naturally I regret that.

My purpose in speaking to the bill now is to present to the Senate some reasons why the two amendments proposed in committee ought to have been accepted and why the Senate should accept these amendments now as it proceeds to third reading. At the close of my remarks, I shall submit some amendments for consideration by honourable senators.

What I am about to talk about has mainly to do with the small business sector of the Canadian economy. In the course of my remarks, I want to explain why I think it is necessary that it receive our attention. It must receive our attention because it has received the attention of the government in this bill. The effect of those proposals are deleterious in the extreme to the interests of small businesses in this country. I shall attempt to sketch for honourable senators the past policies of the administration with respect to small business. I shall try to express to this chamber why small business should receive the advantages that are accorded it before this bill comes into force, and I shall try to show the chamber why it is in the interests of the nation that special consideration be given.

● (1430)

All sorts of people ask for special tax concessions—that is nothing new. It has been going on for a long time, and it will go on for a long time into the future. It is necessary to bring a certain degree of judgment or discretion to bear on these requests because all of them, *ipso facto*, are self-interested, but not all of them are in the interests of the Canadian people.

I submit to you that while the special advantages of corporation tax legislation, which have been made available to the small business sector, may be in the interests of small businesses, they are also very much in the interests of the people as a whole, because, over the past decade or so, they have been deemed by this administration to be in the national public interest. It has been an accepted feature of our corporate tax system that we should accord special consideration to the small business sector of our economy.

This is not a policy which is unique in the world. They have been doing the same kind of thing elsewhere, as those of you who have studied tax legislation in the United Kingdom and in the United States will be able to vouch.

The special corporate tax considerations in Canada have taken, among other things, the form of a corporate tax rate for small businesses which is significantly lower than the general corporate tax rate which is paid by other businesses outside the small category, which I, for the sake of convenience, will call "big businesses."

Small business has been defined for us in a publication of the Minister of State for Small Businesses and Tourism dated 1981 in which he describes certain categories which, in the opinion of his department, should be considered to be in the small business sector. He describes those businesses whose

gross sales are under a quarter of a million dollars as being small. I think there would be no dispute about that. He also includes a second category, that is, those businesses whose total gross receipts are between a quarter of a million and two million dollars. While $2 million sounds like a considerable sum, as indeed it is, when one considers the course of inflation over the past few years, I think that ceiling comes within the proper perspective.

Other businesses are described by the Minister of State for Small Businesses and Tourism as not coming within the small business category; and I call them "big businesses."

What has been the effect of the present tax law before the introduction of Bill C-139, and before the measures to which I am objecting? What is the tax effect of the advantages that are being given to small business today? The same document to which I referred earlier gives the figures, and it shows, for the two categories of small business which I have described, that the tax payable as a percentage of the pre-tax profit is, in round figures, 23 per cent. That is the tax these small businesses pay on their pre-tax profits.

With respect to big businesses, the same calculation, on the same basis of consideration, shows that they pay a tax which ranges between 32 per cent for businesses between $2 million and $20 million and 38 per cent for businesses over $20 million.

Therefore, I think it can be said, in round figures, in order to simplify our approach to this problem, that small businesses pay less corporate tax than big businesses. They pay roughly two-thirds of the tax paid by big businesses.

That is very nice for small business, but I think it is important to this discussion that some reason be given as to why they have been singled out for this special consideration. The reasons why small business should be given special consideration are spread on the record of Parliament in the speeches made by successive Ministers of Finance. I go back as far as the Honourable Edgar Benson in 1971 or 1972 when some of these measures were introduced. I could refer you to speeches by other Ministers of Finance since that time but, in order to abbreviate the length of what I have to say today, I will give you the substance of what their policy statements were.

They stated to the Parliament of Canada that the basic reason we should give small businesses this special tax concession is to enable them to generate and to retain the cash flow they need in their activities to finance the equity to be invested in the corporations. The aim of the exercise was to allow small businesses to retain a larger portion of their cash flow by means of a lower tax; to encourage them to secure, from their own efforts, the equity contribution needed; and to encourage other people outside to make an equity investment in them so that they have sufficient equity capital to make them viable.

As I have stated, the government accomplished this goal by means of one measure, that is, by keeping the lower rate of corporation tax to enable the small business sector to retain more money. As a corollary of that policy, the small business corporation would be enabled to retain its small business status by replenishing what is called the cumulative dividend account.

Those are the two measures: first, a lower tax rate, and secondly, the possibility of retaining the lower tax rate even though dividends are paid out, so that the right of the small business to pay a lower tax is not jeopardized by that activity. As a result, after taxes a small business was able to keep 77 per cent of what it made on a pre-tax basis, and a big business was able to keep 65 per cent of what it made on a pre-tax basis. Therefore, a small business had the advantage of retaining for its use in the accumulation of its equity fund 77 per cent of what it made, which is 12 per cent better than the right that was accorded to large business in retaining part of its earnings after taxes had been paid.

These two systems of tax rebate and a cumulative dividend account were explained to Parliament by successive Ministers of Finance, starting with Mr. Benson. Up until very recently, they have been part of the settled policy of the Government of Canada with respect to small business.

The objective, as I have stated, is to attract equity investment to small business to provide them with the funds which they need to continue their operation and to grow. The question then arises: Why does this have to be done? What is so difficult about the equity situation of small business that makes it necessary, by means of the tax system, to try to give them this 12½ per cent advantage over big business? Well, it is because of the very well known problems—problems that have been substantiated time out of mind by different studies in respect of the matter—related to the difficulties in raising equity capital outside their own operations that are encountered by small businesses of the size we are talking about here—that is, those from a quarter of a million dollars in gross to $2 million in gross.

The equity capital market for the big companies is the stock market. It is a source of equity for the big companies that is almost completely closed to small business. Small business can neither afford to make use of the stock market equity funds nor, indeed, can it attract equity investments from the stock market at anything like reasonable rates that could be supported by small business. The equity capital market open to big business is closed, to all intents and purposes, to small business. That is one reason why small business has trouble raising equity capital.

One might ask: What about the capital venture fund, which one might think had the specific task of providing equity for small business? I must agree that that is not to be dismissed out of hand. Usually, however, with a venture fund approach to matters, they want a very large share of the equity, sometimes control, in order to put up the money. Generally speaking, the terms are not always attractive to the small business sector.

What about the banks? Well, they are not interested in providing equity money. Their business is to lend money at interest. Their business is to lend money on the basis of bonds

or of debentures or of special security of one kind or another, on which they require an interest payment to be made.

It is perfectly clear that, with small business, the question of having a pre-tax obligation like interest is a very different proposition from that of having an after-tax responsibility with respect to equity capital and to dividends. The banks prefer to have no risk, if they can, when lending money to small businesses, and small businesses are a risky portion of the economic sector.

● (1440)

There have been other measures, and I do not overlook them. We passed one the other day to supply capital to small business; but remember that it was contained in the small business measure, it was loan money, and that has to be paid back with interest, so that does not deal directly with the equity factor as some of us might desire.

Well, suppose everything I have said is true. Supposing we say, "Yes, we have had a long-settled policy of doing something for small business, and, yes, the reason for the policy is to help small business obtain and retain the equity they need to keep their outfit going and make growth possible." But why is it in the interests of the nation that small business should receive this consideration? Certainly it is in the interests of small business, and I do not overlook that fact; but why is it in the interests of the nation, and why should we ask the Government of Canada to take the small business sector into account in their tax legislation? Well, it is abundantly clear and terribly simple why we have this attitude of mind towards small business. Small business is where you find the jobs. Small business is the backbone of the Canadian economy. Small business is mostly 100 per cent Canadian-controlled. Small business generates more innovations and new applications of technology than any other sector. Small business generates new tax revenues for the government faster than any other sector of the economy does. Those are pretty substantial reasons why the small business sector should be encouraged and nourished.

Small business is responsible for most of the new jobs. I wonder if that comes as a surprise to the members of this chamber. I think it might come as a surprise to some people to know that it is small business that has been providing the new jobs in this country. Over the past while the record is that about 59 per cent of most new jobs were provided by small businesses with very few workers. In fact, the level on which this figure was calculated was small businesses with 20 or less workers. As for big business, we know what they are doing now: they are sloughing off jobs as if it were fashionable or desirable. Look at any one of the big businesses and you will see that they are certainly not growing as far as job-creation is concerned. But we have found in this country, as they have in the U.K. and in the United States, that the small business sector of the economy is the one that has been providing the new jobs and wider opportunities for so many people.

Take my own province of Manitoba. There we have nearly 30,000 small businesses—29,560 by my count—while there are only 886 big businesses in that province. We know, therefore, that in the province of Manitoba, if you were seeking to generate wealth and activity, there are two great sectors that you would look to. One of these is farming and the other is small business. Any legislation of ours which hinders the economic activity of small business in my province is something which is highly significant and something we would very much prefer to avoid if we possibly could.

Small business is an engine for growth. Indeed, it is the great engine for growth today. It is also the place where most innovations take place. I would suggest to members of this chamber that they take a look at the evidence that was given before one of own committees with respect to innovation on the part of small business—and I refer to the evidence of the Economic Council of Canada. Dr. Slater appeared before the Standing Senate Committee on National Finance on the seventeenth day of this month and discussed this question, among other things. Let me read to you one of the statements he made. You will find this on page 6:19 of the proceedings of the committee of that date. He said:

> When we come strictly to R&D, we have to recognize a couple of things. In this diffusion process and in the process of technological advance, small and medium-sized firms are tremendously important.

So, if you had any doubt about my statement that small business is a source of significant and worthwhile technical progress, I think that piece of evidence would lead you to think that there is something in that point. It is important to note that not only does small business generate the jobs but it is at the leading edge of technical development and technical adaptation in this country. Thus it is a matter of some interest to us.

During the recession small business has been hit by hard times like everybody else, and the Canadian Federation of Independent Businessmen presented some figures of the 1982 failures. There were 80,000 failures in 1982 in the small business category. That is a new high. A lot of jobs went up the flue with those failures, mostly in the province of Ontario. The same report also advised us that the owners and managers of small business took a pretty substantial whack at their own salaries and dividends in order to live through this period. Nearly 70 per cent—69.6 per cent—of the owners and managers in the small business sector in Canada took reductions in compensation in the form of lower salaries and lower dividends. We can see, therefore, that they are having their difficulties with the recession, but that they have responded to it in a very significant way. What other sector of the economy has taken such a reduction in dividends and emoluments because of this depression? I except those who are completely unemployed, and I have to submit that they have really taken an awful whack. But what sector of the economy has taken reductions such as those taken by the owners and managers of small businesses in their salaries and dividends?

Senator Bosa: Those who went broke.

Senator Roblin: They are even worse off. I thank my honourable friend for his remark. Those who went broke are in

the same category as the unemployed, and that is a pretty poor condition for anyone to be in. Those who survived, however, reduced their take out of their companies in the way either of dividends or of salaries, by a very significant margin, and I do not think you can find other sectors of the economy making a sacrifice as large as this. I am sure there are some instances in which they can be matched, but on the whole I would say no.

All right, then. What do we do? What is the tax policy enshrined in this bill at this critical stage in the history of the economy of our country, and in this difficult situation with respect to small business? What we are doing in this bill is to bring to bear a savage increase in taxation on the small business sector. It is indeed a formidable increase. I am not unaware of the fact that also in this bill there is an increase in some of the levels of the small business tax structure, which are advantageous to some small businesses. In order to make up for the influence of inflation on the value of money, there has been a raising of those ceilings. That is a good thing and I am glad it has taken place.

Along with this, however, the government has done two things. First of all, they have cut off the possibility of using the cumulative deduction account to retain the status of a small business for the small business tax rate. They have therefore put in place a ceiling which was not there before in connection with this matter, even though they say that it doesn't mean anything much in the way of a tax increase. If that is the case—and I take their word for it, though I have my reservations—one wonders why it has been done.

Much more important than this, however, is the fact that the government has decided that when a small business pays a dividend out of money that remains to it after the small business tax is applied, there is going to be a surtax on small business dividends of 12.5 per cent. Just consider that for a moment—12.5 per cent. I have already told you that small business is paying 23 per cent on their after-tax income, and that big business is paying between 31 and 39 per cent, depending on what category you look at, on pre-tax income. Yet we are imposing a tax of 12.5 per cent on small business dividends when they are paid out. That has the effect of practically wiping out any advantage that small business has had from the former tax situation. They are on the same footing as big business. Instead of having 77 per cent of their after-tax income stay in their hands, while big business now gets 65 per cent, they are going to have 77 per cent less 12.5 per cent, which is about 9 per cent. So the net result of that is that in an after-tax position on the dividend basis enshrined in this bill, the small business community is no better off than the big business community.

● (1450)

An Hon. Senator: Only if they take them out.

Senator Roblin: Certainly only if they take them out—that is a perfectly valid remark—but in order to pay the salaries and living expenses of many small businessmen, they do it through the dividend route, and in many cases they take their dividends out, pay the tax, and put it back in the form of shareholders' loans. It is still a substantial source of equity in these businesses after it has been paid out as dividends. That is a point I think my honourable friend should recognize.

Here we have a bad policy. It is a bad policy because it limits the amount of equity capital which can be retained after dividends are paid in the small business; and it also cuts off the possibility of having the small business tax applied at all, because of the elimination of the cumulative dividend account to which I have referred.

So this bill certainly undermines the capacity of small business to raise money via the equity route. Let me emphasize that point again, because in the report of the Economic Council of Canada called "Intervention and Efficiency 1982", it dealt with the question "A Study of Government Credit and Credit Guarantees to the Private Sector". The very first recommendation that the Economic Council of Canada makes is:

> We recommend that the federal and provincial governments modify their policies to facilitate the strengthening of the equity base of Canadian firms, particularly small and medium-sized businesses.

Well, we all agree with that, and that was the policy; but it is not the policy now, if we add a surtax of 12½ per cent to the dividends paid out by those small companies. It seems to me that every disinterested piece of advice that can be found with respect to this problem of small business and equities indicates that the problem is still there.

In committee this morning I asked the question, "What has changed since 1981? What difference have we in our system, if it was good to help small business in their equity situation before this budget came down and it is bad to do it afterwards?" I do not think anything has changed, unless it is the desire of the government to get more money—and that certainly has to be a factor that is taken into account. It seems to me that we did not receive in committee a rationale that convinced me that this was the right thing to do.

Mention was made of tax equity. Well, what is that, for Heaven's sake? The question of supplying the source of equity funds to small business in this way has been the policy of the government for years, but it is not the government's policy today, and in my opinion we have not received any good reason why the change should be made.

So this bill undermines all that we have been basing our tax policy on with respect to small business in the recent past. I put it to honourable senators that the best investment of public funds that can be made, if we are going to give a tax rebate to someone, is to help the small businessman in this respect. The yield per dollar of taxpayers' money spent is going to produce a bigger return, if it helps small business to grow, than anything else we can think of—in terms of employment, of innovation, and ultimately of tax revenues to the government itself.

Encouraging small business up until now has been a high priority, and now it appears to have been given no priority at all because we are now being asked to do exactly the opposite of what we have been doing. This is the irony of the thing. We

promote the creation of jobs—if we can use the word "create" with respect to jobs. I object to it, but it is the fashionable word. The Minister of "Unemployment" has all these proposals to create jobs. He has one in my own city, where he and I both live. One of these days I hope to analyze that policy in this chamber. But how is the government creating jobs? By borrowing money in order to pay for those job creation programs. Undoubtedly, that money comes out of borrowed funds—there is no place else for it to come from—and we are going to have to pay the interest on that borrowed money until the end of time, because no one will stand up in this chamber and tell me or anyone else that the government intends to pay that money back, because it does not. It will roll it over into infinity, just as we have always been doing.

Here is an opportunity to invest that kind of money and more in small businesses which will be productive in the community and will create tax revenues. But we say, "Oh no, we gave that up; we are going to have job creation instead." To my mind, it is a policy that is pretty hard to defend.

So I come to this chamber with the suggestion that even at this late stage we should express our opinion on these small business taxation measures by making some amendments to the bill. In committee they had the right point of view, because in discussing one of these measures the committee offered the following opinion—and I quote from page 5478 of *Debates of the Senate*, in which issue the report of the committee has been printed.

> It is the Committee's view that small and medium-sized businesses should be given every encouragement to grow.

So there is a meeting of minds on that. But then, having made that proper statement, you can imagine my disappointment when the committee was asked to put some teeth into that recommendation by amending the bill, and it refused to do so. I do not know whether or not the house will accept my amendments. If experience teaches, and I suppose it should, the odds are not terribly favourable. However, I will make the attempt. I will propose two amendments. One deals with the cumulative deduction account, and the other deals with the 12½ per cent small business dividend surtax. The first, dealing with the cumulative deduction account, reads as follows:

> That this Bill be not now read a third time but that it be amended by striking out subclause 86(6) and by renumbering the ensuing subclauses accordingly.

That is the one that has to do with the accumulative dividend account. That is the one that will restore the cumulative dividend privilege to small business the way it was before, for the last ten or fifteen years before this act came before us.

The second amendment is as follows:

> That this Bill be not now read a third time but that it be amended by striking out clause 109 and renumbering the ensuing clauses accordingly.

That is the amendment that deals with the 12½ per cent small business dividend surcharge.

I submit both motions in amendment to the Senate. My colleague, Senator Flynn, has kindly agreed to second them. I know that the rules of the Senate suggest that they should be moved one at a time. However, in view of the stage of our proceedings and the approaching deadline of tomorrow night, I had the feeling that the Senate might agree to allow me to present both of them at the same time and have a single vote on both, to avoid the necessity of voting on each one separately, because they are so closely linked together as to perhaps be suitable for that kind of treatment. However, I await the decision of the Senate on that point.

I offer an opportunity for this chamber to put the government straight. I offer this chamber an opportunity to come to the rescue of the small business community in this country. I ask the chamber to offer a helping hand to that sector of our economy which has proved the most productive, the most diligent in producing jobs, and also the most diligent in adopting technical changes, as I believe the evidence that I have summoned to support this point indicates as being correct. This is an opportunity to strike a blow for common sense, and I recommend that the members of this house support it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the procedural question raised by Senator Roblin, it seems to me that we should agree to his suggestion. I understand that the basic reason for insisting on separate motions in amendment is to give honourable senators an opportunity to support one and not the other. But, as Senator Roblin has said, in this case it is likely, since they are so closely linked, that one would support or not support the two rather than divide one's vote. However, if any honourable senator wishes to divide the vote, we could have it put separately; otherwise I recommend that we support Senator Roblin's suggestion.

Hon. Peter Bosa: Honourable senators, may I put a question to Senator Roblin? I do not think anyone would argue with his view concerning the value of small businesses and the jobs they provide. However, when Senator Roblin says that he has difficulty coming to grips with why there is an imposition of the 12.5 per cent surcharge on a dividend declared by small business, I believe he answered his own question when he said that the reason why small businesses were treated in a different way before this change was in order that they could provide the necessary equity to expand their operations. The imposition of the 12.5 per cent tax on dividends declared was a device to prevent owners of small businesses taking bigger salaries at a lower rate of income tax than other taxpayers. The imposition of the 12.5 per cent tax applies only when the dividends are taken out. It does not nullify the original principle, that the special treatment given to small business is to enable small business to accumulate equity capital.

● (1500)

Senator Roblin: My honourable friend has not been listening as closely as I would have wished. I pointed out to the members of this house in my probably hasty and pellmell presentation of my case this afternoon, because of the time stricture, that with respect to the cumulative dividend account the government is forcing small businesses out of that category. When the cumulative dividend account remained on the

statute books small businesses had the opportunity to retain the earnings in the company indefinitely; and did not sacrifice their right to the small dividend provided in conjunction with that they paid the dividend out. The two things worked together in order to make sure that the small business owner would, in effect, pay taxes at the rate he would otherwise have paid if it had not been channelled to him through the small business dividend.

If my honourable friend wants a more detailed explanation of this matter, I advise him to read the speech of the Honourable Edgar Benson delivered, I believe, in 1972 in his budget address. He explained then all the reasons for the accumulated dividend fund and the reasons for the dividend payout policy. The ultimate thrust of it comes down to an arrangement whereby small businesses can retain more of their own earnings for their equity capital requirements. That is the explanation offered by the government itself. I accepted it then; I accept it now, and I think my honourable friend should do the same.

The Hon. the Speaker: It is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C.:

> That this Bill be not now read a third time but that it be amended by striking out clause 86(6) and by renumbering the ensuing subclauses accordingly.

Honourable senators—

Senator Roblin: Your Honour, I ask that you read both amendments, as I believe it is the disposition of the chamber that they be taken as a whole.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before we do that, it is my intention to move another amendment unrelated to the amendments moved by Senator Roblin. I suggest that, in order that the bells ring only once, we postpone the questions on these amendments so that the votes on the amendments moved by Senator Roblin and on the amendment which I intend to move will be taken at the same time.

Senator Frith: Honourable senators, that is a good suggestion. Let us agree now that we defer the vote on these two amendments so that they take place at the same time as the vote on the amendment to be moved by Senator Flynn or on any other amendments.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

Senator Flynn: Honourable senators, it is quite clear that the circumstances under which we are called upon to study this bill—139 clauses, as I recall, half an inch thick and drafted in extremely complicated sentences—are not very favourable. Even though the subject matter of the bill was referred to the Banking, Trade and Commerce Committee for preliminary study, we are at the mercy, if you will, of the circumstances in the sense that the bill must be passed or turfed out without any further delay because of the Easter recess. And then, there is the fact that this measure stems from budgetary provisions which date back to 1981, three budget speeches ago.

A good many amendments were made to the bill in the House of Commons at the committee stage and at other times. Before the committee this morning, the minister indicated that he would have liked to introduce additional amendments, but he was unable to have them adopted because of the particular circumstances which I just mentioned, and especially the fact that when the House of Commons was in Committee of the Whole to study the bill, the debate was under a time allocation order. The debate being limited, the minister was unable to introduce all the amendments he advocated.

One amendment concerns a group of professionals of Quebec. The provisions of this bill exempt a group of professionals from having to file a return on work in progress. That group of professionals includes, among others, dentists, lawyers, physicians, veterinarians and so on. By accident, they forgot to include notaries, who are members of the Board of Notaries of Quebec and who act as legal advisers. Not only are they entitled to take sworn statements like notaries public in Ontario, they are also professionals in the same way as lawyers. Unfortunately, they have been left out. The minister was anxious to move an amendment to include that group of professionals with the others, but it was not possible. The minister is telling us: Do not change anything, we will introduce a retroactive amendment to our bill. His suggestion is commendable, but it denies the responsibility or the usefulness of the Senate. Why have a second House if, every time it has an opportunity or the duty to rectify the mistakes or the omissions of the House of Commons, we are told not to do anything because they will come back with another bill? I submit that it is a very bad principle. I asked the Minister this question and he was unable to give me a reply because he has not had that much experience in Parliament. Personally, I have had such experience. In my 20 years in this place or in 25 years if I add the time I spent in the House of Commons, I do not recall that the Government has ever been willing to let the Senate amend such a Bill in the particular circumstances in which we find ourselves, that is a short time before we adjourn for Easter, Christmas or the summer.

In other words, the Government denies the power of the Senate to make amendments and only allows it to make recommendations. In fact, a little later on, the Committee on Legal and Constitutional Affairs will report on Bill C-130 and we shall see that this would also apply to that Bill.

I find this attitude quite wrong and I believe that we should force the Senate to say whether or not a necessary amendment should be adopted by the Senate.

For this reason, honourable senators, because of the problem which members of the Chamber of Notaries of the Province of Quebec are facing I move, seconded by Senator Roblin:

> That the bill be not now read a third time but that it be amended as follows:
>
> (1) by striking out line 10 on page 55 and substituting the following

"accountant, dentist, lawyer, notary, medical" and

(2) by striking out line 20 on page 55 and substituting the following

"an accountant, dentist, lawyer, notary, medical"

I also have the text in English.

The Hon. the Speaker: The Honourable Senator Flynn, seconded by the Honourable Senator Roblin, moves:

That the bill be not now read a third time but that it be amended as follows:

(1) by striking out line 10 on page 55 and substituting the following

"accountant, dentist, lawyer, notary, medical" and

(2) by striking out line 20 on page 55 and substituting the following

"an accountant, dentist, lawyer, notary, medical"

Do you wish to proceed in the order the motions were introduced, honourable senators?

Senator Flynn: Honourable senators, the motion has been moved and if no one wishes to speak to oppose or comment on it, the questions can be put successively.

Senator Frith: For the purposes of debate, we could deal with the amendments as we dealt with the comments for the vote. For instance, Senator Barrow might want to speak about Senator Roblin's two amendments and perhaps about Senator Flynn's amendment or about one of the three.

Senator Flynn: Or perhaps he has nothing to say.

Senator Frith: Exactly.

The Hon. the Speaker: We could perhaps begin with Senator Roblin's.

• (1510)

[*English*]

Hon. A. Irvine Barrow: Honourable senators, dealing with the amendment moved by the Leader of the Opposition, I would like to point out that this morning the Honourable Paul Cosgrove, Minister of State (Finance), stated that while this had been an omission from the bill when it was first proposed, as Senator Flynn has said, there were four separate attempts by the minister to have this amendment brought forward but, due to circumstances, it was not possible to do so. However, the Minister of Finance, Mr. Lalonde, in a letter of March 16 to the Association of Notaries of Quebec, gave an undertaking that, in bringing in his next budget, he would put forward an amendment to cover this and he would make it retroactive. It seems to me that it should be the prerogative of the Minister of Finance to correct his own mistake, rather than have the Senate do it.

With respect to the proposals by the Deputy Leader of the Opposition, it is true that there are two items, the 12½ per cent dividend tax and the capping of the total business limit, but I should point out to the Senate that, rather than the government being the ogres that they are presented to be, if we go back to 1972 we find that the annual business limit on which the low rate of tax was calculated was $50,000. In 1974, it was increased to $100,000; in 1977, it was increased to $150,000 and in 1982, under this proposal, it is increased to $200,000.

At the same time, the total business limit in 1972 was $400,000; in 1974, it was $500,000; in 1977, it was $750,000 and in 1982, under this proposal, it is $1 million, so, in spite of what Senator Roblin might say, it is not all bad. Certainly, everyone would like to see decreases in taxes, but somebody has to pay those taxes and it was felt, in this particular case where some small businesses were rejuvenating their total business limit, that there were abuses being perpetrated and, therefore, the government felt that they had to put a cap on the total amount.

At the same time, I believe that the Minister of State (Finance) this morning said that the whole matter of small businesses was going to be discussed by the Minister of Finance with representatives of the small business sector, although he did not give a commitment that any changes would be made.

[*Translation*]

Senator Flynn: Honourable senators, I would have a comment on what Senator Barrow has just said with regard to the Minister's commitment. It is a personal commitment and we have seen many cases where such commitments are not fulfilled following the appointment of a new minister.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Barrow, seconded by the Honourable Senator McIlraith, P.C., that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C., that the bill be not now read the third time but that it be amended by striking out subclause 86(6) and by renumbering the ensuing subclauses accordingly.

Is it your pleasure, honourable senators, to adopt Senator Roblin's motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1520)

Motion in amendment of Senator Roblin resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Balfour	Macquarrie
Beaubien	Marshall
Bélisle	Nurgitz
Bielish	Phillips
Doody	Roblin
Flynn	Tremblay—13.
Macdonald	

NAYS

THE HONOURABLE SENATORS

Adams	Lafond
Anderson	Langlois
Barrow	Lapointe
Bonnell	Le Moyne
Bosa	Lewis
Cameron	McGrand
Cook	Neiman
Cottreau	Olson
Davey	Riel
Denis	Rousseau
Frith	Sparrow
Graham	Stollery
Guay	Thériault
Hastings	van Roggen—29.
Hicks	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C., that the bill be not now read the third time but that it be amended by striking out clause 109 and by renumbering the ensuing clauses accordingly.

Motion in amendment of Senator Roblin resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Balfour	Macquarrie
Beaubien	Marshall
Bélisle	Nurgitz
Bielish	Phillips
Doody	Roblin
Flynn	Tremblay—13.
Macdonald	

NAYS

THE HONOURABLE SENATORS

Adams	Lafond
Anderson	Langlois
Barrow	Lapointe
Bonnell	Le Moyne
Bosa	Lewis
Cameron	McGrand
Cook	Neiman
Cottreau	Olson
Davey	Riel
Denis	Rousseau
Frith	Sparrow
Graham	Stollery
Guay	Thériault
Hastings	van Roggen—29.
Hicks	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C., that the bill be not now read the third time but that it be amended as follows:

(1) by striking out line 10 on page 55 and substituting the following:

"accountant, dentist, lawyer, notary, medical"; and

(2) by striking out line 20 on page 55 and substituting the following:

"an accountant, dentist, lawyer, notary, medical".

• (1530)

Motion in amendment of Senator Flynn resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Balfour	Macquarrie
Beaubien	Marshall
Bélisle	Nurgitz
Bielish	Phillips
Doody	Roblin
Flynn	Tremblay—13.
Macdonald	

NAYS

THE HONOURABLE SENATORS

Adams	Bonnell
Anderson	Bosa
Barrow	Cameron

Cook
Cottreau
Davey
Denis
Frith
Graham
Guay
Hastings
Hicks
Lafond
Langlois
Lapointe
Le Moyne
Lewis
McGrand
Neiman
Olson
Riel
Rousseau
Sparrow
Stollery
Thériault
van Roggen—29.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Senator Flynn: Honourable senators, I would suggest that the bill be read the third time on the same division.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed on the following division:

YEAS

THE HONOURABLE SENATORS

Adams
Anderson
Barrow
Bonnell
Bosa
Cameron
Cook
Cottreau
Davey
Denis
Frith
Graham
Guay
Hastings
Hicks
Lafond
Langlois
Lapointe
Le Moyne
Lewis
McGrand
Neiman
Olson
Riel
Rousseau
Sparrow
Stollery
Thériault
van Roggen—29.

NAYS

THE HONOURABLE SENATORS

Balfour
Beaubien
Bélisle
Bielish
Doody
Flynn
Macdonald
Macquarrie
Marshall
Nurgitz
Phillips
Roblin
Tremblay—13.

[The Hon. the Speaker.]

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

● (1540)

[*Translation*]

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 4)—THIRD READING

Hon. Peter Bosa moved the third reading of Bill C-144, an Act to amend the Small Businesses Loans Act (No. 4).

He said: Honourable senators, when we concluded our debate on second reading of Bill C-144 last night, I promised I would reply today, before third reading of the Bill, to all questions put to me. I will deal first with a question from Senator Tremblay who asked for an explanation as to an apparent discrepancy between the English and French texts of Clause 1 of the aforementioned Bill. Both texts are accurate, and the apparent discrepancy stems from their linguistic structures, and in each of subparagraphs (i) to (iii) the English text repeats the phrase:

[*English*]

> —that part of the aggregate principal amount of the guaranteed business improvement loans made by it during that period—

[*Translation*]

The French text expresses the same idea only once at the beginning of the paragraph. In good legislation writing, it is recommended that the smallest part of the clause be amended in cases such as this. The purpose of Clause 1 of the Bill is to substitute in paragraph 5(b) a reference to section 6(i) for a reference to section 6(h). A parallel reading of both texts as amended shows that the provision is clear and well-drafted in each of the official languages.

Hon. Arthur Tremblay: I thank Senator Bosa for taking the time to obtain from the Department of Justice experts the answer to the question I asked yesterday. I must state that if we read the answer as prepared by those experts, we have still more difficulty understanding it than if one happens, as I did earlier by a stroke of luck, to sit next to one of them when he wrote the answer we just heard. He showed me the actual context of the English and French wordings of the Bill now proposed to be amended. Indeed, without going any further, with regard to the matter of linguistic compliance as between the two texts I must say that as to substance both texts are accurate. As I said, the accuracy of both texts has to be appreciated within the whole context. In any case, I thank

Senator Bosa once more for these explanations and I am happy that in the circumstances it could be completed.

Senator Flynn: It is a good effort.

Senator Bosa: We learned our lesson well.

[*English*]

Honourable senators, yesterday evening Senator Marshall posed a question to me. It appears at page 5508 of yesterday's *Hansard* and reads as follows:

> I should also like to know what is the strength in numbers of the people who administer the Small Businesses Loans Act, the Fisheries Improvement Loans Act, the Farm Improvement Loans Act and the Federal Business Development Bank Act. Has any thought been given to combining these in this period of restraint and in our wish to economize?

In the first place, the Small Business Development Bank is a crown corporation and does not come under the other three loans acts.

Secondly, I doubt whether Senator Marshall's colleagues would support the combining of these three acts because each has a specific purpose and addresses the particular needs of the people to whom it is directed. For instance, farmers' needs are different from those of owners of small businesses and those of fishermen. I am sure that farmers would not want to be caught in the same net as the fishermen on the east or west coast.

Hon. Royce Frith (Deputy Leader of the Government): "Caught in the same net"!

Senator Bosa: I am sure fishermen would not want to have their needs expressed in terms of land and equipment. Furthermore, if we were to combine the three acts, it would lead to some confusion. The bill would have to be called an "omnibus" bill, and we know what happened recently to an omnibus bill in the other place—it caused the bells to ring for an unprecedented length of time. I do not think it a good idea to combine the three acts.

As far as the economizing aspect of this matter is concerned, the entire administration of the three acts requires only 14 positions in the various departments which administer this program. One thing that these acts have in common is that the reporting forms are designed for use for all three acts.

I hope this answers the question raised by Senator Marshall.

Hon. Jack Marshall: Honourable senators, I am not sure it is proper procedure to ask a supplementary question, but I would point out that I cannot accept that answer. When one goes to a bank manager and asks for a loan, he does not inquire what you do for a living and then send you to someone else. The criteria are the same here: you are asking for so much money to carry out a particular program in which you are interested.

● (1550)

However, there is not much that we can accomplish here. I simply say that I do not accept the answer and I shall bring up the matter at another time.

Motion agreed to and bill read third time and passed.

[*Translation*]

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-141, to amend the Canadian Human Rights Act, and to amend certain other Acts in consequence thereof.

He said: By way of an introduction, honourable senators, I should like to quote part of Paragraph 2(a) of the Canadian Human Rights Act which reads:

> (a) every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society—

This simple phrase embodies one of the basic tenets of the Canadian society. It is to give effect to this principle that Parliament assented to the Canadian Human Rights Act on July 14, 1977.

It prohibited under this legislation, in matters of employment or in the provision of goods, services, facilities or accommodation, any discrimination based on race, national or ethnic origin, colour, religion, age, sex, family status or conviction for an offence for which a pardon has been granted. Discrimination based on a physical handicap in matters related to employment is also prohibited. The sections of the Canadian Human Rights Act dealing with discriminatory practices and the necessary corrective action came into force on March 1, 1978. For over five years now, this legislation has provided Canadians with excellent protection. In spite of the wide protection thus provided, the experience acquired over that period by the Canadian Human Rights Commission has demonstrated a need for some improvement. That is the reason why the government has introduced Bill C-141. The principal, although not the sole, beneficiaries of these amendments will be the disabled and women. In 1979, 11.6 per cent of the population, that is some 2.7 million individuals were suffering from some kind of mental or physical disability. Of those, about 700,000 were seriously or totally disabled. These individuals are often the victims of discrimination.

This deplorable situation was remedied at the federal level when Parliament enacted the Canadian Human Rights Act. However, the protection given under this Act is restricted since it only prohibits discrimination on the ground of physical handicap, and only in matters related to employment. In addition, it also states that where the disadvantage to the handicapped is caused by the premises or the facilities of an employer being inaccessible to him or her, no remedial measures can be ordered. The sufficiency of this protection has properly been questioned.

The Canadian Human Rights Commission in its annual report noted the need to increase the protection afforded to the disabled while at the same time protecting employers and persons providing goods, services, facilities or accommodation against undue hardships.

Being conscious of the needs of the handicapped, the Government in the Speech from the Throne of April 1980, promised the disabled increased protection provided under the Canadian Human Rights Act. In order to ascertain their needs in this and other respects, it set up the special committee on the disabled and the handicapped.

In its October 30, 1980, and February 16, 1981, reports, that committee recommended that discrimination on the basis of mental and physical disability be prohibited under the Canadian Human Rights Act to the same extent as proposed by the Canadian Human Rights Commission. This resulted from recommendations made by both agencies, i.e. the Committee and the Commission.

The government agrees with that recommendation. Both the physically and mentally disabled must be protected against discrimination. Indeed society has certain obligations towards its members. Among other things, it should provide the opportunity to enjoy without discrimination the economic, social and cultural benefits it provides. This obligation extends to people with physical and mental handicaps, meaning that those people should not only be allowed to obtain and keep a job but that they should also take part in worthwhile, productive and recreational activities. It also means that the handicapped should be protected against discrimination.

● (1600)

In support of that statement, I take the liberty of quoting three excerpts from submissions made to the Special Committee on the Disabled and the Handicapped. Referring to the needs of the handicapped, the Action League for Physically Handicapped of Kitchener-Waterloo, states:

> We do not want charity, favours or special privileges; we are only asking for the same basic freedoms and rights enjoyed by others. We want to be treated as ordinary human beings and be able to work in society to the extent of our capabilities without being restricted by needless constraints. We have the same needs and the same aspirations as anybody else: be independent, live in dignity and self-respect, be active and responsible members of society, and enjoy the same basic freedoms, responsibilities and rights as all other Canadian citizens.

Vancouver's People First group holds similar views:

> We want to live like the others and play a role in society. Why do we always have to prove that we do have a role to play in society, whereas normal people do not even feel the need to ask that question? We are on earth for one reason or another; should we not be treated as equal beings? Are we, now? I do not think so. We are laughed at, people poke fun at us or, worse still, they pity us without really being interested in our lot, and that is not what we want. We want to do our share in society.

Here is what the Canadian Association of the Mentally Retarded has to say:

> In our technological society, it is to be feared that more importance will be given to material progress than to human dignity and potential.

[Senator Frith.]

Bill C-141 would give effect to the recommendations of the special committee and of the Canadian Human Rights Commission. As amended by the bill, the Canadian Human Rights Act would provide for full protection against discrimination in relation to the provision of goods, services, facilities or accommodation. Disability would be defined as a previous or existing mental or physical disability, including disfigurement and previous or existing dependence on alcohol or drugs.

The protection offered to the handicapped under the amendments which the government wants to make to the Canadian Human Rights Act is not absolute. It is subject to certain restrictions whose primary purpose is to guarantee that the act will be applied in all fairness.

As for the employment, the bona fide professional reasons section which is now in the Canadian Human Rights Act will continue to apply with respect to discrimination based on deficiencies in the same manner as it applies to any other form of illegal discrimination.

When it comes to the provision of goods and services, the bill provides protection similar to that which is guaranteed under the bona fide occupational requirements clause: distinctions between individuals will be allowed if it can be shown that a differentiation based on illicit distinction, including deficiencies, is justified.

Human rights tribunals, once a finding of discrimination based on deficiency has been made, would be able to make remedial orders with respect to the disabled as they can now in cases of discrimination based on other illicit distinctions. They will be empowered to award punitive damages, not exceeding $5,000, if the discrimination is deliberate, reckless or causes undue distress to the victim. However, in cases where remedying discrimination would involve changes to premises or facilities of the discriminating party operations, tribunals will only be able to make such orders for such changes if this will not impose undue financial or commercial hardship on the owner of the premises. If the mandatory order for changing premises would involve undue hardship, then the tribunal can make only recommendations.

The provisions concerning protection against discrimination based on disability will come into force once they are proclaimed. However, in order to give employers and purveyors of goods and services the opportunity to take the necessary steps to comply with the provisions of Bill C-141, the powers granted to human rights tribunals to issue enforceable orders, and consequently those of the Commission to reach settlements, will be restricted. Their ability to issue orders concerning the enforcement of the legislation now protecting the physically disabled will not be altered. On the other hand, while they may investigate complaints made in areas to which the jurisdiction of the Commission has been extended, until April 17, 1985, when Clause 15 of the Canadian Charter of Rights will come into force, their recommendations will not be compulsory. On that date, the restriction on the order-making power will be removed. Subject to the provision on undue hardship, any individual found guilty of discrimination based

on disability will be dealt with as any other individual found guilty of discrimination.

Considering the extent of their obligations under Bill C-141, we believe that exclusive reliance on the complaint system should be avoided. Means should be found to inform owners of premises, facilities and accommodations of the extent of their obligations under the Human Rights Act and to encourage them to take the necessary steps to that effect. Accordingly, provision is made in the bill for adaptation plans and accessibility standards. Employers and purveyors of goods, services, facilities or accommodation will be able to submit voluntarily to the Canadian Human Rights Commission for approval plans governing the adaptation of their premises, facilities, equipment or operations. Such plans will be approved by the Commission only if they meet the needs of the disabled. If they are approved and complied with no complaint can be made in respect to matters dealt with in these plans. However, if such plans are not complied with or if the situation changes, the Commission may revoke its approval. In addition, the Governor in Council, after consultation with interested parties, including the disabled and the Canadian Human Rights Commission, by regulation, could establish standards for the provision of access for the disabled to premises, facilities or accommodation. Compliance with these standards will afford protection against complaints in respect to the matters they cover. Again, this could provide more certainty for employers and purveyors of services as to what is required.

In addition to these amendments, the Government also proposes other substantial modifications to the Canadian Human Rights Act. In particular, the Bill proposes another amendment which forbids discrimination on the basis of pregnancy or because of childbirth. Women have often been the victims of discrimination on the basis of pregnancy. When Parliament prohibited discrimination on the grounds of sex in the Canadian Human Rights Act, it was thought this prohibition included pregnancy and childbirth. In *Treasury Board vs. Tellier-Cohen*, 1982, a human rights appeal tribunal held this was the case. Nevertheless, the possibility remains the courts might decide otherwise. In *Bliss vs. Attorney General of Canada*, 1978, the Supreme Court of Canada held that under the Canadian Bill of Rights discrimination on the basis of sex did not preclude discrimination on the ground of pregnancy or childbirth.

In order to remove any doubt, the government is asking Parliament to indicate clearly that the Canadian Human Rights Act does not allow discrimination on the basis of pregnancy and childbirth. This will ensure that women, like men, will be treated simply on the basis of their ability or inability to work. They will not be fired or refused employment merely because they are pregnant or have borne a child.

Hon. Jacques Flynn (Leader of the Opposition): There is not really that much difference!

Senator Frith: An employer may wish to provide special benefits to expectant mothers or to new parents. To avoid frivolous complaints, the bill expressly provides that it is not a discriminatory practice for him to grant a female employee special leave or benefits in connection with pregnancy or childbirth, or to grant any employees, whether mothers or fathers, leave or benefits to assist them in the care of their children.

Another amendment concerns harassment, which is a third issue. This type of conduct, be it based on ethnic origin, race, religion, sex or some other prohibited ground of discrimination, is no less an affront to human dignity than the traditional type of discrimination. It is as repressive, and as such, as socially unacceptable. In addition to its negative social connotations, harassment—particularly racial, religious and sexual harassment—has negative impacts on the employment aspirations of affected workers; and as a result, it affects their productivity.

Harassment, and particularly sexual harassment, is unfortunately widespread. The Canadian Human Rights Commission has already used the Canadian Human Rights Act to protect individuals against such conduct. Nevertheless, in this respect, the act has not proven as effective a remedy as it was hoped. Since harassment is not expressly forbidden, too few individuals are aware of the protection they may enjoy under the act. Further, there is always the risk that our courts will decide it does not prohibit harassment.

This Bill would also prohibit harassment on the prohibited ground of discrimination in matters related to employment and in the provision of goods, services, facilities or accommodation. In addition, because of the important role played by women in the labour market, we thought it useful to prohibit sexual harassment expressly.

Senator Flynn: For men also, I imagine?

Senator Frith: I imagine so; it says "sexual harassment".

Senator Flynn: Because there can also be harassment on the part of women.

Senator Frith: Well, that is another reason, for there are other reasons; I suppose men have the same rights. One of the reasons is the need to realize the important parts men and women play on the labour market. By expressly prohibiting harassment, Parliament wants to inform potential victims that a recourse does exist.

Moreover, it wants to encourage employers to take steps to end harassment, especially when the men or women who are the victims are different because of their race, religion, handicap, colour or national or ethnic origin.

Finally, the government is taking steps to ensure uniformity between the English and French versions of the clauses which deal with marital status and family status.

In the current legislation, the English version prohibits discrimination based on "marital status", while the French version prohibits that based on "family status".

In order to make both versions indentical, it has been decided to ask Parliament to prohibit discrimination based on both grounds. In addition to these changes, various other remedial modifications to the Human Rights Act are proposed. The most important is an express recognition of the

principle of vicarious liability, which is one of the underlying bases of the Act. When the Act was enacted, this principle was not expressly incorporated. It was believed that the statute gave effect to it by implication. The decision of the British Columbia Court of Appeal in *Nelson vs. Byron Price and Associates* in 1981 has cast doubts on this interpretation. In that case the court held that an employer could not be liable for the acts of his servants under the *Human Rights Code of British Columbia*, because that code, neither expressly nor impliedly recognized the principle of vicarious liability. Since the general scheme of the code and of the Canadian Human Rights Act are nearly identical, the Government considers it necessary to resolve any doubt arising from the *Nelson* decision. Failure to do so might result in a grievous weakening of the act's effectiveness. Other remedial amendments would ensure:

● (1610)

—that employee organizations do not discriminate against non-members to whom they must provide under the terms of a collective agreement certain services;

—that the act applies to employer's organizations; that complaints could be initiated against discriminatory policies or practices of employers, even if a victim has not come forth;

—that the Canadian Human Rights Commission could appoint a chairman of a three-member human rights tribunal; and that the Human Rights Act would not be applicable to territorial government employees so that these governments may develop their own anti-discrimination laws.

Further, certain changes reconciling the French version of the Human Rights Act with its English counterpart are also proposed.

Finally, a series of correlative changes will be made by this Bill to the Public Service Employment Act and the Unemployment Insurance Act, 1971, in order to ensure that various modifications made to the Human Rights Act by the present bill are reflected in these acts. The most important of these amendments relates to the Public Service Employment Act. As amended here, that act would expressly provide that the Public Service Commission will not be able to adopt selection standards which make discrimination prohibited in the Human Rights Act unless there exists a bona fide occupational requirement for such a distinction.

I should also indicate to this House at this point that the Government is contemplating during the forthcoming session further legislation in respect of national security which will have a bearing on the operation of the Canadian Human Rights Act. Currently, national security could be relevant to the handling of complaints under the Human Rights Act where, for instance, a person has been refused employment or perhaps some advancement in the public service in respect of positions requiring security clearance and he or she feels that the decision was discriminatory, related to one of the prohibited grounds of discrimination such as race, national or ethnic origin, colour, etc. In such cases, the Government department or agency against which the complaint is filed might consider it inappropriate to bring before a human rights tribunal facts dealing with national security. This could weaken the Government's case. Even if the latter made a case with implications for national security, such a tribunal would be put in the position of judging the security risk in the course of determining whether the employment decision had been taken on the basis of the bona fide occupational requirement. At the same time, it is generally recognized that the procedures for security clearance refusals are less than satisfactory. It is therefore the intention of the Solicitor General to introduce national security legislation in the next session which will, among other things, establish new and fairer procedures for the making and independent reviewing of such decisions. This will in effect modify the powers of the Human Rights Commission and human rights tribunals in respect of complaints with the implications for national security. It is our view that by establishing these new procedures the interests both of the individual and of the public will be better protected than under existing arrangements. While Parliament will of course have the opportunity to study and debate that proposal when it is brought forward, I merely wish to indicate now that this Bill is not exhaustive of the Government's present plans in this field. In closing, honourable senators, I invite this House to support the proposed amendments to the Human Rights Act, in order that we may lose no time in making available to the disabled, to women, and to others who will benefit under it the great advance which it represents for social justice in Canada.

● (1620)

Hon. Arthur Tremblay: Honourable senators, I feel that the applause that followed Senator Frith's speech certainly expressed our immediate reaction to the cordial and persuasive manner in which the Deputy Leader of the Government urged us to support the Bill before the Senate today, and thus to support a very noble cause, that of the handicapped, women and all those who will benefit in some way from this legislation. In other words, he urged us to side with the angels.

Senator Flynn: With motherhood!

Senator Tremblay: We intend to support this Bill. Obviously, after such admirable explanations such as the fact that pregnancy or childbirth shall be deemed to be on the ground of sex, or something like that—I think that is what it says in one of the clauses—we cannot refuse to support this Bill. That being said, it is clear that at this stage, what we must discuss are the principles involved. These principles were carefully explained by the honourable senator. Briefly, there are three main aspects to be considered. Certain provisions of the present Canadian Human Rights act are being extended to other groups, including those suffering from other than physical handicaps. From now on, a handicapped person will no longer be only someone who is physically disabled but also as defined in Clause 1.

In any case, we have all understood what Senator Frith told us, namely, that all kinds of handicaps are now covered by the definition. One could also say that the number of groups

concerned by the legislation has also been extended. Women are also included as a group. There has also been a broadening of the nature of the grounds on which discrimination takes place.

Until now, the physically handicapped were protected from any potential discrimination with respect to employment. This principle has now been considerably expanded to include what I would call access to services or the development of new services to minimize inconvenience to the handicapped. Discrimination as an act has been redefined.

Essentially, to discriminate is to make a distinction with the treatment of two individuals or groups of individuals. From now on, this legislation will include a new form of discriminatory practice, namely, harassment. But what is harassment? What makes it harassment? This bill does not say and Senator Frith's explanations were not very clear on that point. I suppose that the courts will define in due course what harassment is.

Which brings me to another point on which Senator Frith did not particularly elaborate, namely, the part the Commission will play in the areas of jurisprudence and interpretation. I noticed for instance a clause which amends Section 14 of the current legislation.

Senator Frith: Which clause do you mean?

Senator Tremblay: Clause 7 on page 4 of this bill, which repeals Section 14 of the current legislation and substitutes thereof a new Section 13.1 and a new Section 14. There are several paragraphs in this clause, including Paragraph (1)(*e*) which reads:

> (*e*) an individual is discriminated against on a prohibited ground of discrimination in a manner that is prescribed by guidelines issued by the Canadian Human Rights Commission pursuant to subsection 22(2) to be reasonable;

Under the general heading, this is not a discriminatory practice.

I have not had the time to check whether there is anything similar in the current legislation, but in any case, reading this in a certain way could virtually mean that an apparently discriminatory action would cease to be discriminatory if the Commission deemed such action reasonable. In view of the concrete and practical effects of all the statutes involved, this seems to me, and others will correct me if I am wrong, to give considerable powers to the Commission. While we agree on the principles we are now discussing, it would perhaps be useful on this point and many others if the manner in which the principles behind the Bill are reflected in the wording of its various clauses were to be examined in committee as briefly but as carefully as possible.

I must confess that, for my part, to put my mind at rest, I would like to have an opportunity to hear the Minister or someone else reply to certain questions about the relationship between the theoretical intentions and the way the principles are reflected in the wording of each clause because, when faced with this type of Bill which amends a whole series of sections in an existing statute, we have to look very closely to determine exactly how the amendments reflect the underlying principles. We have no objection to these principles and I personally believe that they are valid, but it seems to me that the committee could more closely examine the relationship between the purpose of the Bill and the way this purpose is reflected in the wording itself.

Senator Flynn: Could Senator Frith tell me what brought about the provisions in paragraph (f) of the new Section 14, to which Senator Tremblay was referring? The Bill states that it is not discriminatory for an employer to grant a female employee special leave or benefits in connection with pregnancy or childbirth or to grant employees special leave or benefits to assist them in the care of their children. Who could make a complaint? Someone who cannot give birth or who does not have any children?

Senator Frith: I see what you mean but the trouble starts when rights are the issue and we are sensitive to the issue—I suppose it could be the fact that the Act is encouraging the employer to grant leave or some special treatment because of pregnancy or childbirth. I might call that discriminatory, because I cannot have that special treatment.

Senator Tremblay: Yes, we should ask for equivalent treatment.

Senator Frith: Yes, I suppose the thought could cross one's mind: Can I be pregnant?

In any case it raises the question whether we can really justify such provisions. They can be justified as a means to eliminate discrimination. This is an example of the point raised by Senator Tremblay. We can start with principles and finally end up a long way from the principles that were initially the basis for the legislation. However, I believe that is exactly what we are trying to do, and we could put the same question to the Minister tomorrow in committee. I therefore move that this Bill be read the second time.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83 (NO. 3)
BORROWING AUTHORITY BILL, 1983-84

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-143, to provide supplementary borrowing authority.

Bill read first time.

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved the second reading of Bill C-143, to provide supplementary borrowing authority.

He said: Honourable senators, section 37 of the Financial Administration Act stipulates that statutory borrowing authority must be obtained from Parliament. Bill C-143 seeks $5 billion of supplementary borrowing authority for 1982-83 and $14 billion interim authority for 1983-84 in order for the government to continue with its regular debt program and to raise new funds to meets its financial requirements.

Honourable senators, I ask you to consider the bill by dealing with three subjects: First, the borrowing authority granted to date; second, the authority now asked for and why—in other words, the provisions of the bill; and, third, the use of the authority and the outstanding debt.

First of all, the authority to date. So far during this fiscal year the government has obtained parliamentary approval for a total of $21.1 billion of borrowing authority. That is made up as follows: $3.5 billion of unused borrowing authority carried forward from earlier years; $6.6 billion for 1982-83, provided by Bill C-11; $7 billion provided by Bill C-125; and a further $4 billion provided by Bill C-128. That totals $21.1 billion.

That $21.1 billion of borrowing authority already granted for 1982-83 is smaller than the $22.2 billion financial requirements forecast in October.

As the Minister of Finance announced in the House on February 17, the financial requirements for 1982-83 are now estimated to be $26.1 billion. Honourable senators should remember that this bill is asking for borrowing authority in two branches, $5.5 billion for 1982-83 and $14 billion interim for 1983-84. The $21.1 billion, plus the $5 billion, totals $26.1 billion, which I just mentioned.

At that time the minister pointed out that the upward revision to the financial requirements since October reflected a downward adjustment of $2.5 billion to the revenue forecast, an upward revision of $1.2 billion to projected total outlays, and a $0.2 billion change to estimated non-budgetary transactions. So there is a projected budgetary deficit for 1982-83 of $27.2 billion, up from $23.6 billion at the time of the October statement.

In view of the increase in the financial requirements for 1982-83, Part I, clause 2(1) of this bill seeks additional borrowing authority for this fiscal year, as I mentioned, of $5 billion. That amount of borrowing authority, in addition to the amounts already available for this fiscal year—to which I referred under the first branch of my intervention—will result in total authorized borrowing authority for 1982-83 equal to the financial requirements for 1982-83.

Clause 2(2) provides for $2 billion of non-lapsing authority to be carried forward for use in the fiscal year 1983-84. The need for non-lapsing authority arises from the indefinite date of passage of the bill at the time it is introduced. Given this uncertainty, some of the present year's financial requirements may have to be met by a rundown in cash balances. Therefore, to rebuild the cash balances, the non-lapsing portion of the authority provided in the bill would allow for some of the borrowing scheduled for this fiscal year to be undertaken after March 31, 1983.

Next is clause 2(3), referring to the ability of the government to borrow and repay loans in foreign currencies. That has been included in the last five borrowing authority acts. I think I have introduced all five of them, and in each case I have had to say that over the years Canada has borrowed and repaid funds in a number of currencies. In recent years, however, this clause has been added to confirm Canada's right to borrow in foreign currencies.

Bill C-96 received first reading in the House of Commons on March 18, 1982, which is more than a year ago. It proposes several amendments to the Financial Administration Act, including an amendment clarifying the government's ability to borrow and repay in foreign currencies. Obviously, once that amendment has been passed there will no longer be a need to include this clause in borrowing authority bills.

Hon. Henry D. Hicks: Is it not clause 2(4)?

Hon. Duff Roblin (Deputy Leader of the Opposition): The deputy leader is looking at a different bill from the one I have.

Senator Hicks: The clause to which my honourable friend refers is clause 2(4).

Senator Roblin: That is correct. You have an amendment there that you have not discussed.

Senator Frith: It is Part II and the clause ought to be—

Senator Hicks: It is clause 2(4) for Part I, and clause 4(3) for Part II.

Senator Frith: That is correct.

Hon. Jacques Flynn (Leader of the Opposition): You stand corrected.

Senator Frith: I stand corrected. Part II, clause 4(1) requests interim borrowing authority. The clause that will no longer be necessary after passage, if it receives passage, of Bill C-96, to amend the Financial Administration Act, is clause 2(4), not clause 2(3), as I believe I said.

Senator Roblin: You have it right now, have you?

Senator Frith: I think so. I should ask you to confirm that clause 2(4) refers to the ability of the government to borrow, and the repay provision is in clause 4(3).

Senator Hicks: No.

Senator Frith: It reads:

> For greater certainty, any amount borrowed under this clause may be borrowed in a currency other than that of Canada and may be repaid in the currency in which it was borrowed.

Senator Hicks: They both say that, but they refer to different borrowings; that is all.

Senator Frith: That is right. The first part deals with—

Senator Roblin: You had better start again.

Senator Frith: I do not think that is necessary. The first part of the bill refers to borrowing authority for 1982-83. Part II refers to the interim borrowing and, in both cases, the currency provision will no longer be necessary when amendments to the Financial Administration Act are passed. The money may be borrowed and it may be repaid. Part I, as I said, deals with the amount borrowed for 1982-83, and Part II deals with interim borrowing, and that is the $14 billion.

Senator Flynn: I do not like the word "interim." Does it mean that you are going to ask for more money again?

Senator Frith: Probably.

Senator Roblin: Undoubtedly.

Senator Frith: Undoubtedly. Pick your adverb.

Senator Flynn: The word "interim" is not in the bill.

● (2010)

Senator Roblin: It scares us all.

Senator Frith: That is something to be raised in the debate. It is interim in the sense that it is not meant to be a final borrowing for 1983-84.

Senator Flynn: Frightening.

Senator Frith: Part II, clause 4(1), requests an interim borrowing authority of $14 billion for fiscal 1983-84. It is a request for interim borrowing authority for 1983-84 at this time in order to permit the government to continue with an orderly debt program.

The interim authority will also allow adequate time for Parliament to consider a new borrowing bill based on the financial requirements for all of 1983-84 which will be set out in the forthcoming budget. Although it is too early at this stage to forecast what the financial requirements for fiscal 1983-84 will be—

Senator Roblin: Take a guess.

Senator Frith: —I note that, on February 22 the President of the Treasury Board provided Parliament with detailed expenditure estimates for 1983-84. In the estimates, the government set out a total spending target of $88.9 billion for fiscal 1983-84. That represents an increase of $9.6 billion relative to total outlays in the current fiscal year.

Hon. Lowell Murray: What is the increase over the main estimates?

Senator Frith: I have some background material, and I can answer the honourable senator's question later during his intervention.

Clause 4(2)—honourable senators will notice that I am verifying the numbers—cancelled any portion of the $14 billion borrowing authority being requested for 1983 that remains outstanding on March 31, 1984.

Clause 4(3) again refers to the ability of the government to borrow and repay loans in foreign currency and has the same effect as clause 2(4).

Senator Flynn: Bravo.

Hon. H. A. Olson (Leader of the Government): He was right the other time, too.

Senator Frith: I appreciate the constructive criticism and the helpful monitoring of the numbers that I am receiving both from my colleague, Senator Hicks, and from my encouraging colleagues opposite.

Finally, clause 5 states that the $14 billion of interim borrowing authority granted in Part II will come into force on April 1, 1983.

The third subject is the use of the borrowing authority to date and the outstanding debt. I refer to the government's debt program to date in the current fiscal year and the amount of borrowing authority that has been used to date. As of now, virtually all of the $21.1 billion borrowing authority has been used.

The use of borrowing authority is made up of $0.9 billion as a result of foreign borrowings and $20.2 billion as a result of the domestic debt program.

Senator Hicks: How much was the one you just quoted?

Senator Frith: $20.2 billion as a result of the domestic debt program and $0.9 billion in foreign borrowings. The $0.9 billion of foreign borrowings is made up of $750 million borrowed in the Eurobond market last June, and a partial redemption of a Deutschmark maturity earlier this year.

The domestic debt program comprises approximately $7.3 billion raised through the issue of treasury bills; $4.9 billion through the net issue of marketable bonds; and, after accounting for net redemptions, $8 billion through Canada Savings Bonds.

To repeat those figures, of the $21.1 billion, $0.9 billion was for foreign borrowings and $20.2 billion were for domestic borrowings.

The amount of foreign borrowings is split between $750 million in Eurobonds and $150 million in the deutschmark redemption. The amount of domestic borrowings is made up $7.3 billion in treasury bills, $4.9 billion in the net issue of marketable bonds, and, after accounting for net redemptions, $8 billion in Canada Savings Bonds.

The last subject, honourable senators, is the level of Canada's outstanding debt. On February 23, 1983, the Government of Canada's outstanding net debt in Canadian dollars totalled $108 billion, an increase of $20.2 billion in the fiscal year. That amount is made up as follows: 24.6 per cent in treasury bills, 44.7 per cent in marketable bonds and 30.7 per cent in Canada Savings Bonds.

Honourable senators, those are the details that I promised to furnish. Should honourable senators wish to ask any further questions, I have some additional material at my disposal that may help in answering them. I ask honourable senators to support second reading of the bill.

Hon. Lowell Murray: Honourable senators, about midway through the deputy leader's speech, there was an interesting exchange between him and the Leader of the Opposition concerning just what is meant by the term "interim" when referring to interim borrowing authority for the new fiscal year beginning April 1. The Deputy Leader of the Government indicated that what is meant is that this is not the final borrowing authority to be sought for the new fiscal year.

Indeed, Mr. Lalonde, the Minister of Finance, made the meaning of the word "interim" very clear when he testified before the standing committee of the other place in respect of this bill. Mr. Lalonde said that he would be back by the end of June with another borrowing bill of an undisclosed amount. In other words, we are being asked to grant the authority to borrow $14 billion for the year 1983-84 to tide Mr. Lalonde over the next few months until the end of June, at the very latest. Mr. Lalonde does not know—and if he does know, he will not say—how much more the government will be seeking to borrow in the new fiscal year. The fact that we are being left in the dark on that question is one of our most serious objections to this bill, or at least to Part II of it.

The Deputy Leader of the Government did not dwell on the interim nature of the borrowing authority being sought for 1983-84, nor did he dwell on the fact that this is the largest borrowing bill in Canadian history. It is a new record, honourable senators, set by the Trudeau government.

One can well understand the deputy leader's reluctance to mention this new record. As a spokesman for the government, I suppose that he is becoming rather blasé about the many records that have been set by this government.

Senator Frith: Yes, I never mention the success of the six-and-five program.

Senator Flynn: An accident!

Senator Murray: I dealt with that on a previous occasion. I trust that I will have an opportunity to deal with it again.

Under this government, inflation went to new highs. Unemployment has reached a record high—over 12 per cent.

Senator Flynn: The same applies to bankruptcies.

Senator Murray: There are almost 1.6 million Canadians out of work. Interest rates went to record highs under this government, and the economic decline in Canada in 1982 was worse than that of any other of the 24 countries measured by the Organization for Economic Co-operation and Development. The present government has established all of these records, just as it has established the record borrowing bill before us tonight. The Deputy Leader of the Government, being blasé about the many new records established by this government, does not dwell on those facts.

[Senator Frith.]

• (2020)

The procedure being followed by the government in presenting this borrowing bill is a travesty of parliamentary practice and tradition. It makes a mockery of the principle of government accountability to Parliament. As I mentioned, $14 billion of the total is for the new fiscal year beginning April 1, and yet we have had no budget for that fiscal year; there has been no forecast of the financial situation of the government; there is no idea of what the total borrowing of the government will be in the new fiscal year; and no forecast of the revenue picture.

As the Deputy Leader of the Government has pointed out, we do have expenditure forecasts. In the other place, February 22, the President of the Treasury Board presented the main estimates, showing that the total spending for 1983-84 would be $87.5 billion. That increase is 17.9 per cent over the main estimates tabled a year ago for the fiscal year now ending. Such is the success of the six-and-five restraint program undertaken by the present government, the six-and-five program of which the Deputy Leader of the Government is so proud.

Parliament is being told to pass this unprecedented borrowing bill without being given the information that any responsible legislature would insist on before even considering such a bill. The bill comes to us, need I add, from a government whose record on budgets, financial management and fiscal and economic policy over the past three years has been a series of disasters. It comes to us from a government whose public support over the past 18 months has declined to historically low levels.

I am not suggesting that Canada should be governed by public opinion polls, but I am suggesting that a government which has suffered such a devastating loss of credibility and public confidence over such a sustained period, should not be allowed to inflict this kind of damage on Parliament and the country. A government which has suffered such a complete loss of public credibility and public confidence should hesitate before coming to Parliament with such an irregular demand, and Parliament should be especially cautious about acquiescing in such a demand from a government in that unenviable position, in that low estate of public opinion.

On an occasion such as this it is hard to decide which gives the greater cause for alarm, whether it is the further erosion of Parliament's rights, or the damage to the nation's financial health and future security done by this government. There is some cause and effect at work. A government that is respectful of Parliament, and of Parliament's rights, would not act in this way, and a Parliament that had a conscientious majority would exercise, as Parliament was intended to do, some restraint on the government. Over time one hopes and expects that a new government will help rebuild parliamentary democracy in this country; but it will take a much longer time to restore or regain the financial health of the country and to restore confidence in our economy.

The Deputy Leader of the Government has put our net debt at approximately $108 billion. I have seen what I believe to be a more recent figure from a government source—given, I

believe, to the standing committee of the other place—putting the figure at $122 billion. Whether it is $108 billion or $122 billion, it was approximately $16 billion in March of 1968, and a couple of years ago the Auditor General expressed the view that that net debt is understated by $14.5 billion.

The interest on the debt in the fiscal year now ending is about $17.3 billion. It will be $18.6 billion in 1983-84. That is 4.8 per cent of our gross national product. It was 2 per cent when Mr. Trudeau took office.

In 1968-69 one tax dollar in nine was needed to service the debt. Today one tax dollar in three is needed to service the debt. Putting it another way, that is 21.7 per cent of all government expenditures. In 1968-69 the deficit was the equivalent of four per cent of total spending. Today it is 34 per cent of total spending.

One of the gravest consequences of this to our economy has been the loss of flexibility that this fiscal irresponsibility has caused. The government has almost no room to manoeuvre, to operate in a countercyclical fashion when necessary. What a legacy! What a mess the new government is going to inherit; and the longer this government is in office, the longer it will take for a new government to restore stability and confidence.

The government had hoped that oil taxes would send its revenues soaring and cover its economic and fiscal mistakes. Unfortunately, for the government—and, I suppose, for the public finances of the country—it did not turn out that way. The government had hoped that economic growth might help reverse the growing gap between revenues and expenditures. Instead it has been obliged four times to revise its revenue projections for the current fiscal year and to revise its revenue revenue projections always downwards. In November 1981 they forecast revenues for the current fiscal year at $64.9 billion. In June 1982 they revised the figure downwards to $58.5 billion. In October 1982 they lowered their expectations to $55.6 billion, and in February 1983, a couple of weeks ago, they estimated the revenues for the current fiscal year at $53.2 billion. That is more than $11 billion less than the original forecast of revenues made by this government. How can a government be so wrong? How can a government be so mistaken about economic trends and about the implications of those trends on the budgetary position?

Our economic growth last year declined by almost 5 per cent, according to the Minister of Finance. It has fallen by 7.5 per cent since the second quarter of 1981. The best projections for 1983 are that real economic growth will be considerably less than 2 per cent. The forecast is for weak recovery, feeble growth and continually rising unemployment, rising from its present level of 12 per cent—almost 1.6 million Canadians out of work. The standard of living of Canadians, by whatever measure you want to take, has declined significantly during this recession. GNP per capita and personal disposable income per capita are down in 1982 over 1981. Statistics Canada surveys expect that capital investment in 1983 will fall by 3.2 per cent, and this following a decline of 5.6 per cent in 1982. These declines in capital investment represent a loss to the Canadian economy of $6.9 billion over two years. It is little wonder that the OECD measurement indicates that Canada's economic decline in 1982 was the worst of any of the 24 members of the OECD, and little wonder that a recent edition of a respected London magazine, *The Economist*, portrayed economic conditions in this country under the heading "Canada Self-made Slump".

● (2030)

So we have an unprecedented borrowing bill coming from a government that has no credibility left. Within its present mandate, since its re-election in 1980, it has brought down four budgets or quasi-budgets. The first was a device to present the so-called National Energy Program. Of course, since that time there has been an update on the National Energy Program and the whole thing has proven to be an unmitigated disaster.

In November 1981 Mr. MacEachen brought in a budget, and never in the history of this country has a budget collapsed so quickly or failed so disastrously. Subsequent budgets or financial statements by Mr. MacEachen in June 1982 and by Mr. Lalonde in October 1982 have tried to undo the damage. Parliament is still trying to undo the damage caused by the initial MacEachen budget in November 1981. The forecasts of this government have been wildly inaccurate on economic growth, on inflation, on unemployment, on their revenue position, on spending, on the deficit, and yet they come to Parliament and ask for authority to borrow $14 billion for the next year without even presenting a budget, without giving us a financial forecast to show what the total borrowing program will be or how it will fit into a fiscal plan, without telling us how the borrowing program might affect borrowing by the private sector or by the provinces.

Honourable senators, this kind of financial management further undermines the confidence of the private sector in our government, and our acquiescence in it confirms the view of many who see Parliament as impotent and irrelevant. As I understand it, this bill will go to committee. The very least we should do is tell Mr. Lalonde that Part II, which seeks authorization for $14 billion interim borrowing to tide him over until June, will not pass until he has presented a budget or a financial statement giving us the essential information that prudent and responsible parliamentarians need and must have before voting on such a measure.

Hon. Orville H. Phillips: Honourable senators, this time last week I had the pleasure of attending a very pleasant dinner in this building. Much to my surprise, I found the Deputy Leader of the Government moonlighting as a guitarist and folk singer at that dinner. I have no comment on his performance that evening, except to say that it was far more melodious and harmonious than this evening's performance. The fiddle that he used this evening was badly out of tune and the beat could be described as anything but an up beat.

The bill before us this evening is unprecedented in its magnitude, unprecedented in its attitude and unprecedented in its latitude. It is, as Senator Murray said, the largest borrowing authority in our history. The attitude of the government is

unprecedented, in that it kept warning Parliament that if it did not get the authority it would use the Financial Administration Act. The bill is also unprecedented in its latitude in that the amount of borrowing authority being sought is sufficient for one year, with proper management.

Last year, the borrowing authority requested was $11 billion; the comparable bill this year is $19 billion. In his remarks in introducing the bill, Senator Frith smiled and mentioned six-and-five. I would like him to smile now and explain to me why six-and-five does not apply to the borrowing authority. A series of bills was referred to us recently in which six-and-five applies to salaries, to pensions, to old age security. Why doesn't six-and-five apply to the borrowing authority?

The Minister of Finance, before the committee in the other place, stated that the deficit was somewhat like an accordion; it could be stretched. Well, honourable senators, it cannot be stretched very much more in the upcoming year, because the Minister of Finance has already started out by forecasting a deficit of $30 billion for the next year; and that is just about the limit of the accordion.

The deficit has increased 250 per cent since the year 1981-82. Recently, a story in the Ottawa *Citizen* said that a combination of ministers of finance—in other words, Mr. MacEachen and Mr. Lalonde—missed the deficit forecast by 270 per cent. What the writer of that story forgot to mention was that these two gentlemen were right on target. It was a direct hit or, if you like, a bull's-eye as far as these two gentlemen are concerned.

The sponsor of the bill and Senator Murray have mentioned the national debt. This time last year we were saying that Prime Minister Trudeau wanted to leave the Constitution as his legacy. Honourable senators, the present Prime Minister will be cursed by future generations for the legacy that he is leaving us, and that is an increase of about $100 billion in our national debt. Honourable senators, the deficit is nothing more than a tax deferred, and future generations will have to pay that $100 billion that the current Prime Minister has added to our national debt.

● (2040)

The total Canadian debt is $250 billion. In that figure I include the responsibilities of crown corporations and what the federal government owes the various pension plans. It has used moneys in those plans. When we add all that together, it totals approximately $250 billion. Various economists have worked that out to be $10,000 per capita. To put it in a different perspective, one that I think illustrates the point better, when the Prime Minister took office the average mortgage was approximately $40,000, with a 20-year amortization period. That same mortgage is now almost amortized and that homeowner, with an average family of four, now must assume an additional payment of $40,000 of the national debt as a result of the tenure of the current Prime Minister.

We like to get perturbed about the foreign debt of countries such as Brazil and Mexico. Brazil, honourable senators, has a population of 123 million and a foreign debt of $89 billion.

[Senator Phillips.]

Mexico has a population of 82 million and a foreign debt of $82 billion. Canada has a population of 24.5 million and a foreign debt of $95 billion. While we are busy worrying about the foreign debt owed by countries such as Mexico and Brazil, we should pause for a moment to consider our own foreign debt. It is fine to say that we have resources, but Brazil has many of the same natural resources as we have. Unless the government changes its pattern, we will become a concern to the international financial community.

France, with a population of approximately 54 million, recently had to devalue its currency because it was facing a deficit of $17 billion. Canada, with a population of 24.5 million, is starting out with a deficit of $30 billion, and that will rise throughout the year. Expenditures and the deficit keep increasing.

Honourable senators, I believe the six-and-five program should apply to the expenditures and the deficit. Apparently, not only cabinet ministers within the Senate cannot work within the six-and-five guidelines, but the whole administration seems to have difficulty working within the six-and-five guidelines, and each day we see further signs that the six-and-five program is being discarded by the government.

Honourable senators, I do not wish to take too long, but I do want to mention the fact that in the economic mess we are currently in one would expect that our expenditures would be curtailed. Let us have a look at the estimates and the increases for various items. Under the item "Professional and Special Services," there is an expenditure of $2 billion for next year. That figure is largely made up of consultants' fees. We have consultants' reports filed all over the place. I think the total number of consultants' reports on file with the various departments is 4,000. Nobody knows what is in them except the person who was paid to do the consulting work. This is a sort of pattern, and I do not want to say it is all political patronage, because it is not. Patronage is divided into bureaucratic patronage and political patronage. I find that bureaucrats are handing out patronage just as well as politicians. Many senior civil servants take early retirement and arrange contracts before they leave their departments.

I was surprised to learn the other day that our Clerk will be retiring in two or three years—I thought it would be at least ten—but had he stayed with his department he could have retired, arranged contracts and made more money in the past few years than he has working full time. That is an item that should be checked.

I point out that consultants' fees account for approximately 7 per cent of our deficit, and that is not a small item, honourable senators.

Senator Murray mentioned the petroleum and gas revenue tax. I noticed that Senator Frith did not. The reduction of the oil price to $29 a barrel will cost the federal government approximately $4 billion in taxes. The forecast was for $11.5 billion; the reduction in oil prices will reduce that to approximately $7.4 billion, or a difference of approximately $4 billion. Not even this government or this Minister of Finance can turn

a blind eye on the loss of $4 billion. Perhaps when Senator Frith does his encore he will be kind enough to give us some more information on the petroleum and gas revenue tax.

I understand that the Canadian ownership charge is to be continued on a month-to-month basis. A decision is to be made at the end of each month regarding that. We are at the end of March, so could the deputy leader tell us if the Canadian ownership charge will be discontinued for next month, or, if not, for what purpose the funds will be used?

Senator Roblin: They can buy some more filling stations.

Senator Phillips: Yes, Imperial has a few service stations that Petro-Canada probably wants to buy.

The sponsor of the bill mentioned the estimates provided by the President of the Treasury Board, but I do not have a great deal of faith in those estimates because there are many items missing. There is nothing in the estimates for the Post Office deficit; there is nothing in the estimates for VIA Rail; there is nothing in the estimates for the Kirby report; and there is nothing in the estimates for the changes in the Crow rate. They are really just a sign post, and not a very good one at that, because they do not give a true indication of where we are going.

Senator Flynn: May I put a question to the sponsor of the bill?

Senator Frith: Certainly.

Senator Flynn: Clause 2(1) states:

> The Minister of Finance, with the approval of the Governor in Council, may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by any Act of Parliament—

Et cetera.

My understanding is that, as soon as authority has been given and the government has used the authority, it can re-use that authority indefinitely. In other words, once you have borrowed you can always borrow to repay that loan indefinitely—at least that is my understanding. I do not know why you use that formula.

● (2050)

Senator Frith: What clause are you talking about?

Senator Flynn: Clause 2(2), the authority used or unused. When the government has used any authority to borrow, it can borrow to repay indefinitely.

Senator Roblin: That is called rollover.

Senator Flynn: Yes. I am wondering why you make that difference between used authority and unused authority. After all, used authority is very simple to understand. What I cannot understand in a bill such as this is that we do not know what the amount of used authority is or the amount of unused authority.

Clause 2(2) is rather interesting because it says:

> The borrowing authority conferred by subsection (1) shall be reduced by any amount that is borrowed pursuant to section 39 of the Financial Administration Act after February 16, 1983—

What amount has been borrowed under clause 2(2) that will not be used under the authority of this bill? If you turn to clause 2(3) it states:

> All borrowing authority conferred by subsection (1) that remains unused and in respect of which no action has been taken by the Governor in Council pursuant to section 37 of the Financial Administration Act shall expire on March 31, 1983—

That is in two days time.

> —to the extent that the unused authority exceeds two billion dollars.

I should like to know exactly what that means.

What reduction, if any, is there, or has every authority been used under section 37 of the Financial Administration Act? It seems to us that the drafting of these bills is rather confusing. It is done in order to hide the total debt of the government and it is drafted in order to confuse Parliament. I think something should be done about that because it is difficult for anyone who is not familiar with the system—and I would say that represents about 80 per cent of the members of Parliament—to understand exactly what is meant by the wording in the whole of clause 2. I would appreciate it if the deputy leader could give us some explanation on the points I have raised.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, I draw attention to the fact that if the Honourable Senator Frith speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Frith: Honourable senators, I should like to deal first with Senator Murray's intervention. Just before the sitting commenced, he told me that he had prepared what he described as a non-partisan, mild intervention which he intended to deliver, if I remember his words correctly, "unless provoked". By attributing incorrect numbers to certain clauses perhaps I so enraged him as to cause him to throw away his mild, non-partisan intervention. If that is not the case, the mind reels as to what a partisan intervention would be like, if what we heard was a mild non-partisan one. In any event, Senator Murray underlined the fact that he felt the interim borrowing authority of $14 billion ought not to be proceeded with because insufficient detail was given as to what the borrowing required for 1983-84 would be. It seems to me that impliedly, if not expressly, he recognized that the amount that is going to be required for 1983-84 will turn on the budget which will have some prognostications as to 1983-84 and that, in turn, will be significantly affected by what happens to the economy in 1983-84 in terms of what the financial requirements will finally be for that year. That is why, when I made reference to the estimates that were tabled by the President of the Treasury Board, and which, as Senator Phillips said, are not complete, I said that that is the best information I could give because it is too early to predict what the requirements

will be since it is not known how the economy will be performing next year.

As to records, I have very little to say. If this is "Murray's Awards Night," we are not exactly playing to a packed house, but he pointed out that I did not dwell on what he considered, and what might be considered, a negative record set by the government. He would understand that I felt I could count on him to do that and that I could equally count on him not to refer to some of the records of this government that are of a more positive nature such as the effect of the six-and-five, and a dramatic drop in interest rates and a significant reflection in the inflation rate—

Senator Flynn: Unless you claim responsibility for the recession.

Senator Frith: —and the accomplishments of this government during the course of this session by achieving a great deal—probably more than ever before—in terms of legislative programs. However, as I said, in our system we count on the government supporters to refer to the positive side, and we are never disappointed in finding that the opposition will draw to our attention anything that they consider negative.

Senator Murray also seemed to think that there was something rather illicit about the procedures followed this evening. I think this is a regular borrowing authority bill in terms of its clauses and its procedures.

I will have something to say to the question raised by Senator Flynn, which was raised on another occasion as well.

Of course, I am grateful to Senator Phillips for the good reviews of the performance last Wednesday. I regret that he found the performance this evening not worthy of the same stars. If we could rely on uniformly good reviews, especially from Senator Phillips, we would never leave the dressing room.

As far as the estimates are concerned, I agree with Senator Phillips that they are in terms of a totally accurate prediction of the requirements for the forthcoming year. They are only of general help and benefit in getting perhaps a dim picture of what might be waiting for us in the future.

I should like to thank him also for this absolutely unyielding support for the six-and five program. Perhaps I am drawing an undue inference when I say that he so often refers, both here and in committee, to the six-and-five program and is apparently so enthusiastic about it that he never misses an opportunity to suggest additional areas for its application. I assure him that I will draw to the attention of the government that this kind of support deserves serious consideration. I assume it is based on his conviction that we have been successful in the areas where we have applied it, so why not apply it more broadly.

Senator Flynn: It is a question of fairness.

Senator Frith: As to the question of the two items he asked about, I apologize that I cannot give him the details on the petroleum tax or on the users, but I am going to suggest that this bill be referred to committee and we will have the minister attend and he might want to ask those questions then.

• (2100)

Senator Flynn, as I recall it—and he will correct me if I am mistaken; in fact, he may correct me if I am not mistaken—

Senator Flynn: Possibly.

Senator Frith: —previously raised the matter of the revolving borrowing authority in committee. I admit that I have not answered him on previous occasions. I can only say that we should raise it again in committee because I do not have an answer for him. I remember it being dealt with by Mr. Drabble on a previous occasion, but I do not remember what his answer was. Perhaps we can raise it with the minister tomorrow.

Senator Flynn: Subclause (2) of clause 2.

Senator Frith: The problem with the numbering arises because the bill we have before us is not the "as passed" bill which was amended and reported by the standing committee. That is the reason we got out of sync on the numbers. You will note that in the explanatory notes the amendment made by the Standing Committee on Finance, Trade and Economic Affairs is indicated by underlining. In this version it is indicated by a marginal line. Subclause 2(2) was added in committee and that put the numbers out of sync.

I had prepared my speech before subclause 2(2) was added, and that is why I ended up by referring to subclause 2(3) instead of to subclause 2(4).

According to my understanding, subclause 2(2)—that is, the old subclause 2(2) which would now be subclause 2(3) to which they referred—

Senator Murray: Don't get into that again.

Senator Frith: I want to be clear.

Senator Roblin: Stick to the bill we have in front of us.

Senator Frith: I want to be sure the subclause Senator Flynn is referring to is subclause 2(3).

Senator Flynn: It is subclause 2(2) which states that:

> The borrowing authority . . . shall be reduced by any amount that is borrowed pursuant to section 39 . . . before the coming into force of this Act.

That means that the government has already used up some of the borrowing authority before Parliament has authorized it to do so.

Senator Frith: That may well be so, but I do not understand it to mean that.

Senator Flynn: It certainly means that.

Senator Frith: That particular clause was raised in committee, and I suggest that we can raise it again tomorrow in committee because I cannot provide a specific answer to what was intended by that amendment made in committee.

Senator Flynn: What about subclause 2(3)?

Senator Frith: Subclause 2(3) is the old subclause 2(2) and has also been the subject of concern in the National Finance Committee. It deals with the non-lapsing authority to be

carried forward for use in 1983-84. I thought I had explained that in my speech, but if it requires further clarification we can get more detail from the officials or the minister tomorrow.

While I understand some of the concern Senator Flynn has with regard to these clauses, I cannot agree with him that they are designed to try to hide the actual authority used or not used. Nor are they in any way designed to withhold information.

Senator Flynn: They may not be designed to do that, but they do it.

Senator Frith: I would suggest that they do not. As honourable senators will remember, I tried to give specific figures, and I repeated each one of them—the authority that was used to date; what specific authority is now being asked for; the use of the authority to date; and the outstanding debt. However, I know that Senator Flynn feels that many of the details I gave in the speech I made could be included in the bill itself.

Senator Flynn: Part of it.

Senator Frith: No one has suggested that before. In view of the fact that I have furnished them in this chamber, in spite of what the bill might be attempting to do, we have not tried to withhold any information at our disposal.

Senator Flynn: It is not you; it is the practice.

Senator Frith: Honourable senators, I am asking for support on second reading of this bill.

Senator Roblin: That is asking too much.

Motion agreed to and bill read second time, on division.

[*Translation*]

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

[*English*]

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) CONTINUING ASSISTANCE BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, March 29, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill C-130, intituled: "An Act to authorize continuing financial assistance to be provided to certain international financial institutions", with instructions to consider the constitutionality of clauses 5 to 11 inclusive, has, in obedience to its Order of Reference of Monday, March 28, 1983, considered the matter and, because of the urgency of its passage, reports the said Bill without amendment. However, having regard to the reservations that were expressed with respect to the constitutional implications or propriety of the procedures set out in clauses 5 to 11, it invites the Government to consider amending the negative resolution procedures set out in this Bill and in other legislation to ensure that both the Senate and the House of Commons have equal power to initiate negative resolutions and further, that future legislation of a similar nature incorporate this principle.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

[*Translation*]

Senator Flynn: The report of the Committee is self-explanatory. It provides an answer to Senator Deschatelets's question. We must be thankful to him for having called the attention of the Senate to a weakness in the provisions of this Bill. This weakness concerns what is usually called the negative resolution in cases where the Governor-in-Council uses his power under Clause 4 to amend the schedule by deleting from it or, even more important by adding to it. Clause 5 provides that, after an order of the Governor-in-Council is laid before Parliament, unless the House acts within 15 days, the order is deemed to have been adopted and approved by Parliament. In such a case, the Senate will have had nothing to do. What we pointed out in Committee is that the Senate should have some input in the decision as the House of Commons. I would like to suggest that the proper procedure to follow would be that, when the order is tabled as prescribed in subsection 1, instead of saying:

> An order referred to in subsection (1) shall come into force on the twentieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless.

The clause should read: "It is deemed to have been adopted by the House of Commons on the 20th sitting day of Parliament after being laid before Parliament pursuant to that subsection unless", and so on. The procedure would be the same for the Senate. The order would be deemed to have been adopted on the 20th sitting day of Parliament after tabling unless the Senate takes the same action as is now provided for the House of Commons. The problem is very easy to solve. There is no doubt that the Bill in its present form puts the Senate in an inferior position. The Senate is being completely ignored. The House of Commons can say: "We are in agreement; we shall

say nothing; you in the Senate just follow us." I believe that the report of the Committee underlines this weakness. Because this legislation must be passed as soon as possible since we need it for the beginning of the new fiscal year, we shall let it pass. However, we recommend that the Government amend the Bill at the first opportunity as well as any other Bills which might have the same shortcoming. Therefore I ask the Leader of the Government to assure us that he will draw the attention of the Cabinet to this situation. On our return, unless he is willing to do so tomorrow, he could perhaps tell us that the Government will not only consider the Committee's recommendations, but also make a decision in keeping with the wish which was expressed in the report.

● (2110)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I attended the committee meeting this afternoon for a short while. I want to repeat here what I said there, that we do give an undertaking that we will examine the question raised by Senator Flynn then and by a number of other senators this evening. Since that committee meeting, I have not been able to get a full and detailed explanation of the interpretation—I suppose, the lack of reason, according to Senator Flynn and other senators—that has led to this situation. I offered one possible explanation during the committee meeting. I was not trying to argue at that point that it was due to advice that we had received from the departmental offices and the Department of Justice; I am not now asking honourable senators to accept that.

I want to assure Senator Flynn, however, that I did give an undertaking to follow the matter up. I will get an explanation as to why it was done in this way, with initiative being confined to the House of Commons. When I have received that explanation, if there are not good and sufficient reasons that are not a problem with the constitutional authority between the two houses, further action will be taken.

I cannot give a commitment to Senator Flynn tonight as to when this will take place, but I do give a commitment that I will get an explanation. As I have said, if the reasons are not more substantial than those we know of now, further action will be taken.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there is one outstanding matter that is to be dealt with either in committee or at third reading, and that has to do with a request made by Senator Roblin for some further information about these institutions that are listed in the schedule as international financial institutions.

I have here a document from CIDA that sets out information on the international financial institutions. I do have some explanations to offer, if honourable senators have the schedule before them. For example, there is listed the African Development Fund and the African Development Bank. I understand that those two institutions share a common administration. The same applies to the Asian Development Fund and the Asian Development Bank, as it does to the InterAmerican Development Bank and the Fund for Special Operations. The Caribbean Development Bank and the Special Development Fund are combined in the schedule. The other two institutions are not referred to in this information, but they are the International Fund for Agricultural Development and the Common Fund for Commodities.

The International Fund for Agricultural Development is a part of the United Nations family. The Common Fund for Commodities is very new and has just been organized. In fact, it is awaiting ratification by a couple of the member nations, but it too is about to be made a member of the U.N. family.

Honourable senators, I have this information in French and in English. I suggest that I make a brief reference to each of these institutions, after which I will table the documents for the further information of honourable senators. I make that suggestion because there is an introductory page that I will not refer to but that I will include in the tabling.

With regard, for example, to the Caribbean Development Bank, there is detailed information under each of the following headings: Background, Financial Resources, Ordinary Capital Resources, Special Fund Resources, and Canada's Position in the Bank. In terms of general information, the Caribbean Development Bank was established in 1970 to contribute to the economic growth and development of Caribbean member countries and to promote regional economic co-operation and integration, having special regard to the needs of the less developed members.

Membership in the bank, headquartered in Bridgetown, Barbados, includes all the countries and territories of the Commonwealth, Caribbean, as well as Canada, the United Kingdom, Colombia, Venezuela and Mexico. The affairs of the Bank are managed by a board of governors, a board of directors, and a president. The governor for Canada is the Minister of Finance, and his alternate is the president of CIDA. Canada also elects an executive director. In this case, there is also provided additional information about financial resources and the other headings I mentioned.

With regard to the InterAmerican Development Bank, the background information is as follows: The InterAmerican Development Bank, the oldest of the regional development banks, was established in 1960 to accelerate economic development in its member countries of Latin America and the Caribbean. With headquarters in Washington, D.C., the bank has since expanded to include countries of the Commonwealth, Caribbean, Europe and Japan, and now comprises 43 member countries. Honourable senators, I have tabled the further information that I have regarding that bank.

The African Development Bank was for many years unique in the world as the only regional or continental development bank without external contributions to its capital stock. With membership restricted to African states, now numbering 50, the bank was established in 1963 to contribute to the social and economic progress of member states, giving special emphasis to investment projects and programs that benefit more than one country. At the ninth annual meeting of the

board of governors in May 1982 it was decided to open membership in the bank to non-regional countries that were members of the African Development Fund. Further details with regard to that are then given.

The Asian Development Bank was established in 1966 by 32 developing and industrialized countries, including Canada, to foster economic growth and co-operation in the region, and to accelerate the economic development of developing member countries, both collectively and individually. The bank, headquartered in Manila, Philippines, is supported by 44 member countries, and total resources now stand at nearly $US 12 billion. The bank's development role is particularly significant, since Asia is home to over half of the world's population and more than three-quarters of its poor.

The affairs of the bank are managed by a board of governors, a board of directors, and a president. The Canadian government is represented by the Minister of Finance, his alternate being the president of CIDA. Canada shares a constituency with the four Nordic countries and the Netherlands.

Honourable senators, I will table both the French and English versions of that document. I have an additional document respecting the International Fund for Agricultural Development. I have it in French and in English. It has the same general headings. Under "Establishment" it says that the International Fund for Agricultural Development was established as a specialized agency of the United Nations in December, 1977, following a recommendation emanating from the World Food Conference held in Rome in 1974. The Fund began lending operations in April, 1978.

• (2120)

Its membership, as of February, 1982, totalled 136 countries, 20 in Category I—that is, developed countries—12 in Category II, oil exporting developing countries, and 104 in Category III, other developing countries.

The purpose of the fund is to mobilize additional resources to be made available on concessional terms for agricultural development in developing member states. The document goes into further detail with regard to the purpose. It then goes on to further headings such as organizational structure, lending activities, and Canada's position in the fund, which are also covered here.

Honourable senators, that is the general information. I can actually read into the record more information if you wish, but if you are satisfied with that in general, I suggest that this document be tabled for reference, in case someone is interested in more detail.

Hon. Duff Roblin (Deputy Leader of the Opposition): As I am responsible for my honourable friend's comments, and since he was kind enough to respond to my question, I thank him for the information. I would be pleased to see the documents and get more detail from them. I would also ask him if he could give some more detail of the common fund for commodities. I understand that this is something brand new in the field of international economic co-operation where member states are trying to stabilize the price of commodities, mostly tropical natural products. I am very much interested in that because the question of stabilizing the price of wheat is in the forefront of the minds of many representatives of western Canada. Perhaps we would find food for thought if we were able to study the details of that fund, so if my honourable friend could provide some detail on that at his convenience I would be pleased to have it.

[*Translation*]

Senator Frith: I have here the document "Profil du Fonds commun" with the background history after four years of negotiations, etc. It gives an impression similar to the one that Senator Roblin has, but I am not positive that it is up to date. I can check that. If the answer is no, I will try to get an up-to-date version. If the answer is yes, I will table the one I already have.

Senator Roblin: I thank my colleague; I have no difficulty reading French.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be now read a third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 30, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NORTHERN PIPELINE

FIFTH REPORT OF SPECIAL COMMITTEE TABLED

Hon. Earl A. Hastings: Honourable senators, I have the honour to table the report of the Special Committee of the Senate on the Northern Pipeline respecting the transportation of petroleum and natural gas north of 60° entitled: *Marching to the Beat of the Same Drum.*

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Hastings: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83, (NO. 3)
BORROWING AUTHORITY BILL, 1983-84

REPORT OF COMMITTEE

Hon. Fernand E. Leblanc, Deputy Chairman of the Standing Senate Committee on National Finance, presented the following report:

March 30, 1983

The Standing Senate Committee on National Finance to which was referred Bill C-143, "An Act to provide supplementary borrowing authority (No. 3)" has, in obedience to the order of reference of Tuesday, March 29, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FERNAND E. LEBLANC
Deputy Chairman

[*English*]

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be now read the third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I had the pleasure of attending the meeting of the National Finance Committee this morning. I found that all questions—many of them very skilfully put by Senator Roblin and Senator Phillips—were answered entirely to my satisfaction. I am haunted by a lingering doubt as to whether I can say the same for Senator Roblin and Senator Phillips. In the light of that, I yield to them or to any other honourable senator who wishes to speak on third reading.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am overcome with a sense of anticlimax in speaking to the bill at this moment, because I have still ringing in my ears the speeches made last night by my two colleagues.

Hon. L. Norbert Thériault: They said it all!

Senator Roblin: They said a lot that I agree with, but I am bold enough to speak again because in the questioning of the minister this morning certain facts were brought to bear which could be related to the house, as they enable us to form a clearer impression of what we are actually being asked to do.

The bill is really divided into two parts. There is a request for $5 billion for the current fiscal year, and that is not unexpected because it is based on the financial scenario sketched by the government during the fiscal year. Apropos of that, the minister advised us—and I mention this because of the interest of my colleague, Senator Flynn, in the matter—that the borrowing authority that was exercised under the Financial Administration Act, section 39, which is an emergency form of raising funds, amounts to $2.3 billion. That indicates the amount by which the $5 billion portion of this bill will be reduced in order to keep the government honest, if I may use that colloquial expression.

• (1410)

What is more disturbing is the fact that this bill also allows the government to borrow $14 billion on account. One has to ask the question, "On account of what?"

Hon. Jack Marshall: They'll find a way!

Senator Roblin: Well, it is on account of the requirements of the government for the coming fiscal year, for which we have received no financial scenario and no budget. What we have received is a statement contained in the main estimates of some $90 billion, which, insofar as it goes and insofar as it is accurate, is a useful piece of information, but everybody knows that a statement of the spending intentions of the government in the main estimates is not really a reliable indication of how

much we shall end up spending, because there are always supplementary estimates of a considerable amount. We also have to bear in mind that the book of main estimates tells us nothing about the financial position we are in. It tells us what we hope to spend, but it says nothing about where the money is coming from. It says nothing about how close we are coming to meeting the requirements of the public service through taxation. It says nothing about the forecast of the minister for the next five-year period, which we are certainly expecting with the budget. And it says nothing about how much the government will really have to borrow in 1983-84 in order to close any gaps that exist in its financial requirements. It is therefore, in a sense, a step in the dark. We are being asked to vote $14 billion in respect of a financial year the main details of which have not been revealed. The minister told us this morning that he had no intention of revealing them at the present time, and that we would have to wait until his budget comes down. I suppose we have to content ourselves with that statement, because in the nature of things, particularly in this house, his opinion is more likely to be accepted than mine, and I am reconciled to that.

I want to explain to honourable senators why I think it unfortunate that this $14 billion request is being brought in without a budget, since it is the climax of many years of difficulty in public finance. At least, I hope it is the climax. When we see the 1983-84 figures we may find out that it is not the climax, but merely another step on the primrose path of public finance that we have been following for the past few years.

Let me tell the Senate why I think we are in difficulties in connection with our financial arrangements. I asked the minister what the deficit would be for the year just about to end, and he stuck to his figure of $27.2 billion. In fact, he might even find that figure to be a little more than the final figure he will be faced with on March 31.

Let us take it, however, that this $27.2 billion is a reasonably accurate reflection of the deficit that will be experienced for this year. What's $27 billion?

Senator Frith: It's a lot of money.

Senator Roblin: It is a lot of money. Not only that, but it is a horrendous fraction of our gross national product. It represents 7.8 per cent of the gross national product of Canada in this year, merely to account for the deficit. I am not aware of one country of the 24 within the OECD and I am not aware of one of the major industrial countries that is faced with a figure like that. Perhaps Italy is the exception. I will reserve my comments on Italy because I think they may be in a worse position than we are. Relatively, the United States certainly is not faced with such a figure, and we know the tremendous fuss that is being raised down there with respect to their deficit, which is over $200 billion. The deficit in the United Kingdom, as a percentage of their gross national product, is less than half ours. In West Germany and Japan it is the same. So I think we can take it as a fact that our debt, as a fraction of the gross national product, is exceedingly high. It is much higher than we can accept with any easy or free mind.

So much for that—7.8 per cent of the gross national product. Can you get a handle on that? Well, figures given to us in committee this morning were interesting, because they pointed out that the deficit would be equal to 51 per cent of the tax money that we take in. That means that with every two dollars of tax money that we collect from the people of Canada, we are going to have a deficit of one dollar; and if we translate that into the actual borrowing amount, which is a little less, we get 49.1 per cent. So, in round terms, for every $2 that we collect in taxes today we have to go out and borrow another dollar. We have never before been in that situation in time of peace.

Senator Marshall: Disastrous.

Senator Roblin: I wonder how long this Senate thinks this form of public financing can go on. Fifty per cent of the total tax money is the equal of the amount of money that we have in the deficit of the country today. That is a horrendous figure. But let me give you another. What about interest on the public debt? Interest on the public debt is taking one-third; one in every three dollars raised in taxation is earmarked for the payment of the interest on the public debt. I see Senator Austin looking at me. I obtained my figure from the minister this morning, so, if he wants identification of those figures, I can refer him to the minutes of our committee proceedings, and he will find that, as a result of my questioning of the minister this morning, those figures are spread on the record.

● (1415)

Let us think about that for a second: one in every three dollars we collect in the taxes of this country is going to pay the interest on the debt—I repeat, the interest on the debt. We are actually having to go out and borrow money to pay the interest on the interest. The vast proportion of the amount of money we are going to have to borrow this year will be required just to pay the interest on the national debt.

One then has to ask, "How long can this situation continue?" I believe it is perfectly clear that it cannot last indefinitely, that somehow, somewhere, by someone some changes have to be made to reverse this process.

I recall that one honourable senator—he is not here today, so I will not mention him by name—a man who is usually quite concerned about the public debt, spoke on the topic in this house a week or so ago and seemed quite relaxed about the problem he was discussing. He held the view that when times get better, when there are less people on the unemployment insurance rolls, when income taxes raise more money, when we get back on an even keel in our economy some time in the future, these deficit problems will take care of themselves. I wish that were so. I do not believe it to be so, and I shall tell you why I do not believe it to be so. This is not the first deficit we have had. We have had deficits in the federal government's expenditures since the year 1970-71—for 13 years. This is the climax of 13 years of deficits, and what is particularly important to note is that for the past six years, from 1977-78 to the present—it will be seven years the day after tomorrow—we have not only had a deficit but the deficit has been well over $10 billion in each one of those six years—getting higher every

year, from $10.8 billion in 1977 right up to $27.2 billion today—every year progressively higher.

The significant fact is that in those seven years we had good years, some very good years, not depression years, years that were not affected by unemployment insurance requirements or by falling revenues or by increasing welfare expenditures and things of that sort. In those six years we had at least three that were very good, as prosperous as we are likely to see, yet in every one of those prosperous years we had deficits of over $10 billion. So, if we think that prosperity, if it ever comes, is going to be enough to eliminate the deficit problems in the federal government's finances, it seems to me that that is not likely to be the case. I must say that I am concerned about that, because if it is not likely to be the case then we face deficits *ad infinitum*.

● (1420)

I should mention in parenthesis that when recently discussing this matter with officials of the Treasury Department of the United States, they came to the same conclusion with respect to this situation regarding deficits that I present to you, that there are aspects other than the cyclical ones that make up the deficit. In their opinion, in the United States at any rate, the cyclical portion of the deficit is the smaller portion, and the structural part—that is, the part that will be with us after good times come back—is the major portion of their deficit problem. Though one cannot say that the opinion of the people in the United States applies to conditions in Canada, what these officials said lends some credence to the indignation I expressed to this house with respect to these rising deficits and the fact that they have reached such horrendous proportions. I suggest that, when talking about deficits, we be realistic. I do not think there is any way in which this deficit will disappear overnight, no matter who is in power. When I consider that the minister told us today that between now and 1986 there will be a $25 billion shortfall in revenue from the oil industry, I can see the kind of problems with which this nation is faced.

Senator Frith: Balanced.

Senator Roblin: "Balanced" is quite true, and I thank my honourable friend. The minister said he thought that the declining price of oil would have some positive advantages, and I wholeheartedly agree with him on that point. I have no complaint about the fact that OPEC appears to be breaking up. That would suit me just fine. However, we would face short-term problems of various kinds. I do not wish to get into them now, but I recognize the fact that lower oil prices would have a positive effect on some aspects of the tax raising capacity of the country. But a $25 billion loss in revenue from the oil industry takes a lot of making up, and I do not know where the full make-up of that will come from.

Hon. Orville H. Phillips: That is a lot of income tax.

Senator Roblin: You are quite right. In fact, if we wanted to close the deficit today we would have to raise the taxes of every man, woman and child in the country by 50 per cent, and I am not recommending such a proposal.

[Senator Roblin.]

Senator Frith: There is tax on a lot of income, of course.

Senator Roblin: We can debate that when we see the colour of their money, but right now it is in the realm of speculation.

The point I want to make is that the deficit is very large and there is no magic way, in my opinion, in which it can be reduced by sleight of hand. There is no quick fix. We have a problem with energy income which is enormous and, taking into account all the offsets, it will still be a big problem for us. We cannot fail to deal with the needs of people. We cannot fail to deal with the needs of the unemployed and the unemployment system. We cannot afford to undercut the social welfare assistance programs, medicare, hospital assistance or any of those vital services on which our nation depends. I am aware of that, but what I am saying is that we must have some kind of plan, some reasonable approach to this problem of mastering the deficit.

We might as well reconcile ourselves to the harsh fact that in the coming fiscal year, 1983-84, it will be worse than it is now. There is no question about that. The deficit will be worse than it is now even if the minister does not do a thing about trying to inflate the economy. He has already told me so. The deficit will be about $30 billion, instead of $27.2 billion. I would not be at all surprised if, when the budget comes down, it is estimated to be more than $30 billion. The point I am making is that we have not yet reached the climax of this debt financing problem. We have had it for six years. The deficit has gone from $10 billion six years ago to $30 billion next year. What are we going to do about it?

How can anyone approach that problem without knowing what the government's financial plans are? This brings me back to my complaint about the $14 billion. We are being asked to put up that money in the face of a highly unfavourable federal government financing scenario, so far as we ordinary mortals know, without the benefit of advice or information that the minister could give us with respect to the 1983 revenue projections, the deficit and the borrowing program. The worst of it is that you cannot expect anything better next year. The question is, however, what will we do in the three or four years following that? Can we resolve that we have reached the climax of our debt problems? Can we resolve to support a program that will produce a reasonable return to sound public finance? All those questions hang in limbo, because we cannot see the five-year forecast of the government; indeed, we cannot see their forecast for 1983-84, and that bothers me.

● (1425)

I must also report that the size of the public borrowing, which will be pretty close to the deficit, will certainly make a great drain on the savings of Canadians. I do not believe that in the coming period we will be subjected to the crowding-out problem that is commonly spoken of, whereby the requirements of the government will be so great a percentage of the savings of the people that the private sector will have no room to borrow.

I am well aware that the private sector generates savings of its own for investment in corporations. I know that the private sector can borrow abroad, as indeed can governments, and I know that the Bank of Canada can print some money, as indeed it has done. I estimate that in the last 12 years the Bank of Canada has monetized about $12 billion of the public requirements of the Government of Canada. I know all those things, but, in spite of that, because private investment requirements are so low in this forthcoming 12-month period, I do not really think we will have any crowding out. However, I do think that the size of the government demand on the market place must have an effect on interest rates. They would be higher than they otherwise might be if the government requirement were not so great. That is something that cannot be avoided, no matter what you do.

However, if government requirements continue to grow at their present rate, then in the coming period, when we would expect prosperity to return and the private sector to require more money, we will be faced with that crowding-out crunch. That is another reason why I am anxious to see the government's estimates for the coming year and the five-year forecast. All these matters have to be considered before members of this house can cast an intelligent and instructed vote on this matter.

I am not going to detain the chamber any longer, honourable senators. I have a great deal more to say, but perhaps I can say it in some other way at some other time, and maybe to some other people. At any rate, I wanted to place before this house my appreciation of the magnitude of the debt and deficit problem we face. The fact is that it is too high and is getting higher and ought to be reduced. The fact is that we have no plan before us to show how this government intends to achieve those goals—which I have no doubt they share with me—for the five years that are to come or even in the fiscal year that is ahead of us. I regard it as unfortunate—that is perhaps the kindest word I can use—that the administration is asking for $14 billion on such a shaky basis of fact and of policy.

I want to make it clear, then, that I object to this bill for the reasons given, and I feel that, until we receive a stewardship accounting from the Minister of Finance, we should withhold our support of his activities. If he intends to bring down his budget within the next couple of weeks, as we believe he is going to do, let him do so. He can always use that famous section 39 of the Financial Administration Act if he feels like it. He certainly did not hesitate to use it in the past.

However that may be, I want to make it clear that, in my opinion, we are in an extremely difficult financial situation. Our deficit is too large; our interest charge on the public revenue is just incredible—one dollar out of every three we raise goes to pay interest. It is perfectly clear that such a process cannot long continue. Having made that protest and having offered that warning or prophecy with respect to our future position, I will take my place with an uneasy mind with respect to the management of the public finances of Canada.

Senator Frith: Honourable senators, Senator Roblin has shared with us some of his concerns and some of the information we received from the minister in committee today. I think, in essence, Senator Roblin's concern is for the lack of detail as to the use of the second part of the bill, namely, the $14 billion interim borrowing authority being sought.

• (1430)

To share with honourable senators the answers given by the minister this morning, the minister in effect agreed with Senator Roblin. He said that he would much sooner be asking for this borrowing authority on a final basis, and would prefer not to be asking for it until he has presented his budget.

He explained that there were certain delays in the House of Commons regarding Bill C-139; that he had undertaken his portfolio with the intention of ensuring that all tax changes necessary from previous budgets would be cleaned up so that he would have a clean slate. But because of the delay with Bill C-139, and other delays, he had to ask for what he is asking for in Part II of this bill, the $14 billion interim borrowing authority.

He undertook that before June he would bring a full borrowing authority bill before Parliament. Obviously, the $14 billion that is being asked for between now and June will not be adequate in view of his estimates and predictions as to the size of financial requirements, as underlined by Senator Roblin.

As the minister said today, as soon as a budget is brought down—and he stated to the committee that he expected an announcement would be made this afternoon as to the date of the budget—he will bring before Parliament a full borrowing authority bill.

Hon. Jacques Flynn (Leader of the Opposition): Would you mind repeating that?

Senator Frith: Certainly. He said that he would bring in a full borrowing authority bill before June. I want that to be clearly understood. That is important in assessing what Senator Roblin has said, because a good deal of the concern Senator Roblin has is shared by all of us, because in order to debate properly the question of borrowing authority it must be set in the context of a budget, the five-year predictions, expected revenues, and in the whole frame of the budget. So the minister is now asking only for interim authority, borrowing authority to take him to June.

As I said earlier, he is asking for this interim authority to implement a borrowing plan and debt plan, and it is essential that that be done in an orderly way. The use of section 39 is not an adequate way of doing so. When he presents a full borrowing authority bill to Parliament, it can then debate, examine and consider it in the context of the budget which, it is hoped, will contain the information that Senator Roblin has asked for.

Since it does not seem that there is a serious difficulty with regard to Part I, the $5 billion—because that is the completion of 1982-83—I urge honourable senators to grant the minister's request for the $14 billion between now and June, knowing that we will have all the information we need to judge the full borrowing after the budget proposals for 1983-84 are laid before Parliament.

I ask honourable senators to support the bill on third reading.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): I believe that some comments on what Senator Frith said would be in order, especially regarding Part II of the Bill where the senator insisted—and I do not think that in the other place they were as emphatic about this point—that it is an interim borrowing authority. I like the way he uses the word "interim" and "interim borrowing". According to the Minister, it is supposed to cover the period until the end of June. If the Minister had brought down a budget, he could have indicated at the same time how much the Government would need to borrow for the financial year starting the day after tomorrow. I have just been informed that the Minister has announced that he will be bringing down his budget on April 19, in about two weeks. I think it is rather odd that the Government should be seeking a borrowing authority of $14 billion to cover a period of two weeks. The Minister could have waited and given us a clear indication of what he wanted for the current financial year after explaining exactly what the financial situation was and all the implications thereof. This does not make sense.

• (1435)

Perhaps it is because the Government has run out of money. Today, *The Citizen* announced that the Government would not be able to pay RCMP salaries due this week until next Tuesday. Whether the story is true or not, I do not know. Has the Government really run out of money? Is it going to use funds allocated for the year ending tomorrow evening to pay the members of the Force? What is going on here?

The Minister explained in committee that he had already used up a substantial portion of the borrowing authority provided under the Bill, pursuant to a provision of the Financial Administration Act. The Government seems to be in complete disarray as far as the administration of its finances is concerned. What they are trying to do is to hide the truth, confuse Canadians and put up a smoke screen to hide the Government's complete disarray and failure to act in fiscal matters.

One thing is clear in any event. This Government will leave us with a terrifying debt burden. No one will be able to change that if he has to work with the same party and the same people who ordered these measures in the other place and in the Senate. Only a radical change in Government would make it possible to remedy gradually, and with great difficulty, a situation that has now become a disaster. Unfortunately, that is the burden the Conservative Party stands to inherit, eventually. And this has happened because the Government was able to rely on the slavish and docile attitudes of its Members.

Senator Frith: Honourable senators—

[*English*]

Senator Roblin: Honourable senators, may I ask my honourable friend how many times he expects to speak on third reading? He spoke when he moved third reading. I made my speech. He ignored the fact that he had spoken on the first occasion and rose to speak a second time. I made no objection at that time because I wanted to hear what he had to say, although I believe his speaking a second time is not within our rules. He is now attempting to make a third speech. This is not Committee of the Whole; this is the Senate sitting in consideration of third reading. One speech is all that each honourable senator is entitled to make on third reading.

[*Translation*]

Senator Frith: I agree that the intervention of my colleague does not deserve a reply.

Senator Flynn: No one else may reply anyway.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Olson, P.C., that this bill be read the third time.

Is it your pleasure honourable senators, to adopt the motion?

• (1440)

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the yeas have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Motion agreed to and bill read third time and passed on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Bonnell
Anderson	Bosa
Argue	Cameron
Austin	Cottreau
Barrow	Davey
Benidickson	Denis

Deschatelets	Lucier
Frith	McGrand
Graham	McIlraith
Haidasz	Molgat
Hastings	Neiman
Lafond	Olson
Langlois	Riel
Lapointe	Rizzuto
Leblanc	Rousseau
Le Moyne	Sparrow
Lewis	Stollery—34.

NAYS

THE HONOURABLE SENATORS

Beaubien	Marshall
Bielish	Murray
Cook	Nurgitz
Flynn	Phillips
Macdonald	Roblin
Macquarrie	Tremblay—12.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1450)

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, March 30, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill C-141, intituled: "An Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof", has, in obedience to the Order of Reference of Tuesday, March 29, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, April 19, 1983, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, although I did not hear it directly, I am informed that the Minister of Finance intends to present his budget in the House of Commons on the evening of April 19. For that reason, it occurred to me that it would be better to adjourn until 2 o'clock on that date rather than 8 o'clock. Considering the debate today, I know that some honourable senators will be especially interested in hearing what the minister has to say.

As for the date of April 19 rather than April 11, which is the date on which the House of Commons returns in accordance with its newly established rules, I believe that that is an appropriate date. We do not expect to have legislation from the House of Commons that week, or, if so, it is not likely to be of such an urgent nature that we will be required to come back. Of course, if it is, His Honour has the power within the rules to call the Senate back.

It is for that reason, honourable senators, that I propose that we adjourn until Tuesday, April 19, at 2 o'clock in the afternoon.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the motion speaks for itself, but there are other implications in it. There is, first, the implication that we will not have a new session, since the budget speech is going to take place on April 19, as I had the honour of informing the Senate first.

• (1500)

Hon. H. A. Olson (Leader of the Government): You were on your feet.

Senator Flynn: I was on my feet, but you were too slow. You should have been on your feet first.

In any event, that is the implication. Of course, if we had known that there was to be no new session on the eleventh or soon thereafter, we might have arranged our timetable differently; but this being the case, it is obvious that we do not need to come back. It is not the usual practice of the House of Commons, when it comes back, to adopt bills very quickly. It usually takes a little time for the house to get moving. Recent-

ly they sent us five bills in four days, but none during the preceding month. We were therefore in a situation where we had to deal with all these bills in rather too hasty a fashion. It is quite obvious that the motion of the deputy leader is the only one that could be made under the circumstances.

Senator Olson: Honourable senators, the Leader of the Opposition has prefaced his comments with the proviso, "if we had known." I can tell him that it would have been far easier for the government to plan the legislative program, including such things as prorogation and the beginning of a new session, if we had known, too. I do not think the government expected, way back at the end of 1982, that it was going to take us so long to get through the legislative items that have come over from the House of Commons in the last few days. It certainly did not come as any surprise to honourable senators, because with one exception every one of those bills was known to both sides in the other place and to members on both sides in this place.

Senator Flynn: You still do not know when you want to finish the session, so your argument does not stand at all.

Senator Olson: We do know, though, the pieces of legislation that are required urgently—that is not quite the right word.

Hon. Lowell Murray: Indeed, it is not.

Senator Olson: No, it is not, and the opposition never seems to take that word "urgently" very seriously. There are some pieces of legislation—Bill C-139 is one example, and Bill C-143 is another—that are required for the public service of Canada. There is no question about that.

Senator Flynn: They are passed now.

Senator Olson: That is right; but the Leader of the Opposition is raising the matter of whether we had known that there was not going to be a prorogation, a new session, and a speech from the throne.

Senator Flynn: You could have told us.

Senator Olson: No, I could not have told you, because it is still possible for the government to decide to have a new session on April 11. They could prorogue Parliament between now and then and call a new session. That is still possible.

Senator Flynn: Don't add to the confusion.

Senator Olson: I am sorry if the facts confuse my honourable friend.

Senator Frith: He says he is confused and does not want you to add to it.

Senator Olson: I understood that, and that is why I said I am sorry if further facts confuse him. That is what I wanted to say, in any event. If I did not do so, I am sorry.

Senator Flynn: That is a reflection of your own thoughts.

Senator Olson: I do not really see any point in pursuing this. The Leader of the Opposition knows that he wanted to have a little grievance about a couple of things. He cannot have much to grieve about, because the Senate and all its committees have done a good job in the public interest, which we are dedicated to serving, by dealing with these bills in the time available. Whether we have a new session or a continuation of this session some time in April, is for the government and the Prime Minister to decide; but at the moment I cannot announce that there will be a new session because I do not know whether that decision has been made.

Senator Flynn: You do not know much. There is no doubt about that.

Hon. Paul C. Lafond: Honourable senators, assuming we are still in the present session at the time we resume, since the motion calls for the Senate to sit at 2 o'clock in the afternoon, will the deputy leader take note that the Subcommittee on National Defence has a firm date with the minister and members of his staff on that day, probably in the latter part of the afternoon?

Senator Frith: Yes, honourable senators. I will see to it that the proper motion is accordingly put before the Senate.

Hon. George J. McIlraith: Honourable senators, I want to ask a question of the Leader of the Government in connection with this matter.

Assuming, as appears to be possible and perhaps even probable, that the delivery of the budget on April 19 is based on the continuation of this session beyond that date, could the Leader of the Government please arrange to explain to the Senate, when it reconvenes on the afternoon of the nineteenth, by what right the government is authorized to deliver a budget for the consideration of the House of Commons without having a throne speech?

My understanding of the long-estabished, traditional practice—established well before Confederation and continued ever since—is that the government must submit a throne speech at the opening of a session of Parliament, and then, when it has the vote of confidence from the House of Commons that is required—we are not involved in that procedure here—it is enabled to submit its program for the consideration of that body, and, of course, by us following upon that.

Since there was a throne speech at the beginning of this session, and a budget which took a very long time to present, 16 or 17 months, I do not understand what right the government has to submit a new budget without a throne speech at the beginning of a new session, with the house having passed on it. The House might reject the right of the government to submit its legislation.

I should like to have a full answer on this question, because even in wartime, when there were occasionally two budgets, there was always well established authority, because of the war emergency.

Senator Olson: Honourable senators, because of the long experience of Senator McIlraith, I think he raises the question seriously.

Senator Flynn: Take it seriously yourself.

Senator Olson: I am being very serious. There has been more than one budget in this session, which started on Monday, April 14, 1980. During the course of this Parliament a number of tests have been made in the other chamber as to whether or not the government enjoyed the confidence of a majority of that chamber. Right after the budget, normally, there is a series of motions that are considered to be votes of confidence. If my memory serves me correctly, I expect that there will be a vote within two days in this case, and another one about five or six days after the budget comes in.

Senator McIlraith: You are not addressing the point.

Senator Olson: I understand the point very clearly. In any event, I would have to get an answer on what legal authority the government has acted. There is no question on that in my mind, but I have not got it all written out here in front of me. I understand the implications of the question, however.

Motion agreed to.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

NOTICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I crave your indulgence to mention something that Senator Hicks asked me to bring forward at the time of the adjournment motion, or after it was adopted.

His message is about the Canada-United States Inter-Parliamentary Group. Senator Hicks says that honourable senators should be reminded that applications to attend the June 16 to 20 meeting at the Minaki Lodge must be completed by April 13. As of today only seven senators have applied. We are entitled to seven members of the delegation but we need some leeway, to choose some alternate delegate.

● (1510)

Therefore he asks that any members of that worthy organization please get in their applications before April 13.

QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ISSUANCE OF SALARY CHEQUES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, with regard to Bill C-143, can the Leader of the Government say something about the article in the press today to the effect that members of the RCMP cannot get their pay before next Monday because the government is out of funds?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will have to check that out and ascertain whether or not there is any foundation to that story. I do not believe there is. While the government has indeed run down the account somewhat and made some borrowings under section 39 of the Financial Administration Act, I do believe that there are sufficient funds to pay the accounts. There may be some other reason. I cannot provide an answer off the top of my head as to whether authorization has or has not been made. The story is probably without foundation. I believe the other authorization to the Solicitor General's Department, for what appears to be payment of salaries for the RCMP, has been made.

Senator Flynn: When the Leader of the Government replies, the problem will have been cured.

YUKON TERRITORY

GULF OIL APPLICATION

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government concerning the Yukon North Slope and the application by Gulf Oil for the Stokes Point site.

As the Leader of the Government is aware, under Order in Council P.C., 1978-2195, those lands were withdrawn and set aside for a park, or at least a wilderness area, and were not to be used for other purposes.

Can the minister give us further information on whether the government will decide on this matter shortly, and on any negotiations that are taking place? The native people of the area are very concerned, particularly the Mackenzie Delta Dene Regional Council, who have written to the government in this regard.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take that question as notice and will obtain details on whether there have been any developments with respect to that matter. If I have a complete reply—as I usually try to have—before April 19, I shall communicate it to the honourable senator directly.

Hon. Duff Roblin (Deputy Leader of the Opposition): That would not absolve the minister of the duty of reporting to this house.

Senator Olson: Not at all.

NATIONAL PAROLE BOARD

GATING OF INMATES

Hon. Earl A. Hastings: Honourable senators, I direct my question to the Leader of the Government at this time, particularly having in mind the occasion that we shall be celebrating this weekend. My question pertains to the four inmates who are still held in custody under the procedure of the National Parole Board. Honourable senators will realize that that procedure has now been found illegal by the Supreme Court of Ontario, the Supreme Court of British Columbia, and the Appeal Division of the Federal Court. Seven of those inmates have been released and four remain in custody.

My question to the Leader of the Government is: Would he call on that great reservoir of goodwill, charity and compas-

sionate understanding that I know he has and encourage the government to instruct the National Parole Board to release those men, according to law, under mandatory supervision?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take the question as notice, as I know that Senator Hastings is keenly interested in this problem. I know that he had some discussion this morning with the Minister of Justice. This matter is with the Solicitor General's Department, but I can give him an undertaking that I will convey that message on an urgent and indeed, as he described, on a compassionate basis.

AIRLINES

EASTERN CANADA—DECLINE IN PASSENGER TRAFFIC

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Rowe on December 1, 1982, respecting air travel statistics in eastern Canada for the six months ending November 30, 1982. I cannot plead that it is a long answer, so I shall read it.

Hon. Jacques Flynn (Leader of the Opposition): If it contains only figures—

Senator Olson: It is relatively short. Perhaps honourable senators would prefer to have it appear in *Hansard* as though it had been read?

Hon. Senators: Agreed.

(*The answer follows:*)

Senator Rowe inquired on December 1, 1982 about air travel in eastern Canada. The Department of Transport regrets that the specific information sought will not be available until late 1983, due to the statistical reporting system.

The information now available indicates that EPA's overall scheduled passenger traffic declined by about 9 per cent for the 11-month period ending November 30, 1982, compared to a year earlier. Air Canada's overall scheduled passenger traffic declined by about 7 per cent during the same period. It is expected that major Canadian air carriers will have an 11 per cent decline in 1982 from the previous year.

The cause of these declines is believed to be the general economic downturn, rather than air carriers pricing themselves out of individual markets.

TRANSPORT

MANITOBA—VIA RAIL SERVICE FROM WINNIPEG TO MINAKI-FARLANE AREA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Roblin on February 15, 1983, concerning VIA Rail service Winnipeg-Farlane and contact with Winnipeg to Farlane Camping and Recreational Association. The answer is not particularly long, and I can read it or have it taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): It can be taken as read, honourable senators, because VIA Rail sent me a copy of the correspondence some time ago and I have received the answer.

Senator Olson: Then I ask that it be taken as read, so that it may appear in *Hansard*.

(*The answer follows:*)

Senator Roblin inquired on February 15, 1983, about the lack of cooperation from VIA Rail in relation to complaints from the Winnipeg to Farlane Camping & Recreational Association.

As Senator Roblin noted, there has in fact been voluminous correspondence between VIA Rail and the association. On February 4, 1983, the President of VIA Rail, Mr. Franche, offered the association a meeting with VIA Rail's regional vice-president to again review the association's concerns. The meeting was held in Winnipeg on February 25, 1983.

VIA Rail indicates that it has little flexibility in making changes to this service as it is bound by a decision of the Canadian Transport Commission which specifies the levels of service to be provided. The CTC held hearings in 1982, at which the views of the association were fully presented, before arriving at its decision. Nonetheless, VIA Rail has informed the association that it will be able to offer four additional weekend train services for campers in 1983. It is hoped that this will at least partially respond to the concerns of the association.

INTERNATIONAL TRADE

EXTENSION OF LINES OF CREDIT TO OPEC MEMBER STATES

Question No. 69 on the Order Paper—**By Hon. Orville H. Phillips:**

1. What are the terms of agreement involving the Government of Canada or any Crown Corporation, including the Export Development Corporation, in the extension of lines of credit to OPEC member states?

2. What are the interest rates charged on present and completed loan agreements made to those member states?

Reply by the Minister of State (International Trade):

Export Development Corporation states that:

(1) It has one line of credit extended to an OPEC member state, as of February 16, 1982. The line of credit in an amount of Cdn. $1.2 billion is to Algeria to finance 85 per cent of the sale price of Canadian goods and services sold to Algerian buyers by Canadian exporters.

(2) As a matter of general policy the corporation does not disclose details of transactions such as that which is the subject of the present request. As to the rate of interest, in view of the intense competition that

prevails among countries in foreign trade, it is not in the public interest for the Export Development Corporation to discuss its participation in export transactions or proposed export transactions. Such information would assist an exporter's competitors both foreign and domestic. Since information on bids, participation or negotiations is given by companies to EDC in confidence, the corporation, to respect that confidence, refrains until the sale arrangements are final, from discussing a deal or even from indicating that it has been approached in a transaction. EDC makes public its participation in direct lending transactions when the financing agreement therefor is signed, and, on request, in credit and foreign investment insurance cases where the exporter or investor consents to publication. If the exporter or investor has not given its consent the reply will so state. When EDC makes public its participation in direct lending transactions it does not, because of the intense competition above-mentioned, publish the rate of interest, for the reasons mentioned.

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-141, to amend the Canadian Human Rights Act and to amend certain other acts in consequence thereof.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I simply want to say for the record that the bill was studied in committee, but that we are not fully satisfied that our study was anything but superficial. However, we did take into consideration the study of the bill made by the House of Commons committee. The committee heard senior civil servants as well as members of the Human Rights Commission and spokesmen for the Department of Justice. Through his officials, the minister gave us the assurance that, generally speaking, the bill meets the expectations of the interested parties—who benefit, if you will, from the legislative provisions of the bill—as well as those of the members of the Human Rights Commission.

Under the circumstances, we agreed that the committee should not hold up the bill any longer. We do not feel that we could have done a lot more by delaying the committee report until after the Easter recess.

With this type of legislation, we usually find out through experience whether the wording is appropriate or not. There is no doubt that everyone agrees with the principle behind this Bill. Its purpose is to protect people against discriminatory practices. The Bill is obviously praiseworthy and has received unanimous support. The problem is whether, in each specific case, the text of the legislation meets the particular problems that the legislators wanted to solve. In many cases, there are a few question marks. We cannot find an answer for the moment. Only experience will show what should perhaps be changed. In this area, we know that the Government, at the request of parliamentarians and members of the Human Rights Commission and all the groups concerned, is always willing to make the required changes as the need for them becomes apparent. In view of the circumstances, we have no objection to this Bill receiving third reading and royal assent today even though it reached us only yesterday.

Senator Frith: Honourable senators, I agree with Senator Flynn's comments. I simply want to add that, even though we have not had a lot of time to consider this Bill, the review by the Committee is rather striking.

Senator Flynn: Interesting.

Senator Frith: Yes, but I particularly wish to express my admiration for our colleague, Senator Tremblay, who gave us a rather well-documented analysis in committee.

Within the context mentioned by the Leader of the Opposition, he gave a certain caveat or warning to the public servants and others who were there at the time. He said that, with their experience, they would have to be careful about some of the problems he had mentioned in determining whether the text of this specific legislation really expressed the principle of the Bill. Once again, on behalf of the government, and especially of the committee, I wish to thank Senator Tremblay.

Motion agreed to and bill read third time and passed.

[*English*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 30, 1983

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 30th day of March, 1983, at 4.30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,

Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the statute law relating to income tax (No. 2).

An Act to amend the Small Businesses Loans Act (No. 4).

An Act to authorize continuing financial assistance to be provided to certain international financial institutions.

An Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof.

An Act to provide supplementary borrowing authority.

An Act to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act.

Mr. Lloyd Francis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting was resumed.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment of the Senate, I would like to wish you all, on behalf of the government, a very happy Easter and I hope to see you back in about two weeks.

The Senate adjourned until Tuesday, April 19, 1983, at 2 p.m.

THE SENATE

Tuesday, April 19, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

SMALL BUSINESS INVESTMENT GRANTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-136, respecting small business investment grants.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-142, to amend the Canada Deposit Insurance Corporation Act.

Bill read first time.

The Hon. the Speaker: When shall the bill be read a second time?

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock this afternoon, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1410)

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is put, I should like some information with respect to it. The motion refers to the Standing Senate Committee on Foreign Affairs, but does it relate to the proposed meeting of the Subcommittee on National Defence?

Senator Frith: I believe so, honourable senators. If I am not mistaken, the Minister of National Defence intends to appear before that committee this afternoon. An appointment was made sometime ago.

I thank Senator Roblin for underlining the fact that it is a meeting of the Subcommittee on National Defence.

Senator Roblin: I should like to be clear on that because the committee really operates as two separate entities, one relating to foreign affairs proper, and the other relating to concerns of national defence. It is important to know which committee my honourable friend is talking about. I am taking it from what he said that he is quite firm that it is the Subcommittee on National Defence that is referred to.

• (1415)

Senator Frith: Yes. There is really no reason for not stating whether it is the committee or the subcommittee, but I do not think subcommittees have any official status under our rules. For example, they have to report through the main committee. I will ask the chairman of the Subcommittee on National Defence if I am correct in saying that it is his subcommittee that wishes to meet this afternoon.

Hon. Paul C. Lafond: Honourable senators, the Subcommitee on National Defence is meeting this afternoon. This is all the more reason why the Subcommittee on National Defence should become a special committee of the Senate on national defence as opposed to being a subcommittee.

Hon. Senators: Hear, hear.

Senator Frith: I am glad to have given the chairman of that subcommittee an opportunity to insert a commercial in the proceedings today.

Senator Roblin: Honourable senators, he put me up to it.

Senator Frith: Then, I will add my appreciation for Senator Roblin's usual candor.

Motion agreed to.

[*Translation*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on National Finance have power to sit tomorrow, Wednesday, April 20, 1983, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

I might add that the permission would be granted to the Subcommittee on Estimates.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, there is no mention in the motion as to when this committee has permission to meet. Perhaps the mover of the motion gave a time and I did not hear it.

We have had some discussions recently about what we should do on Wednesdays, the idea being that to avoid a clash we make use of Wednesday evening. I should like to know whether it is the intention of the government that we should sit tomorrow afternoon or sit tomorrow evening. The answer to that question would have some bearing upon this motion. In any case, I think the motion ought to say when the committee intends to meet.

Senator Frith: Honourable senators, the permission that is required by the rules is just to meet notwithstanding that the Senate might be sitting at the same time. However, that should not prevent our taking advantage of the opportunity to announce also the time of the committee meeting so that honourable senators are so advised. In this case the committee meeting is set for 1.30 in the afternoon, but the permission that is needed, as I said, is just to meet notwithstanding that the Senate might then be sitting.

I believe that the committee we are concerned with here is the Subcommittee on Estimates.

As to the question of sitting tomorrow afternoon, Senator Roblin is quite right that we have launched an experiment to sit on Tuesday evening, Wednesday evening, if necessary, leaving Wednesday afternoon free for committees to meet and then Thursday afternoon. In order to accommodate some speakers on the two bills that we have before us now, we intend to ask the Senate to sit tomorrow afternoon as an exception to the rule, and the rule is not thereby considered to be changed. We will continue to try to give committees the opportunity to meet on Wednesday afternoons and not to have the Senate sitting then. If it is necessary to sit on Wednesdays, our proposal was that we sit on Wednesday evenings.

Hon. Henry D. Hicks: Honourable senators, this raises another question. Suppose the Senate sits tomorrow afternoon at 2 o'clock and does not sit in the evening, and we have agreed to permit the committee to meet while the Senate is sitting, does that mean that honourable senators who are attending the committee meeting have to skip out and come in here in order to have their attendance recorded, or may they give their attention to the business of the committee and have their attendance in the Senate counted for that day?

● (1420)

Senator Frith: Honourable senators, convenient though the alternative suggestion is, I am afraid there is no way that it can be implemented under the applicable rules and provisions. Therefore, if honourable senators want to get their attendance, they will either "skip out," as Senator Hicks has said, or they will hope that the committee will finish its business before the Senate rises, in which case senators will, I am sure, come directly from the committee meeting to the Senate.

Hon. John M. Godfrey: Honourable senators, surely attendance at a committee meeting is considered to be public business and senators would, therefore, be excused from Senate attendance. Perhaps some senators, as a matter of convenience, walk through the Senate to have their attendance taken because it is sometimes more convenient to do that than to write a letter explaining that they could not attend because they were on public business. My point, however, is that if honourable senators are absent from the Senate because they are attending a committee meeting, they are counted as being here for all practical purposes.

Senator Frith: Perhaps some honourable senators are not familiar with the alternative that Senator Godfrey has quite correctly suggested; namely, writing a letter instead of "skipping out," "skipping in," or "skipping through." I am sure that if a letter were written stating that the senator was attending a committee meeting, there would be no question but that that would be considered public business, bearing in mind what qualifies as public business.

Senator Roblin: Honourable senators, I am sure I will have no trouble attending the sitting of the Senate at 2 o'clock, because I think that the Senate comes before committee meetings. This discussion does underlie, I think, the unnecessary awkwardness of the arrangement that is proposed. The committee has no doubt made a prior engagement with its witness—who is a very interesting one, and it will pain me to miss him—but surely all of our recent discussions were aimed at getting around this sort of problem by simply not having a meeting scheduled at the same time as the Senate is supposed to sit. The means whereby this can be done have been explored and, I will not repeat them.

I do not intend to vote against this motion. I simply say that to propose that the committee meeting clash with the sitting of the Senate is a completely unnecessary imposition on the house; it is unnecessary; it should not happen; and, in my view, my honourable friend ought to think again.

Senator Frith: Honourable senators, I believe this committee quite often meets at 1.30 p.m. on days when the Senate is scheduled to sit. Senator Roblin is saying, in effect, that he has not found persuasive anything we have said as a reason for an exception to our experiment. I understand his viewpoint, but it is an exception. In that context, I ask for support of the motion.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA DEVELOPMENT INVESTMENT CORPORATION

RESPONSIBILITY OF MINISTERS—RESPONSIBILITY FOR CANADAIR LTD.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before asking the first question, I wish to say that the Leader of the Government is looking very fit and youthful this afternoon. I am not sure to what he would ascribe this—I almost said "improvement" but I do not know whether that is a fair word to use, so let me say "change in his appearance". At any rate, with or without his beard, we are happy to see him. I must say that, if he wants my vote, he looks in excellent form this afternoon—well able to deal with any questions we might ask.

I wonder if the minister of state in charge of the CDIC would like to deal with some of the questions that I have no doubt he is expecting from the opposition this afternoon. Perhaps I should begin by trying to clarify his position.

Recently—I think it was around the turn of the year—by some sleight of order in council and before any reference to Parliament had been made, the government decided that there should be established an organization called the CDIC. In respect of that, I would like to know what responsibility the minister accepts for the CDIC, and, in turn, what responsibility the CDIC accepts for the goings-on at Canadair which have received such unfavourable notice in the last few days.

● (1425)

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, first, I thank Senator Roblin for acknowledging that I am here and am ready, willing and very able to respond to questions about the Canada Development Investment Corporation.

The corporation was established by Canada Development Corporation and was transferred to the Government of Canada, which then, by orders in council, under existing parliamentary authority, enabled CDIC to commence business operations in the nature of acting as the holder of shares and/or investment advisor with respect to, first of all, the shares of Canada Development Corporation, which are under its act held by me, and thereafter—and I am now speaking of late November 1982—shares in Massey-Ferguson, in Eldorado, in Canadair and in de Havilland. I hold ministerial responsibility for Teleglobe, and I am advised in that respect by CDIC.

I am somewhat puzzled by the phrase Senator Roblin used, "sleight of order in council." There is nothing "sleight" about these orders in council. They constitute a standard method by which governments, under authority Parliament has given to the executive, perform their duties in respect of their public responsibilities.

With regard to Canada Development Investment Corporation, I am the minister responsible and I answer for that corporation in Parliament.

As for Canadair, the shares of which are held by CDIC, I am the minister responsible, and I answer for that corporation also in Parliament. I might add that the responsibility for Canadair was given to CDIC, and consequently to me, in the last week of November 1982. The purpose of the government was to enhance its understanding and control of the financial and business affairs of Canadair, which were becoming of increasing concern, particularly in the business environment which was manifesting itself throughout the world in 1982, causing a pervasive slow-up in the western industrial economy, and consequently, as one of its features, a real retrogression of the ability of Canadair and other companies in the world which were manufacturing similar aircraft to market those aircraft.

Accordingly, I wish Senator Roblin and other honourable senators to understand that CDIC is a method used by the government for achieving more intense financial and business management of the affairs of Canadair.

Senator Roblin: Honourable senators, I am not going to follow the minister down his interesting path with regard to "sleight of order in council," because he knows as well as I do that it is necessary that the activities of his department, and of CDIC, receive the approbation of Parliament. He has made that statement before and has promised us a bill, although we have not had it yet, and God knows when we will; but that does not alter the fact that it would have been far more appropriate, in the interests of the proper conduct of public business, to get the statute and the approval of Parliament first, and the orders in council and the manipulations of the government, if those have to continue, afterwards. However, I am going to leave that because we will have a chance to debate those matters when the legislation comes before the house. I do not think, however, that the minister should try to hide behind that particular situation. Perhaps he is not trying to hide behind it, but I will find out.

The minister received the responsibility for Canadair in November 1982; but perhaps he would have been a little more frank if he had told us that the government had the responsibility long before that. Canadair has been a public corporation for a long time. Government money of heroic proportions has been invested in this company—about $1.3 billion according to one count, and nearly $2 billion according to another. So it is

quite clear that there is government responsibility that encompasses not only the minister's association in November 1982 but before that. So it is in the hands of the government.

● (1430)

I want to ask the minister some specific questions about the present condition of this company. Is it true that 25 per cent or a substantial percentage of its order book has been examined and found to be perhaps unjustified, so that the order book of this company is fuller than it has previously appeared? Is it true that sales were so difficult to make that bribery had to be resorted to in Alaska? That is a question on which the minister should be prepared to give us some information.

Is it true that the government will refuse in the Senate—I know what they have done in the House of Commons—to have the affairs of this company brought before the Standing Senate Committee on National Finance, which is in charge of Auditor General's reports and the finances of the government generally, so that there may be a full accounting as to what has been taking place in this company?

Senator Austin: Honourable senators, Senator Roblin uses the technique of saying that he will not go down certain paths of inquiry, and then he goes down them, obliging me to travel a certain distance with him.

First, I renew the undertaking I have given to bring a bill before Paliament respecting CDC and CDIC. The bill is being examined by the law officers of the Crown and I hope to have it shortly. The house leader in the other place has advised his opposite number in the official opposition, and also the other opposition party, that the legislation is a priority for the government. It will be introduced and, hopefully, passed before the end of June 1983.

The honourable senator overlooks—I am sure that is all it is—my previous answers concerning the current role of CDIC and the possible roles for CDIC following parliamentary approval. The government, in giving CDIC an operating role in the financial and business management sector with respect to some of its current investment holdings, is acting in accordance with its existing authority and need not come before Parliament to ask Parliament to do twice what Parliament has already done once.

Senator Roblin: Then why are you doing it?

Senator Austin: In other words, the government has the authority to manage the assets it now owns. It has asked CDIC to carry out what will be a better method of management in the judgment of the government.

With respect to what will be requested of Parliament in the bill, that is in the nature of CDIC having an enhanced mandate to facilitate the performance of the Canadian-owned private sector under circumstances which will be described in the bill. In simple terms, it means that Parliament will be asked also to allow CDIC to participate in limited acquisitions of equity now in the private sector. However, I have assured a committee in the other place, and, I believe, I have said previously in this chamber, that CDIC will not be given work beyond currently-owned government assets until Parliament has given its approval of the enlarged mandate. I believe that deals with the first part of Senator Roblin's editorial views.

Senator Roblin: What kind of views?

Senator Austin: Editorial views.

Quite frankly, I am startled by Senator Roblin's comment that I had not been frank in admitting that the government owned Canadair before I became the minister responsible. I believe it is very much on the public record that the government has held the shares of Canadair for a good period of time, and other ministers have been responsible for Canadair in the past. So why I should state the obvious is beyond me, though sometimes I suppose it is necessary in order to make things clear to the other side.

● (1435)

With respect to Senator Roblin's specific question regarding the order book of Canadair, that is one of the key questions in the investigation by CDIC of Canadair's affairs. There are others that are also under close investigation and I am hopeful of making a report to the appropriate parliamentary committee some time before the end of June 1983—that is to say, some time before this session ends. The responsibility I want to discharge is one of careful analysis and elucidation of the affairs of Canadair. I do not want to react in any unadvised and ill-considered way with respect to the financial and business difficulties which that company has been experiencing.

I want to make clear to honourable senators that the Government of Canada is committed to Canadair, the aircraft industry and the technology of this industry. We do not intend to cancel the Canadair Challenger program in the way in which the Avro Arrow was cancelled by the Diefenbaker government, because we believe that the Challenger is an excellent technical product and that the training and skills of the people of Canadair are an asset to this country.

I want to refer specifically to this objective of the government because I think that members of Parliament and members in the media will ill-serve this country if they blacken internationally and commercially a quality product of Canadian business. I distinguish between the technical quality of the aircraft and perhaps issues of financial and business management within Canadair which, as I have already said, are part of a very careful investigation and which I will be sharing with Parliament as soon as I am satisfied that the facts are established and the analysis is clear.

It is not well taken for Senator Roblin to use phrases such as "resort to bribery in Alaska." There is no evidence that I have seen that Canadair, as a corporation, or any employee of that company, has been linked to any question of bribery in Alaska. Until someone brings me evidence of such a case, and is willing to stand in the Senate or in the other place and make charges against some individual, I do not think it is proper to make innuendoes. Therefore, I do not propose to respond in any other way to that reference.

Finally, I want to make clear, as I have in this rather extensive answer brought on by Senator Roblin's several comments and questions, that there is no intention whatever, by

me as the minister responsible, or by the Government of Canada of holding back on the financial and business situation with respect to Canadair. The matter will be brought forward for examination and determination by Parliament. Through that examination and determination I will seek the renewed confidence of Parliament in the technology of that particular industry.

Senator Roblin: Honourable senators, the minister has made a number of interesting points. I shall not comment upon all of them but certainly on some of them. With respect to the bribery, the minister stated that he does not know who committed the crime. Why does he not read the newspapers, in which he will find that there have been some convictions in Alaska with respect to the crime? The person whose name is linked with this is a Mr. Larsen, who is the sole representative in the United States for the sale of the CL-215 water bomber.

• (1440)

I hardly think it irresponsible of me to raise in this chamber a matter which is in the public domain, in respect of which serious questions of probity and proper conduct have been raised. If the minister had told me that he intended to have the law officers of the Crown investigate this matter, perhaps I would have been satisfied; but for him to rebuke me and say that it is unfitting or unseemly—or whatever expression he used—for me to report to this chamber a piece of news which is available to all of the citizens of both Canada and the United States, if they care to pay attention to it, is to my mind an absurdity. I guess we will let the absurdity lie where it deserves to lie.

With respect to the other matters, the minister really typifies, in a way, the attitude of his government towards its responsibilities. A matter has been raised in a public forum, namely, on the public television screens of the nation, with respect to certain goings-on in Air Canada—

An Hon. Senator: Canadair.

Senator Roblin: Canadair. Thank you. I certainly do not want to mix those two up, because I do not think I should like to criticize Air Canada in that way.

The fact is that the matter has been on the television screens. The minister says to us, and these are his words. When I am satisfied as to what the facts are, I will bring some information to the house. When did he constitute himself as the judge in this matter? Public funds are involved in this matter. Parliament is the area in which the decision should be made.

Far too often we find the administration, the executive, the cabinet, with respect to a matter which is clearly within the purview of Parliament, namely, the expenditure of public funds, saying, "If we decide that you should look into it, we will let you know."

What happens if my friend is not satisfied there is any *prima facie* case in this matter? Are we not to hear any more about it? Why does my honourable friend not allow the Standing Senate Committee on National Finance to look into this matter? It is competent to do so, in every respect.

I must tell him that, while I appreciate his efforts to make sure that we do not go haring down any blind trails, or that we do not go getting ourselves involved in activities that will unfairly prejudice the achievements of Canadian technicians in building a very good aircraft—and I have to believe that that is what it is—there is another area of responsibility altogether, and that is one of management. That is where the minister is supposed to be taking an interest, and that is where the control of the funds is involved.

Technicians in Canadair do not control the funds; they deal with the funds given to them. The government controls the funds and, theoretically—and, in my mind, I underline the word "theoretically—it is Parliament that has control of the funds.

So I say to my honourable friend that, if he wants to discharge his duty in the way I think would be appropriate, he will see that Parliament is allowed—allowed, if you please—by the executive to look into the affairs that are in dispute at the moment, and he will agree that we should not be obliged to wait until the minister is satisfied that perhaps we should have a look at it. That will not do.

Senator Austin: Honourable senators, with respect to the first part of Senator Roblin's observations, I want to be clear that it is my understanding regarding questions of alleged bribery in Alaska that in no way has Canadair, or any subsidiary or employee of Canadair, been implicated by any judicial proceedings. Therefore, I do not know what I am asked to answer.

Senator Roblin: Do you want me to tell you?

Senator Austin: Certainly.

Senator Roblin: Well, here it is in the newspaper: Charges. I call them judicial proceedings. I don't know what my honourable friend thinks of them, but charges, to me, are judicial proceedings.

Senator Austin: Charges against whom?

Senator Roblin: Well, I will read them:

> Charges were also laid against three other individuals following an Alaskan grand jury investigation of the affair. The individuals were Michael De Man, an Anchorage businessman, Arthur F. Kelly II, an Anchorage businessman who was a consultant to Canadair, and Mr. Larsen, who was then the sole representative in the United States for the sale of the CL-215 water bomber.

I certainly think those are judicial proceedings.

Senator Austin: Well, perhaps we are playing at the meaning of words. What I am trying to say in substance, Senator Roblin, is that I do not understand whether you are suggesting that Canadair has been implicated in judicial proceedings in the State of Alaska, or whether you are saying you would like to know whether Canadair is in some way implicated. I thought you were asking me the latter question.

What I am saying to you is that I have no information to indicate that Canadair or any employee of the corporation has been in any way implicated. Are you asking me to find out, or

are you accepting that statement as consistent with the newspaper article you are reading?

Senator Roblin: Well, I believe the minister when he says he does not know. I think there is a good deal he does not know in connection with this matter. My suggestion is that he should find out.

Senator Austin: In that case we can settle the matter amicably by my saying that I have asked for all the information in the possession of Canadair. As I receive that information I will be better informed.

With respect to the second question, the responsibility of myself as minister to report to Parliament, I have acknowledged it and I will report to Parliament. I said I would report to the appropriate committee. I am not certain at this moment whether that is in this chamber or in the other place, but I will certainly report fully on every aspect of the business and financial matters related to Canadair.

Senator Roblin raises the question of whether the management of Canadair may in some way be questioned in terms of its capabilities. I do not want to point the finger at any individual or group of individuals in Canadair until I have received a full and detailed report from my advisers. I think that that would be unfair. I am certain Senator Roblin would not want me to be unfair or hasty because a question has been raised in public on the matter of Canadair. I acknowledge that the question has been raised by the media. I acknowledge that there are financial and business problems with respect to Canadair.

The Prime Minister said in the other place that we had acquired a company that was in trouble, and had done so for policy reasons. Since then we have had problems of a business kind and of a technical kind with respect to the Challenger, but we have certainly not had any insurmountable technical problems, and I think we have a good aircraft there. I will be very happy to tell the appropriate committee, as soon as I am in a position to do so, what the Canadair story is.

Senator Roblin: I hope the minister will also share his information about the bribery question with this house, too. He did not say that he would, but I am taking it that he will.

When he prepares his answer, I think he had better be prepared to deal with the question of why, when the government took over a company which it knew was in trouble, it seems to have given it so little attention over all these months.

● (1450)

Hon. Stanley Haidasz: Honourable senators, in view of the minister's confirmation of the federal government's strong commitment to the aircraft industry and to Canadair in particular, I would like to ask the minister whether the government has approved the impending layoff of 570 employees at the Canadair plant in Montreal.

Senator Austin: Honourable senators, the government qua government does not approve acts of hiring or acts of layoff. These are matters that are left to CDIC, its management and its board of directors, and I ask them to act in a proper commercial manner with respect to the business affairs of Canadair. I can only say that I have no evidence that they are doing otherwise.

I might also say to Senator Haidasz, since he comes from Toronto, that I have an equal affection and regard for de Havilland.

Hon. Orville H. Phillips: I have some questions arising out of the answers given to Senator Roblin.

The minister of state responsible for the CDIC stated that Canadair was transferred to that corporation when Canadair became a matter of increasing concern to the government.

My question is: When was the government aware of the severe financial problems facing the crown corporation, and what action was taken prior to transferring Canadair to the dummy corporation, the CDIC?

Senator Austin: I must say to Senator Phillips that I do not understand the reference to "the dummy corporation."

CDIC is an active business and financial management corporation with very senior responsibilities, and I think that at least today Senator Roblin has been taking those business responsibilities seriously, so I will pass to another part of your question.

At the time Canadair was transferred to CDIC, in late November 1982, the government was certainly concerned about the downturn in the business market for the Canadair Challenger and was also concerned about the increasing costs of manufacturing and of maintaining inventory. I cannot give you a precise time prior to November 1982 when those concerns began to mount, but it would be at least several months prior to then. As Senator Phillips knows, the business environment changed quite dramatically. In 1981 it went from a high degree of market performance and world industrial activity to a recession, and Canadair and many other businesses, both government and non-government owned in this country and elsewhere, were dramatically affected in their performance by the change in the world economic environment.

Senator Phillips: I would like to ask a supplementary question. The management appointed by the Honourable Senator Austin has, I believe, instituted a number of changes in the management of the crown corporation. Will he advise the Senate of those changes and the reasons for instituting them?

Senator Austin: The only changes with respect to Canadair since CDIC became responsible for it are the addition to the board of Canadair of the president and chief executive officer of CDIC, Mr. Joel Bell, and the installation at Canadair's headquarters of an employee of CDIC, Mr. Gilbert Bennett, as secretary of the executive committee of Canadair. In addition, consulting services have been retained to examine the financial and operating circumstances of Canadair.

Senator Phillips: If I understood correctly the minister's reply to a previous question, it was several months prior to the takeover by CDIC that the government became aware of the problems, so we can safely assume that the government has been, for at least a year, aware of the severe problems, the

severe losses facing Canadair. Surely, the government must have done more than just appoint a member of CDIC to be employed at Canadair? Was a meeting requested by the minister's predecessor with the corporation to discuss its difficulties? Was there any responsibility assumed by anyone for the huge losses facing the public treasury, or did they just say, "Spend it and go and hide"?

Senator Austin: Senator Phillips, the Minister of Industry, Trade and Commerce was responsible for Canadair as my immediate predecessor, and he and his department were very active in monitoring the affairs of Canadair and endeavouring to understand the changes in its business circumstances.

Hon. John M. Godfrey: The minister referred to acting in a proper commercial manner, and I am curious to know why, other than the fact that the minister himself is from Vancouver, the head office of CDIC was established in Vancouver when all of the companies it was to control and manage are in eastern Canada. I am speaking now, of course, as a senator from eastern Canada.

Senator Austin: Honourable senators, the head office of CDIC is in Vancouver, British Columbia, and its parent and predecessor corporation, the Canada Development Corporation, also had its head office in the city of Vancouver. It is a strange assumption that Senator Godfrey makes that it would be impossible to have a head office in one part of the country and some business activities in another part. There are a number of corporations with head offices in Toronto and Montreal which are able to conduct business quite effectively in British Columbia, in the United States, in Europe and in Asia. Surely, the location of a corporation's head office has no relationship to the ability of that corporation to conduct its business?

Senator Godfrey: I never suggested it was impossible. I merely suggested that, if you were acting in a proper commercial manner, the most convenient and efficient place to locate your head office would have been, as you say, central Canada. When you talk about the Canada Development Corporation, I do not think Mr. Hampson, its president and now chairman, ever moved to Vancouver and, although technically the head office of the Canada Development Corporation is still in Vancouver, in fact it is in Toronto and that is where it has been from the start. The CDC is, moreover, an illustration of the impracticability of operating something from Vancouver when most of the assets that it is now running are in central Canada.

Senator Austin: I do not wish to engage in an extended debate with you, Senator Godfrey. What you and I are doing is defining some of the problems of perception that we have in this Canadian nation.

I come from a community which has some level of commercial and economic expertise. It aspires to grow in that respect, and it is perfectly legitimate for the Government of Canada to encourage the growth of a financial and business environment in my city of Vancouver, as it is in Halifax, Winnipeg, Regina or in any other community outside of the golden triangle. I know that there are some people from the golden triangle who find that idea an odd one. I also know that the ideas of Sir John A. Macdonald and his development policy linger in various parts of central Canada, since he himself was a central Canadian. However, I think he began to escape that attitude after he became a member of Parliament from Victoria, and he is fondly regarded there, I am told, because he began to understand that this country does stretch from sea to sea. Now, in this century there is another sea called the Arctic, and so our country now stretches from sea to sea to sea. All of that area is what we call Canada, and the federal government, being the national government, has a responsibility to act equitably in all parts of it.

• (1500)

Senator Phillips: I am sure that Senator Godfrey is not suggesting that the loss occurring at Canadair is as a result of its headquarters being moved to Vancouver.

Could the minister tell us Canadair's losses when the headquarters were in Toronto, and what the losses are now that its headquarters are located in Vancouver?

Senator Austin: Honourable senators, Canadair, to the best of my recollection, has never had its headquarters located anywhere but in the city of Montreal. That has not changed and there is no proposal that that be changed.

Senator Godfrey asked a question with respect to CDIC, and from the beginning of its history—and I referred to CDC—its head office has been located in the city of Vancouver, or has intended to be located in the city of Vancouver.

Senator Phillips: Perhaps I did not express myself clearly. I was referring to the losses which resulted while CDC had its headquarters in Toronto and CDIC had its headquarters in Vancouver.

I have one further question on this subject, honourable senators. Petro-Canada has purchased executive jets. Since Petro-Canada is our national oil company, did Petro-Canada purchase jets manufactured in Canada or jets manufactured in a foreign country?

Senator Austin: I will have to obtain information on Petro-Canada's air fleet and its intentions regarding further acquisitions. I will be happy to relate that information to Senator Phillips when I obtain it.

Senator Roblin: Honourable senators, I have a further question relating to Canadair. Would the minister please tell us when he will allow the Auditor General, who does report to Parliament, to audit the books of Canadair?

Senator Austin: I have referred that matter to the government because I understand that the choice of auditors for a Schedule D corporation is a matter of government policy.

As you well know, auditors perform valuable accounting functions and important advisory functions. I have no quarrel with the Auditor General with respect to his responsibilities to Parliament and his desire to report to Parliament, but I have a concern about this because the matter of policy with respect to a so-called comprehensive audit has not yet been settled. That

is a matter which the Auditor General is pursuing with interest in terms of federal auditing procedures. That type of audit is essentially an audit of a subjective nature, and determines not only where the money went and how it was used but whether those decisions taken were wise ones.

Consideration is being given in terms of its applicability to CDIC, because the Auditor General not only wants to audit in the conventional way but he wants to audit in the comprehensive way, using that term in the special sense professional auditors use it.

I have asked for examples where similar types of audit take place in the private sector. I have found that there are some questions of concern in terms of recruiting directors and senior employees to corporations subject to such audits because they would be unsure as to which auditing standards would apply, and whether they would be different from those that apply in the private sector. As I said, I have been seeking advice on this.

Senator Roblin: The Auditor General should get good marks on this matter, because in his last report—which is now quite old—he singled out Canadair as being a big risk on the public purse. He stated:

> It is particularly important that reliable information (on their operations) be available to ministers concerned and to Parliament.

Heaven knows that is the truth, and heaven knows, regardless of your comprehensive audit business, you would obtain a plain statement of what the facts are, just as the Auditor General provides for many other organizations of government. I regard the minister's qualifications or hesitations on this matter as being unacceptable. He should tell the Auditor General to go in and do his job, as he does with other crown corporations.

Senator Austin: I agree entirely with the Auditor General's point in the statement you have read relative to Canadair. The purpose of CDIC was essentially to obtain that information, to have control of the information and the methodology for obtaining information, but a reputable firm of private, professional auditors have audited the books of Canadair. I do not believe that those auditors have done a job other than at the highest level of professional qualification.

When I have received an audited statement of Canadair's books, you can rest assured that it will be tabled in this chamber and in the other place. I doubt whether the Auditor General would do a better audit, although I am sure he would do just as well in auditing the affairs of Canadair.

Senator Roblin: Judging from the results, I will take the Auditor General, thank you.

SEARCH AND RESCUE

IMPLEMENTATION OF RECOMMENDATIONS OF EVALUATION REPORT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Rowe on March 2 concerning research projects relating to icebergs. It is quite a long answer, so I ask that it be taken as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> The Ocean Science and Surveys (OSS) sector of the Department of Fisheries and Oceans is engaged in a variety of research projects related to sea-ice and icebergs. They can be categorized in the following areas:
>
> (1) Climatology—A description of the distribution, characteristics and properties of ice in all regions of interest is an objective of OSS.
>
> (2) Growth and Decay—In order to develop the capability to forecast local sea ice change, studies of the chemistry, heat flows and the interaction of the ice cover with the adjacent ocean and atmospheric layers are being undertaken.
>
> (3) Ice dynamics—OSS is cooperating with the Atmospheric Environment Service of Environment Canada in the development of a computer model to predict the movement of sea-ice under the influence of oceanic and atmospheric forcing.
>
> (4) Ice Properties—The physical and electrical properties of ice are being studied in order to contribute to the forecasting capability for ice forces on structures and in the interpretation of all-weather ice surveillance by radar and satellite sensors. An ice deformation-pressure program is presently under way in cooperation with the National Research Council at Adams Island. A high frequency (HF) radar surveillance program is sponsored at C-CORE Nfld., and in cooperation with the NCR, a transportable ice physics laboratory has been developed.
>
> (5) Icebergs—There is a great need to understand the trajectories and decay of icebergs on the East Coast. The safety of the offshore drilling and future production facilities are threatened every year by the incidence of icebergs. Programs are underway to investigate the dynamics of the icebergs in relation to the forcing functions of wind and current and the influence of the size and shape of the iceberg itself. The decay of the iceberg is also a result of many factors—ice cover, waves, temperature, et cetera, and data is being collected continuously. For future design of bottom mounted production systems, the keel depths and impacts of icebergs have to be determined and investigated.

ENERGY

DOMESTIC OIL PRICE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Murray on March 15. At that time Senator Murray asked the Leader of the Government in the Senate to outline

the federal government's interpretation of the provisions of the September 1, 1981, agreement between the Governments of Canada and Alberta respecting energy pricing.

This answer is also fairly long. If Senator Murray agrees, I suggest that it be taken as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Minister of Energy, Mines and Resources, when appearing before the Standing Committee on National Resources and Public Works, on March 29, 1983, clearly stated the federal government view regarding price rollbacks. The federal government is of the opinion that, notwithstanding the provisions of the Canada-Alberta Memorandum of Agreement of September 1, 1981 relating to energy pricing and taxation, the statement on oil prices of September 18, 1981, issued by Mr. Lalonde, the then federal Minister of Energy, Mines and Resources, with the concurrence of Mr. Leitch, the then Alberta Minister of Energy, is the official interpretation of the 75 per cent maximum relationship of the domestic oil price to the international price.

I will quote directly from this statement:

—"as indicated in Paragraph 2 of the Memorandum of Agreement, the overall average field price of conventional old oil plus transportation costs to Montreal—adjusted for quality—will never exceed 75 per cent of the actual international price for a similar quality of imported crude oil laid down at Montreal; and

—"as indicated in Paragraphs 3(b) and 3(f) of the Memorandum of Agreement, the New Oil Reference Price adjusted to the average of imported crude oil laid down at Montreal will never exceed 100 per cent of the actual price of imported oil."

Honourable senators may recall that this announcement was made due to confusion which arose from an apparent contradiction between paragraphs of the September 1 document, which appear to indicate that there would be no rollback should a situation develop where domestic prices exceeded international prices.

I would like to reiterate that this is the federal government's interpretation of the price "rollback" provision. Unfortunately, it is not one shared by the Province of Alberta. However, the federal Energy Minister has indicated that he has no intention of acting unilaterally and imposing the federal view on producing provinces. We look forward to a continuation of productive discussions on domestic oil and gas pricing with producing provinces.

I have a further delayed answer in response to a question asked by Senator Roblin concerning the relative retail prices in Canada and the United States of gasoline. There is some detail in this answer, and, if agreeable, I suggest that it be taken as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

According to the latest EMR data, comparing retail gasoline prices in select Canadian and American cities, in January 1983, Winnipeg consumers were paying 35.7 cents per litre for gasoline ($1.62 per Canadian gallon) versus the 38.9 cents per litre ($1.77 per Canadian gallon) being paid by gasoline consumers in Minneapolis. These figures clearly disprove the honourable senator's contention that the Minneapolis gasoline price was 50 cents per gallon less than that being paid in Winnipeg.

However, the government does acknowledge that in some parts of this country gasoline prices do exceed those paid by American consumers. This differential is due largely to the fact that provincial gasoline taxes in Canada are considerably higher than state gasoline taxes in the U.S.

The average Canada-U.S. price gap of 5.5 cents per litre will be narrowed in the near future as a result of an increase, effective April 1, in the U.S. federal tax of 5 cents per U.S. gallon (1.5 cents per Canadian litre), and planned increases in state taxes equivalent to about 3 cents per litre. This will leave Canadian prices slightly higher than U.S. prices because of the provincial tax level.

When price comparisons are made of a commodity such as furnace oil—which is not subjected to the taxes that gasoline attracts—the Canada-U.S. comparison takes on a different perspective. The average Canadian price of heating oil is 30.5 cents per litre. The average U.S. price for this commodity is 39.7 cents per litre.

SEARCH AND RESCUE

NEWFOUNDLAND—PROPOSED ESTABLISHMENT OF LIFEBOAT BASES ON WEST COAST

Hon. H. A. Olson (Leader of the Government): Finally, honourable senators, I have a reply to a question asked by Senator Marshall on March 29 last regarding the intention of the Department of Transport to locate lifeboat bases along the west coast of Newfoundland, which was promised approximately seven or eight years ago. Since this is also a fairly long answer, I suggest that it be taken as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

As the honourable senator knows, search and rescue (SAR) resources are not unlimited, and are therefore carefully deployed in the areas of greatest need. In 1982, there were 57 incidents off the west coast of Newfoundland, compared to 174 off the northeast coast. Even on the northeast coast, the Coast Guard believes that its facilities need improvement, and it is seeking authority to do so.

SAR resources on the west coast are provided primarily by the *Jackman*. Although designed as an offshore vessel,

the *Jackman* has responded to several inshore incidents. SAR services are also provided in this area by Coast Guard and Department of Fisheries and Oceans vessels whose primary duties are ice-breaking, tending of navigational aids, fisheries surveillance, et cetera.

In addition, the Canadian Marine Rescue Auxiliary has provided valuable assistance in Newfoundland, participating in 63 missions in 1982. There are now 23 CMRA volunteers in various locations on the west coast, and the Coast Guard is continually seeking additional members.

Finally, as part of the SAR planning process, the Coast Guard will be reviewing requirements for the west coast of Newfoundland, particularly the Daniel's Harbour area, and will consider the installation of a shore-based lifeboat at this location.

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) CONTINUING ASSISTANCE BILL

DOCUMENTS TABLED IN COMPLIANCE WITH UNDERTAKING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have what amounts to a delayed answer, or at least a fulfilment of an undertaking, regarding Bill C-130. In response to a question posed by Senator Roblin, which appears at page 5537 of *Debates of the Senate* of Tuesday, March 29, 1983, I undertook to provide information regarding les fonds commun, which was one of the organizations referred to in the bill.

If I understood Senator Roblin's request correctly, it was for an updated version of the document so entitled, and also more detailed information on the Common Fund, in particular, to give him an opportunity to consider that from the point of view of wheat as a product, but not only for that purpose.

I suggest that the best way of dealing with this is for me to table two documents attached to a memorandum I have received on the subject. The first document is entitled "Annexe I, Fonds Commun Pour Les Produits de Base." That is further to an annex referred to as annex 6.9, to which I had referred but did not table during the debate on the bill.

The second is a copy of the agreement establishing the Common Fund.

Representatives from CIDA have authorized me to say that they would be glad to arrange a briefing session on the Common Fund for Senator Roblin if he so desires.

Consequently, honourable senators, I table the following:

Document dated 1981 entitled "Agreement establishing the Common Fund for Commodities" issued by the United Nations (*English text*).

Document entitled "Profil du fonds commun" (*French text*).

• (1510)

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place at 8 o'clock this evening.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on this occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since.

SMALL BUSINESS INVESTMENT GRANTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Peter Bosa moved the second reading of Bill C-136, respecting small business investment grants.

He said: Honourable senators, I am pleased to present to the Senate Bill C-136, respecting small business investment grants.

As honourable senators will recall, the budget of June 28, 1982 announced an important new program to reduce interest costs for small businesses by a grant of up to 4 per cent for two years on borrowings by small businesses to finance new investment and research and development.

The program was described in the budget as a temporary program being introduced pending a decision on the proposals set out in the discussion paper on inflation and the taxation of personal investment income. Eligibility for the benefits of the temporary assistance program will generally parallel the rules for the recent small business development bond tax program. Eligibility under this program was also extended to farmers, fishermen and other unincorporated businesses.

The temporary assistance program was to apply to loans made to small businesses by financial institutions if the proceeds of the loans were used to finance purchases of new depreciable property to be used in an active business in Canada after June 28, 1982 and before March 31, 1983, or to finance expenditures on scientific research during the same period.

The total amount of eligible loans to a business or related group of businesses which could qualify for the interest subsidy is limited to $500,000, and each qualifying loan must be at least $10,000.

The maximum 4-per-cent-a-year grant is payable in respect of higher loans subject to an interest rate of 16 per cent a year or higher, and no grant is payable when the interest rate on the

small business investment grant loan is 12 per cent a year or less. Between the 16 per cent per annum and the 12 per cent per annum rates the grant payable is a rate equivalent to the difference between the interest rate charged on the loan and 12 per cent. If the interest rate is 15 per cent, the small business investment grant is 3 per cent per year.

It was made clear in the budget that the assistance program was temporary in nature and that it did not profess to address all of the problems facing small businesses during the period after June 28, 1982 and before March 31, 1983. The program was intended to encourage those small businesses contemplating investments in new depreciable assets or in research and development, but not to hold such investments in abeyance.

Bill C-136 is an instrument that was introduced at a time when interest rates were high. In June of 1982 they were hovering around 18 or 19 per cent. It was directed essentially at easing the interest burden of small businesses for two years on loans taken out to finance the acquisition of property and to finance research and development according to the criteria of the program. It was a temporary instrument designed for a specific and fairly narrow purpose.

The current situation is that the March 31, 1983 deadline for taking out loans and using the loan proceeds for eligible purposes has passed. The need for legislative authority to pay the interest subsidy grants for two years is, however, very much alive and pressing. Without it grants cannot be paid to eligible borrowers.

There was some concern about the absence of a clear March 31, 1983 sunset clause in Bill C-136. This was assuaged by unanimous consent to adopt a motion amending Bill C-136 by adding immediately after line 16 on page 2 the following:

> The Minister may only make grants under subsection (1) in respect of small business investment debt obligations that are incurred prior to April 1, 1983.

This amendment is in keeping with the statements in the budget of June 28, 1982, the various press releases and in the SBIG information material that was given wide distribution in both the public and private sectors and makes the temporary nature of the assistance very clear.

In order that the small business investment grant program would be implemented as soon as possible after the June 28, 1982 budget announcement, it was necessary to secure temporary program and funding authorities pending passage of the small business investment grants bill. The temporary authorities expired on March 31, 1983. Therefore, it is important that this bill pass quickly so that payments may continue to be made to all eligible small business investment grant applicants.

Up to March 31, 1983, some 4,300 small businesses borrowed over $244 million under the program. Over 60 per cent of the borrowers are farmers and fishermen. Applications have been received from every province and territory in Canada attesting to the widespread popularity of this temporary assistance.

Honourable senators, this is a positive, innovative bill which has been welcomed by the small business community in the spirit in which it was proposed, not as a panacea but as a temporary measure providing relief during a period of high interest rates. I hope that honourable senators will give the bill speedy passage so that assistance under this program can be delivered as promised to all eligible applicants.

On motion of Senator Roblin, debate adjourned.

• (1520)

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved the second reading of Bill C-142, to amend the Canada Deposit Insurance Corporation Act.

He said: It is my privilege to speak to honourable senators on Bill C-142, which I think is reasonably well understood, in a general way, by members of this chamber. It is a bill to increase the amount of insurance on deposits in certain institutions from the present $20,000 ceiling to a ceiling of $60,000.

There are other implications of the bill which I will go into in due course, but perhaps I should first indicate to honourable senators that the Canada Deposit Insurance Corporation is a crown corporation. It was founded in 1967 by the Canada Deposit Insurance Corporation Act. The main purpose of the corporation is to insure, within specified limits, savings deposits made with financial institutions that are members of the corporation. I think that function is well understood. Perhaps what is not as well recognized by the country at large—and was not by myself, since I had to make several inquiries in this regard—is the operation of this corporation over the years.

The Canada Deposit Insurance Corporation seems to be operating very efficiently. It now has assets of $255 million. It is financed by a charge of one-thirtieth of 1 per cent on the total deposits that qualify by all of the financial institutions that are members. In 1981, which is the last year for which I have figures, this brought in a revenue of $14 million. Added to that, the interest on the money that had been accumulated in the year 1981 amounted to $25 million. In that year, therefore, it had a total revenue of $39 million. It is provided for in the act that, should the corporation be in a financial position such that it does not need these substantial funds, the amounts charged can be reduced in accordance with regulations.

Another interesting aspect of this crown corporation of which I was not previously aware is that it pays income tax. Last year the Canada Deposit Insurance Corporation paid to the Government of Canada $12 million in income tax. I can say, therefore, that this is one crown corporation which seems to operate efficiently. Moreover, I think that since 1967 it has given the people of Canada confidence in the deposit system—confidence which was not there before.

Since its inception, the total losses amount to $3.6 million. These losses came about because of losses incurred in Commonwealth Trust and Astra Trust. It is possible that some of that amount could still be recovered.

When honourable senators look at the overall operation of this crown corporation, I think they will agree with me that the corporation does run efficiently and that it does provide protection for those who need it, which is a very important part of our whole financial system.

Because of inflation the ceiling of $20,000 is unrealistic at this time. It is proposed in this bill that that ceiling be raised to $60,000. A little later I shall discuss with honourable senators why the figure of $60,000 was chosen rather than, perhaps, $100,000, which is the ceiling in the United States, or some other figure. Incidentally, a committee of the House of Commons, in examining the banking system, proposed that $60,000 would be a reasonable figure for this ceiling.

It should be brought to the attention of honourable senators that individuals can make deposits in various institutions which are covered by this insurance, so that there is really no limit to how far the protection goes in terms of an individual who is prepared to spread his accounts throughout the financial system. There is a variety of ways in which the figure of $60,000 can be greatly enlarged, insofar as protection is concerned, by good financial management and planning. Really, what I am saying to honourable senators is that, looking at the overall operation, it has been a successful one. In the past, there has been protection provided to depositors who have been covered by this insurance, and I think that the future will be taken care of under these new proposals.

There are other interesting changes, over and above the proposal to increase the ceiling to $60,000. The amount that can be loaned to the corporation by the Government of Canada through the Consolidated Revenue Account has been increased from $500 million to $1.5 billion. Honourable senators might ask why there is this loan requirement when I have told them that the corporation really does not cost the Government of Canada anything. The answer is, because it is not possible, realistically, to quickly liquidate the assets of a trust company, bank or financial institution in trouble without taking great losses. The depositors have to be paid. There is a possible heavy outflow of funds which happens in due course as assets are being liquidated in an orderly manner. Liquidation at fire-sale prices, however, could lead to severe losses. The $500 million has been in place. The $1.5 billion, which is three times that amount, should be a reasonable figure, just as the figure for the new ceiling is three times that of the old and is considered to be realistic. Again I emphasize that this is not a cost to the Government of Canada, nor is it a cost to the taxpayers of Canada.

There are some relatively unimportant amendments which are nonetheless interesting and which are in place simply to make the system work better. I will draw two or three of them to the attention of honourable senators.

One such amendment requires a provincial loan or trust company, subject to certain exemptions, when acknowledging receipt of money that does not constitute a deposit within the meaning of the act, to stamp such an instrument, indicating that it is not evidence of a deposit within the meaning of the act. Put more simply, if somebody brings money to a financial institution for some transaction which does not qualify as a deposit—it might be, for example, a real estate transaction—the institution must put a stamp on it so that the depositor knows that it is not insured by the Canada Deposit Insurance Corporation. I think it is a good practice to advise clients of these financial institutions of circumstances in which they are not protected. This applies to both provincially and federally incorporated institutions.

Hon. Jean-Paul Deschatelets: Honourable senators, might I be permitted to ask a question on this point? Suppose you go to a bank and ask for what we call in French un certificat de dépôt for $10,000?

Senator Buckwold: Yes, that would be considered a deposit. A wide variety of instruments, other than the traditionally orthodox putting of your money into a savings account, are considered to be deposits. A deposit could be a debenture of a loan company; it could be the guaranteed investment certificates of trust companies. There is a limit of five years. You cannot give a certificate or take a debenture that is longer than five years and have it come under the protection of the Canada Deposit Insurance Corporation. This could involve an RRSP; it could involve a home ownership savings plan. There is a wide variety. There are, however, some financial transactions which some individuals might think are protected. I gave an indication of perhaps a deposit being made or something put in trust. Such transactions are relatively few, nevertheless, for the protection of the public, financial institutions have to indicate by a stamp that they are not protected.

• (1530)

Another interesting amendment is the one that empowers the corporation to make payment to a person who establishes that he or she is a depositor. At present the payment would be paid to people who appear to be entitled to it by "the records of the institution." Sometimes such records could be inadequate, and as long as the depositor has proof that he has made a deposit he will be entitled to be covered by the insurance. I think that is an interesting protection in addition to others that are now being provided.

May I give one last example of some of the minor changes. Up until now one corporation could solicit on behalf of another; that is, a corporation that was covered as a member of the deposit insurance group, and protected by it, might be selling paper that came from a company that was not a member of the deposit insurance corporation and thereby mislead the public. It is now hoped that with the approval of this act these companies will not solicit funds on behalf of another corporation that is not a member institution unless it displays a notice indicating that fact. In other words, they will have to indicate that although they are selling certain paper of another financial institution, it is not a member of the deposit insurance group. That will stop the peddling of paper of non-insured institutions I referred to earlier.

These are some of the interesting, though perhaps minor, provisions of the bill that have not had general publicity. Most people think of this as a bill that merely raises the limits; but it

does greatly improve the protection afforded depositors throughout the system.

The major question in this chamber, I think, and in the committee, if it goes to committee, will be the limitation of $60,000. Many will ask why the limit should not be $100,000. For your information, a ceiling of $60,000 would cover 92 per cent of trust and loan company deposits—that includes all deposits, Senator Deschatelets—and 78 per cent of bank deposits, at the present time.

I have indicated to you that there are many ways of speading your risk if you feel you want other accounts, and you could deal with any number of financial institutions or utilize some of the other methods available, such as having deposits in your wife's name, or in a company's name, and so on, that we have talked about; but, basically, if the ceiling becomes too high we may move in a direction which is not really appropriate to a deposit insurance corporation. For example, originally it was said that the plan was to insure savings deposits rather than to insure investments. In other words, we are not trying to make absolutely every investment safe for everybody, but, rather, to insure savings deposits at a level where the investor could perhaps be expected to be less sophisticated. In other words, the ceiling is not exactly modest—it is a fairly large amount—and those who have larger deposits than $60,000 would be expected to have some financial acumen or would seek professional advice. Otherwise, if we went too high it would confer on insured savings, or insured deposits, a very real advantage over other types of investment, and it is felt that were we to move too far in that direction we might make it more difficult to raise other types of financial instruments.

There are many other arguments, of course, and one can pick figures, but in the end the financial institutions are the ones that pay the shot, in the form of one-thirtieth of 1 per cent of the deposits. If the ceilings were raised, it is quite possible that the figure of one-thirtieth of 1 per cent would have to be increased considerably to meet those higher ceilings and to demonstrate that the insurance was protecting the deposits. Knowing financial institutions, I have a notion that it would not take long for those extra costs to be passed on to those who utilize the services of the institutions. In today's environment we should try to minimize our costs whenever possible. All in all, if we look at the situation, at the history and the strength of Canadian financial institutions generally, with some exceptions, we will see—and I personally feel—that the $60,000 ceiling is a realistic one. I believe that opinion is shared by most people in the financial community.

Before I sit down, may I pay tribute not only to the board of directors and the management of the Canadian Deposit Insurance Corporation but also to the general financial community. We have had some nasty items in the last few months, and, in fact, there have been years when unfortunate situations have developed; but again, as I have said, Canadian depositors have been protected to the extent of the ceiling. I think we can generally be very proud of our banking system and our trust company and loan company system, each having operated with reasonable supervision in most cases; but behind all of that is the protection that is offered by this insurance, which should make every Canadian saver—and Canadians are indeed savers—very comfortable with the fact that they have their money invested in Canadian institutions.

With those remarks, I ask honourable senators to consider supporting this bill, and I await your decision as to where it should go from here.

Hon. Peter Bosa: Will the honourable senator permit a question? Is the contribution of one-thirtieth of 1 per cent as a premium to fund this program sufficient, in the light of the fact that the obligation on the part of the corporation has now been tripled?

Secondly, what would happen if a deposit were made in one branch of a financial institution and a like deposit were made in another branch of the same institution? Does the deposit insurance apply in both instances, or is this taken as a total deposit, or is there a total insurance of $60,000 per individual depositor?

Senator Buckwold: To my knowledge, insofar as the second question is concerned, you could not put your deposits in three different branches of the same institution. That would be considered as one deposit.

In response to the original question as to whether the one-thirtieth of 1 per cent is enough in view of the fact that there are higher ceilings, I believe I went to some length in explaining the fact that the corporation is in good financial condition, that there are in fact relatively few long-term demands made, although there may be short term pushes. I have a figure, for instance, that I did not give you but which astounded me. It shows how dedicated Canadians are to saving money. The total insured deposits amount to $118 billion.

On motion of Senator Roblin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 20, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

HIS EMINENCE EMMETT CARDINAL CARTER, ARCHBISHOP OF TORONTO

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have the distinct honour and pleasure of rising to draw your attention to the presence in the South Gallery of a very distinguished guest, a man who is in Ottawa today to be made a Companion of the Order of Canada, one of the most outstanding preachers in Canada, the embodiment of ecumenism, raconteur par excellence, tennis partner of His Holiness John Paul II, a prince of the Roman Catholic Church, and, to those who know him well, a prince of a fellow: His Eminence Emmett Cardinal Carter, Archbishop of Toronto.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I had the unexpected privilege of meeting Cardinal Carter a few moments ago when I had occasion to consult the Honourable Leader of the Opposition on a matter of Senate business. I suppose I was simply lucky enough to get caught in the net of good luck that surrounds Cardinal Carter. I do not know from personal experience all the details the Leader of the Opposition has just mentioned, but from what I have heard I think he probably understated the case in his praise of the Cardinal.

Hon. Senators: Hear, hear.

PRIVATE BILL

EPARCH OF THE EPARCHY OF SAINTS CYRIL AND METHODIUS OF SLOVAKS OF THE BYZANTINE RITE IN CANADA—FIRST READING

Hon. Peter Bosa presented Bill S-35, to incorporate the Eparch of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Bosa, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

PARLIAMENT

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. It appears that we are now entering upon or beginning what is described in some quarters as the spring trimester of Parliament. The third anniversary of the opening of the first session of this Parliament was last Thursday, April 14. I think it has become clear that we will not have another session during this Parliament, that the work will be divided between the trimesters of spring, fall and winter. According to the rules applicable in the other place, an announcement concerning the legislative program should be made in that place. I do not know whether that announcement has already been made, but I think we should be told, if a specific legislative program awaits us during this trimester, and, if so, what it is. Perhaps the leader could also confirm whether or not we will be having any Speeches from the Throne other than at the beginning of a new Parliament.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wonder whether I understood the Leader of the Opposition correctly.

Senator Flynn: You certainly did.

Senator Olson: Does the Leader of the Opposition mean a new Parliament or a new session of this Parliament?

Senator Flynn: There will not be a new session.

Senator Olson: I do not know whether the government house leader in the other place has announced the legislation that he expects to be dealt with by Parliament during what the Leader of the Opposition has referred to as the spring trimester. I am not sure that anyone but the Leader of the Opposition has put that connotation to the sittings. In any event, I expect he is talking about the period from now until June 30 when the other place, by a house order, is to adjourn.

I think it is fair to say that the government house leader has discussed the legislative program with the opposition leaders of the other place. I am pretty sure that they have not come to an agreement on the legislative program which is already known to the House of Commons and to the Senate. In addition to that program, I think we will be looking at bills related to the budget of last night. However, I shall be open and frank with the Leader of the Opposition and indicate to him that if we have a reasonable agreement, at least as to the target of what

items in the legislative program can be dealt with between now and June 30, I will convey that to him as quickly as possible.

Senator Flynn: I would very much appreciate the leader's providing me with that information. Perhaps he could also discuss with Mr. Pinard the use of the words "spring trimester" because I find them in this letter which Mr. Pinard wrote to Mr. Lewis, the house leader for the official opposition, and, apparently, to the house leader of the New Democratic Party.

In any event, the Leader of the Government has not replied to my question as to whether there will be only one session during this Parliament. Apparently, this will be the case. The point has been raised in the other place about whether carrying on such a long session is contrary to the Constitution. Evidently there is some discussion as to the exact meaning of section 20 of the Constitution Act, 1867, which states, in effect, that there will be a new session every year in the way that a new session will not begin later than 12 months after the end of the previous session. I can see the double interpretation there, but this system of holding sessions which last three years as opposed to having a session every year is certainly contrary to the practice and tradition of our Parliament.

• (1410)

The leader realizes full well that all of the legislation pertaining to the duties of senators and members of the house is based on the concept that there be one new session every year. Indeed, it used to be the practice some years ago that a session would last no more than 100 days during one year, and in the Senate we sat even fewer days than that. But this present session has taken up close to 300 days already. I believe it was 285 days in the Senate as of yesterday.

Surely the Leader of the Government owes the Senate an explanation of this new attitude of the government regarding the length of sessions, and their beginnings and endings.

Senator Olson: Honourable senators, I really do not want to become involved in an argument about what comprises a session, or what a new session consists of. The Leader of the Opposition intimates that according to practice there must be a new session of Parliament each year. Well, that has simply not been the practice of this government, or of several previous governments. He may recall, for example, the session between 1958 and 1963 that went on for over 200 sitting days.

In any event, I don't wish to argue the point, because it has not been resolved. If a reasonable legislative program can be achieved between now and June 30—and I wish to acknowledge that the house leader in the other place did use the word "semester"—

Senator Flynn: Trimester, like "three-mester".

Senator Olson: Semester.

Senator Flynn: Three sessions—"three-mester."

Senator Olson: Certainly, it would be reasonable—and the government has always been reasonable in this—

Senator Flynn: Hah!

Senator Olson: —to try to complete a certain amount of essential public business. There would probably be the prospect of a new session in this Parliament some time later in 1983. I am sure I do not have to remind the Leader of the Opposition that we are only three years and a few days into a five-year mandate.

THE BUDGET, 1983

WESTERN DEVELOPMENT FUND—STATUS

Hon. Nathan Nurgitz: Honourable senators, arising out of the budget speech last night I have one or two questions to direct to the Leader of the Government in the Senate. The 1980 budget provided for a Western Development Fund of $4 billion. My understanding of the 1981 budget was that there was some modification of that, and an extension of the number of years over which those funds would be spent. To the best of my knowledge, the budget presented last night made no specific mention of the Western Development Fund. At least, in those portions of the speech that I heard in the television broadcast there was no mention of the fund, and I listened, I thought, to almost every word.

Has the fund ceased to exist? If not, what is the government's current timetable for the expenditure of the Western Development Fund, and what particular projects are involved?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there are specific and large expenditures where the commitment has been made. The last time I calculated the total it was well over $2 billion for the types of project involved. Some of them are not yet under way, for a number of reasons I don't wish to go into at the moment, but they are there.

To answer Senator Nurgitz's more specific question with respect to the present status of the fund, I suppose if we were to consider all the criteria for what it was hoped to do with the Western Development Fund, we could then add several hundred million dollars, if not perhaps over a billion dollars, of projects that were included in the budget announcements last night, projects which would meet the criteria designated for that fund.

With respect to his question as to whether there is a designated fund in which all of the funding for a certain geographical area of Canada would be included, I am not sure that that is the way the accounting was done in a number of the announcements that were made last night for economic development in western Canada.

• (1415)

Senator Nurgitz: I have a supplementary question for the Leader of the Government. I wonder if he could advise us if it is anticipated that any of the programs announced last night will come within the old $4 billion Western Development Fund.

Senator Olson: I suppose a great many of those projects do, in fact, fall within the criteria laid down for economic development in western Canada.

Senator Nurgitz: Perhaps the minister could tell us which particular projects those might be, or bring to the chamber a list of the likely projects.

Senator Olson: Perhaps in the next few days I will be able to obtain a more up-to-date list of what projects were discussed in the budget last night, together with a number that have been announced from time to time that fit the criteria for western economic enhancement, and I could give that to the honourable senator.

Senator Nurgitz: While we are discussing the list, perhaps the minister could also let us have a list of those projects already undertaken which have been earmarked to come out of the Western Development Fund.

Senator Olson: Yes, I will do that.

GOVERNMENT INVESTMENT IN INDUSTRY

Hon. Nathan Nurgitz: Honourable senators, I have one other brief question. The Minister of Finance, in his pronouncement last night, announced a $300 million fund to be under the direction of the Minister of Industry, Trade and Commerce. The only detail given about the fund was that it would allow the government to purchase stock in willing companies. I wonder if the Leader of the Government could elaborate on what, specifically, the funds are expected to do. Is this perhaps a fund that would provide for government investment in the Maislins, the Massey Fergusons or the Canadairs. What specific kind of company would be invested in?

Hon. H. A. Olson (Leader of the Government): I know that Senator Nurgitz has said that he listened carefully last night to the budget speech, but he missed one thing and that is that the Minister of Finance did say that each of the ministers who would be responsible for the administration of the various projects which he announced would be participating in the budget debate in the other place, which will go on for several days.

While it is possible, I suppose, to find some of the details that Senator Nurgitz has just asked for, perhaps, if he is a little patient and waits for the day when the Minister of Industry, Trade and Commerce and Regional Economic Expansion speaks in that debate, the minister will spell out the details of that project with comprehension and clarity to his complete satisfaction.

Senator Nurgitz: Perhaps I was not paying as careful attention as I ought to have paid to that section of the budget speech, but in view of the comments and criticisms made by the members of both houses and by the Auditor General, perhaps the Leader of the Government could tell us whether there is proposed to be some form of parliamentary control over these funds, once invested, in order that the public funds will be better safeguarded than they have been in the past.

Senator Olson: Honourable senators, I think that Senator Nurgitz will be very much better equipped to ask those questions, as I will be to answer them, after we have heard the speech of the minister concerned.

[Senator Olson.]

SPORT

OLYMPIC STADIUM, MONTREAL—COMPLETION OF ROOF

Hon. Martial Asselin: Honourable senators, my question is for the Minister of State for Fitness and Amateur Sport. During the recess, I thought I heard a statement made by the minister to the effect that the government is already committed to completing the roof of the Olympic Stadium in Montreal on one condition, but I did not get the condition. Could he reiterate the policy statement that he made?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I would be pleased to bring a statement on this subject to the Senate. However, I do not have firm information on the report which has come to the attention of Senator Asselin.

● (1420)

I made no formal statement about the proposed roof for the Olympic Stadium. I made an informal comment to the effect that I understand that a number of options are being considered to cover that very fine facility in Montreal. I have been advised that conversations have been held with a number of technical advisors as to the best way to proceed.

NATIONAL HOCKEY LEAGUE

SALE OF ST. LOUIS BLUES FRANCHISE TO SASKATOON BUSINESS INTERESTS

Hon. Sidney L. Buckwold: Honourable senators, I should like to direct a question to the Minister of State for Fitness and Amateur Sport.

In the morning newspapers there were two very good stories. The first was on the federal budget, which I am sure pleased everyone. The second was one that particularly pleased the people of Saskatoon, in particular, and of Saskatchewan, in general, to the effect that the St. Louis Blues hockey team had been sold to a group of Saskatoon investors. It is quite possible now that we will have a National Hockey League team in that great city.

Hon. Jacques Flynn (Leader of the Opposition): The Blues will be moved to Saskatoon?

Senator Buckwold: That is the idea. They may change their colours to red—I am not sure; we have been trying to achieve that for a long time. I can tell you that excitement is already running high. We have signed the greatest stick-handler in Canada, Marc Lalonde, and if he doesn't have a scoring punch I don't know who has.

Senator Flynn: He had better hurry; I may have to retire pretty soon.

Senator Buckwold: You still have a good few years left, Senator Flynn.

I want to draw to your attention the fact that Saskatoon, historically, has been a hotbed of hockey and has maintained a very real hockey interest. I go back to the 1920s, when the best professional hockey team in the whole of Canada at the time

was the team that Senator Argue was named after, the Saskatoon Sheiks. It boasted the Cook brothers, Bun and Bill, Cy Denney, and George Hainsworth in goal. They were moved, as I recall, to play with the New York Rangers, so if anybody asks you where is Saskatoon, and what right have they to have a professional hockey team, you might remind them that our history with regard to professional hockey, and our participation in it, go back a long time, with great support.

I am coming to the question, by the way. I am sure you are all anxious to hear the historic background first, however.

Hon. Nathan Nurgitz: Continue the story.

Senator Buckwold: The next obstacle is the governors of the National Hockey League. They may be all right, but I am concerned about John Godfrey's friend from Toronto. You remember that, in his little speech yesterday, John indicated that he wanted everything to go through Toronto. He was begrudging the CDC's having its head office in Vancouver, but he did not mention anything about the Toronto Maple Leafs, that great winning hockey team, headed by Harold Ballard, who has said publicly that he does not want a team in Saskatoon because it would be a damn shame if the Saskatoon team was well up in the league as compared to the lowly Leafs.

The probability, then, is that it will be necessary to exert some pressure on the governors of the National Hockey League. I should like to have a commitment from the Minister of State for Fitness and Amateur Sport that his good offices will be used to influence the board of governors, to the effect that in the best interests of the game we will be able to bring hockey to a place which has produced some of the greatest players, such as Gordie Howe, the Bentleys and all the others who have come from Saskatoon.

• (1425)

Saskatchewan itself, including Senator Balfour's Regina, will support this team, just as we support the Roughriders in his city, and I am sure the stadium will be packed. This will add a new dimension to Canadian hockey, and I think it is important for Canadian unity.

My question to the minister is as to whether he can assure me of the full support of his department.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I know I speak on behalf of parliamentarians of all parties when I express the hope that the National Hockey League board of governors, in their wisdom, will give favourable consideration to the establishment of this NHL franchise in Saskatoon. I recall the days, as I am sure do other honourable senators, when there were many people who doubted whether Winnipeg, Calgary, Edmonton and Vancouver could or would support major league hockey. Well, we see the evidence today in four of the best NHL franchises in these four great cities.

Saskatoon, with its great hockey tradition—a tradition we have been reminded of very eloquently and vocally today by Senator Buckwold—

Senator Flynn: At length!

Senator Perrault: —I have no doubt, will demonstrate that it will be an excellent home for an NHL team. I will make certain personal recommendations in support of that move. My mandate, of course, does not include professional sport. I think it would be good for Canada to have this franchise awarded to Saskatoon. I am sure that the establishment of an NHL franchise in Saskatoon has the support of my colleagues in cabinet, and I know that support extends to all members who serve in Parliament.

SPORT

CANADIAN WOMEN'S FIELD HOCKEY TEAM

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, while I am on my feet may I bring a bit of good news to this chamber. We have provided some support through Fitness and Amateur Sport for Canada's field hockey team, which to this time has been rated variously between tenth and fourteenth place in the world. I am pleased to report that I have received a message that this team, competing in the World Championships in Malaysia, has just defeated Australia in double overtime. They are now in the finals of the women's field hockey world championships, with an excellent chance of winning the world championship. This is progress we all like to see.

SOCCER—1986 WORLD CUP COMPETITION—POSSIBILITY OF CANADIAN VENUE

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I take this opportunity to say that I have received a telegram from Zurich, Switzerland, with the message that a FIFA "presidential delegation" will shortly visit Canada to discuss Canada's candidature for the 1986 World Cup and to examine proposed sites. We are therefore going to have an official delegation from world soccer in Canada.

If members of the Senate can support, in any way, the application for the Canadian hosting of this world tournament, I urge them to let me have their names and I will then see what role they can play.

Our proposal, as honourable senators are aware, would be to have this world soccer competition take place in Montreal, Toronto, Hamilton, Ottawa, Winnipeg, Regina, Calgary, Edmonton and Vancouver. I think there are nine sites. If this delegation is to visit various centres across the country, I would hope that honourable senators would be available to speak with members of the delegation and to help convince them of the desirability of having this major world tournament played in Canada. There are numerous economic benefits that would flow to every section of the country if we are able to achieve a successful bid. We may not be favoured for the World Cup at the present time, but the women's field hockey team was not favoured before they won today's world semi-final, from which they may go on to win the championship.

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LTD.—REPORT BY DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I appreciate the fact that my friend, the Honourable Senator Austin, who is about to proceed to other business, was kind enough to come back at my request to deal with a couple of questions I want to put to him as the minister in charge of Canadair.

I wonder if he could throw some light on the developments that have led to some of the circumstances surrounding this problem. In particular, I want to ask him about the report rendered by the Department of Industry, Trade and Commerce in October of last year about the Canadair situation. I want to inquire from him also when this report came to his attention. I think that would be my first inquiry.

Hon. Jack Austin (Minister of State for Social Development): I have not seen that report, and I shall make inquiries with respect to it, Senator Roblin.

Senator Roblin: It surprises me that the minister has not seen it because if the minister was taking over the responsibility, through CDIC, for Canadair, one would have thought that this report would have been brought to his attention. I really am surprised, as I say, because among other things it made recommendations for the improvement of the management of that company. It pointed out that some of their claims with respect to their order book were questionable and, indeed, made some recommendations as to what the company should do to cut its losses. This information was available to the government—I think to the Cabinet—in October, and I am really perplexed to learn that the minister is not acquainted with the document.

● (1430)

Senator Austin: I am wondering whether the honourable senator's information is based on press reports or whether he has seen or has a copy of the report.

Senator Roblin: I do not think that is material. It is just on my own responsibility that I am making these remarks. If I am incorrect, then I am sure my honourable friend will put me right. I want to go on with my question. This is the point that I am leading up to: Shortly after that report was received by the government, the officials of Canadair appeared before a committee of the other place respecting their request for more money. I am under the impression, from reading the information placed before the other place, that no reference was made to the fact that this company had this particular problem. I think that requires some explanation, because if an ordinary company was raising money in the stock market and put out a prospectus and omitted a significant fact that would bear on the issue, then I do not think it would be approved of in the market or perhaps even in law.

I am curious to know why this report—which was received in October, preceding the application of Canadair before the House of Commons committee for more money—apparently was allowed to lie dormant on the table, or on someone's table, while all this was going on. This has led to unpleasant allegations of a cover-up. I am not lending myself to those comments at the present time, but I am offering the minister an opportunity to explain what happened.

Senator Austin: I thank the honourable senator for his question. The officials of Canadair, to whom he refers, appeared before a standing committee of the other place in November, prior to the time that I was appointed minister responsible for Canadair. I have seen the press report with respect to an October 1982 ITC study or review of Canadair's affairs, and I have asked my own officials for a briefing with respect to that study, if it exists, and the nature of its recommendations.

I am not at this moment able to tell the honourable senator whether officials of Canadair were aware of an ITC study, or an ITC position paper or analysis of Canadair. I do not have that information. But I understand the question that the honourable senator is asking and, in the course of the inquiries about which he and I exchanged views yesterday, I will most certainly satisfy myself on the point he has raised, and will in due course respond to him with respect to the question.

Senator Roblin: I should like to ask the minister if he would extend his inquiries a little further than that, because if he did not know about the report, then I would like to know who did, and I would like to know what that person did about it. I remind the minister that when he was speaking in this house on November 24 he said:

> Honourable senators, with respect to Canadair, de Havilland, Eldorado and Teleglobe, I will stand in the same position, in reporting to this house, as the previous respective ministers did in reporting to the other place.

I take him at his word and I therefore ask him, when he is making his investigation of this matter, to give us the full background, including those details as to whether the report was actually tendered to cabinet, as I believe it was, and what happened to it, and, in particular, why what appears to be a material factor with respect to the financial needs of Canadair was not laid on the table before the committee of the other place at the time the request for money was made.

Senator Austin: The statement that was made by me in this chamber, to which the honourable senator has referred, is one to which I adhere. It is a statement that assures that I am the minister responsible for Canadair and I will report in this chamber as the previous minister responsible reported in the other place. I am now endeavouring to do so in response to the honourable senator's questions. I appreciate the reference to officials of Canadair. I can only respond by saying that I do not have the information that the honourable senator requires. Of course, I will not be in a position to discuss what takes place in cabinet or the nature of reports which are discussed in cabinet. That is beyond my responsibility as a minister in parliamentary terms.

I very much appreciate the honourable senator's reference to "cover-up" which appeared in a press story yesterday, and I

want to take this opportunity to deny that I am in any way involved in a cover-up with respect to Canadair. I took on these responsibilities in the last few days of November. I have moved as rapidly as anyone could to understand the facts. There are very serious concerns with respect to the business and financial affairs of Canadair. I want to know what the facts are, and I want Parliament to know what they are, when I have them—and I hope to have them before long. I did say that I expect to be able to report in full before the end of June of this year.

I do not want to act on partial information or on preliminary information. The kind of information that I am prepared to act on is that which has been gathered and discussed with officials of Canadair, so that I understand their explanations. Only after that point has been reached will I be prepared to come before Parliament to report, and to report also on my responsibility as minister for the good stewardship of Canadair.

Senator Roblin: I believe the minister is on the right track in his statement; but I am a little disturbed by his reference to having all the facts at his disposal. I agree with that, but I consider they should also be at the disposal of Parliament. It seems to me that the minister cannot expect to be judge in his own cause, and he will be in that position unless he makes a complete disclosure to Parliament.

To say that this report of last October is confidential seems to undermine the first step that was taken, the first piece of information that I am aware of that came to light with respect to the current problem; and I suggest to my honourable friend that if I cannot persuade him to do anything before the end of June, then I will probably have to content myself with that. But I suggest to him that, when his time to report does come around, he be forthcoming with Parliament and let us know what was in that report of October.

The Prime Minister has made some pretty scathing remarks about the competence of the managers of Canadair, and one then has to ask, "Well, what about the competence of the government in that period between the time they received the report in October and the time that Canadair appeared before a committee in the other place in November, without any disclosure of a serious situation which might well have justified disclosure at that time?"

Not having seen the documents, I am in no position to judge; but I want to be in a position to judge, and I think the minister wants me to be in a position to judge. So I tell him that we shall be looking for full disclosure of all the facts when the time comes for him to report on this matter.

Senator Austin: Honourable senators, I have said several times today, yesterday and previously, that I propose to report to Parliament. The question of a report to Parliament is beyond question, so far as I am concerned. Parliament does have the right to know what has been done with the funds voted by Parliament.

With respect to the report to which the honourable senator refers, I have said today that I am not certain that there is such a report. I will make inquiries. Obviously, then, I am not certain whether the report, if it does exist, is a full analysis or an overview of certain aspects only of the business and financial problems, whether it was done by consultants, whether it was checked with the management of Canadair, and whether it has been reviewed and by whom. So I do not know the quality of the report and I do not know whether any useful purpose will be served in tabling that report. Those are the questions that I would bring to bear in an assessment. Nor is it the practice, as Senator Roblin knows, for reports by public servants to their ministers to be tabled or referred to committees of this chamber or the other place.

● (1440)

What I am prepared to do, and I think it is my responsibility, is come forward on my own with a statement of the financial and business situation of Canadair. I repeat, I am prepared to do that. I am awaiting the process of analysis that I launched on the very day that I assumed responsibility for Canadair.

Senator Roblin: My honourable friend is making me feel a little nervous because he is now saying that he is going to report what he thinks he wants to report. The question is: What is he going to report? It can only be a highly subjective decision as he passes all the information through his mind. I will not be surprised if there are other factors that might be—I would not like to say "political" because that is a bad word in this place—in that subjective assessment. Of course, parliamentarians do not like a subjective assessment. They want the committee to come clean. I feel that unless the minister makes an effort that convinces impartial observers—and I am not entirely impartial, so I shall not set myself up as the judge—that it is reasonably full and factual, then I am afraid we will have trouble.

Senator Austin: I understand that Senator Roblin is a worst-case worrier, and perhaps that is an appropriate way for a person of his position in this chamber to proceed.

Hon. Jacques Flynn (Leader of the Opposition): You should know.

Senator Austin: However, I do want to repeat that I will present to this chamber the financial and business facts as they are understood by me and by the officials.

Senator Flynn: I don't like that either.

Senator Austin: Both I and the appropriate officials will be available for cross-examination. I had the pleasure of serving with Senator Roblin on the Joint Committee of the Senate and House of Commons on the Constitution, and I know that he is a capable and effective cross-examiner.

Senator Roblin: I thank my honourable friend, but I must tell him that on that occasion I was debating a known quantity. My fear here is that I may not be in that favourable position when he and I discuss this matter before a committee.

Senator Austin: I assure Senator Roblin that I have no intention of withholding any relevant fact.

Senator Roblin: Of course, a "relevant fact" is in the eye of the beholder.

THE BUDGET, 1983

ESTIMATED GOVERNMENT EXPENDITURES

Hon. Lowell Murray: Honourable senators, over the next few days, I would like to put a number of questions to the Leader of the Government concerning last night's budget, in particular with regard to the deficit projections for the next several fiscal years contained in both Mr. Lalonde's speech last night and the accompanying documents. For today I would like to ask the Leader of the Government how he reconciles the commitment made by the Minister of Finance last night to keep expenditures within the trend growth in GNP with the fact that in the current fiscal year, according to Mr. Lalonde's own estimates, expenditures will rise by 12.2 per cent, which would be considerably over—perhaps by 50 per cent—the trend growth in GNP?

Hon. H. A. Olson (Leader of the Government): I find it a bit difficult to find words to explain to my honourable friend—

Senator Murray: Then bring in an explanation from the minister.

Senator Olson: —this subject better than the Minister of Finance explained it last night. I have with me a copy of that statement and I could read it back to the honourable senator, but I think he has already seen it. The question is whether I can find words that will convey the message to his mind better than a reading of the paper. If the honourable senator disagrees with the statement then, of course, that is a debatable matter, but I am sure that he agrees that the Minister of Finance has offered a reasonable and plausible explanation.

Hon. Martial Asselin: Spend now, pay later.

Senator Murray: I despair getting an answer today from the Leader of the Government, but I will ask him to inquire of his colleague, the Minister of Finance, as to how he reconciles his commitment to keep the increase in expenditures within the trend growth in GNP with the fact that the estimates tabled by the President of the Treasury Board a few weeks ago provide for an increase of 12.2 per cent in expenditures in the current fiscal year. I may say that that 12.2 per cent figure is grossly understated, in any case, because it does not include the supplementary estimates that were brought in and spent during the past fiscal year.

Senator Olson: I shall have to give an undertaking to the honourable senator to refer that question to the Minister of Finance for an expanded explanation that will completely satisfy him.

SPECIAL RECOVERY PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government which is really supplementary to the question put to him by Senator Nurgitz. Last night Mr. Lalonde admitted that he had decided to increase the special recovery program to $4.8 billion from the original amount of $4.6 billion—which was the subject of a news leak—an increase of $200 million merely to save the minister's face. I would like to know the projects that will be served by this additional $200 million. It is quite obvious from reading the speech that the minister was referring only to those projects covered by the $4.6 billion originally planned for, and that he could not have in any way invented programs totalling $200 million in about 12 hours.

Hon. D. G. Steuart: 13 hours.

Senator Flynn: I will settle for 13 hours. I know that there was quite extensive consultation as to the method by which the minister's political life or his face could be saved. I guess the government figured that $200 million was not an exaggerated amount to spend in the circumstances.

In any event, will the Leader of the Government give us the details of how this addition of $200 million to the recovery program came about?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I heard the Minister of Finance give an explanation. I have not read it today, but he indicated very clearly that some of those numbers are the result of the best estimates that they could make at the time, and that they could probably vary by the very small percentage that my honourable friend is referring to. I am not sure as to whether or not the Minister of Finance said it last night, but we do not need to invent new programs for capital expenditures, especially public capital expenditures in the infrastructure because, as my honourable friend must know—and if he does not I will tell him now—there are many possible projects costing in excess of the total amounts before last night and before even last week, but they could not all be accommodated. There is no doubt at all that there are good capital projects that can be added to the program because of that increase of $200 million, or even an increase in excess of that. It was not a matter of searching around for 12 or 13 hours to find new projects. It was probably a matter of being able to allocate funds to a larger number of the particularly good projects that are before the government because we never have enough money to fund all the good requests that come in.

Senator Flynn: I should like the Leader of the Government to ask the minister to tell us what he had in mind with regard to this additional $200 million. Does the leader say that it is peanuts?

Senator Olson: I didn't say that.

• (1450)

Senator Flynn: Well, for $200 million he must have had something in mind, apart from saving his face once again. So I am asking the leader to obtain an explanation from the Minister of Finance.

Senator Olson: Well, the honourable senator can, of course, read the explanation in *Hansard*.

Senator Flynn: There is none.

Senator Olson: There certainly is. There was an explanation given last night and I heard it. I was there and I heard it.

Senator Flynn: Oh, no, there wasn't.

Senator Olson: If the honourable Leader of the Opposition does not accept that, or if he is asking me to spell out more details, then—

Senator Flynn: Yes.

Senator Olson: The money is, in fact, meant to enhance the economic recovery process that we believe is under way. Of course, the most important part of that is more jobs—

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Hear, hear.

Senator Olson: —whether those jobs are in public capital works or stem from the enhancement of private sector investments and general economic activity.

The Leader of the Opposition is asking me to have the Minister of Finance identify more projects, to the extent of $200 million worth, than he had in mind about 13 hours before he made his budget speech. Well, I can tell the Leader of the Opposition that there is not only $200 million-worth. There is much more than that in projects that were considered, and obviously considered, by the government, but, of course, the line has to be drawn some place for a budget presentation.

Senator Flynn: The minister obviously does not want to reply. The only thing I am asking the Leader of the Government to do is have the minister give us his explanation. I do not want the leader to give me his interpretation. I want the minister's own explanation. Moreover, what the Leader of the Government in the Senate said a moment ago is entirely false, because the minister in his statement last night said he would give the details of the special recovery program in explaining the $4.6 billion proposed expenditure.

I am asking about the additional $200 million. You say "jobs." I ask where? I am again asking the Leader of the Government to have Mr. Lalonde give a statement, something in writing or otherwise, with respect to what he figured in his own mind this additional sum would apply to.

Senator Olson: Well, my answer is in two parts. The first is that I did hear the Minister of Finance give some explanation.

Senator Flynn: No, he did not.

Senator Olson: Now the Leader of the Opposition has that in front of him, and yet he says that that is not enough. The Minister of Finance also said last night, as he went through the whole of the recovery program that he announced, that some would be in public sector capital projects, some in the private sector—

Senator Flynn: No, you are avoiding the question.

Senator Olson: —some in enhancing employment programs, some—

Senator Flynn: You are avoiding the question again.

Senator Olson: No, I am not.

Senator Flynn: You certainly are.

Senator Olson: No, I am being very specific about it.

Senator Flynn: You are not specific.

Senator Olson: I am quite specific in saying that the Minister of Finance said last night that when each of the programs was being discussed during the budget debate the ministers directly responsible would answer, and I believe that today it is the Minister of Employment and Immigration.

Senator Flynn: He will not be speaking here.

Senator Olson: No, but I will bring that information to you, if that is helpful to you.

Senator Flynn: That is all I am asking you to do. I don't want you to shield the minister. I want you to obtain from the minister the information, because you are not responsible; you are not the Minister of Finance. You are here to put the questions to the ministers responsible, and that is all I am asking you to do. I am not interested in what you may say concerning things you don't know anything about and for which you are not responsible.

Senator Olson: Well, honourable senators, that makes it easy. I shall simply say I will take it as notice.

Senator Flynn: Well, that is it, then.

Senator Olson: However, I want to understand what the Leader of the Opposition is asking for. Apparently he is asking for something which he has right in front of his nose, because he has the *Hansard* right there and it contains part of the answer. The rest of the answer concerning the details of specific projects that will be added will come as the various ministers outline their programs.

Senator Flynn: Well, ask him anyway, and we will see whether he can be more frank than you.

I have a supplementary question. Does the government feel that by changing the figure from what it was in the original budget speech the government now has a device by which it can correct a leak, in this case a leak which would normally have required the minister to resign?

Senator Steuart: Oh, oh, oh.

Senator Flynn: Just a minute, senator. Stop barking back there.

Senator Steuart: That is groaning; not barking.

Senator Flynn: I thought I had recognized a bark. I am sorry.

In any event, the minister in his statement admitted that there was a leak in the budget. If that leak had no importance to it, he did not need to correct his speech. By correcting it, he admitted that not only was there a leak but it was a substantial leak. I am asking the leader if the government is satisfied that by making that mere correction it can do away with the tradition of requiring a minister to resign when there is that kind of leak.

Senator Steuart: Yes!

Senator Flynn: Obviously, if he is a Liberal minister.

Senator Olson: Honourable senators, the Leader of the Opposition is now asking me my opinion.

Hon. Duff Roblin (Deputy Leader of the Opposition): Senator Flynn has had his answer.

Senator Flynn: I am asking the opinion of the government. I would not care to ask you for your opinion. It would not be worth anything.

Senator Olson: The Leader of the Opposition has had a long and distinguished career in law and as Minister of Justice. He knows that there are certain procedures provided for in this place and in the other place to deal with the allegations that he is making. The fact is that there was a long debate there based on exactly the same allegations he has made here this afternoon. There were many participants, mostly from the opposition. They argued for the rules and the so-called traditions of the other place. But Senator Flynn knows that a budget is presented in the House of Commons. It seems to me that it would be inappropriate for me to comment now on whether or not the Speaker, who had the authority, made a proper or improper ruling after having listened to the arguments on both sides.

Senator Flynn: The question to the minister is a question for the government. A question of the government is of as much interest to the Senate as it is to the House of Commons.

I am merely asking the Leader of the Government whether the government is satisfied that, by this method, it can avoid the consequences of a substantial leak in a budget.

Senator Olson: Honourable senators, apparently the Leader of the Opposition did not understand what I just said.

Senator Flynn: You did not say anything. You never say anything.

Senator Olson: There was an allegation in the House of Commons yesterday that was debated for several hours.

Senator Flynn: I don't care about that.

Senator Olson: And the Leader of the Opposition knows very well that the responsibility to decide whether or not there is a *prima facie* case of privilege with respect to an alleged leak is the responsibility of that house and that the Speaker of that house makes the decision. In this case she listened to the arguments for several hours yesterday, then came back and gave her ruling. He knows what that ruling was. It was that there was not a *prima facie* case of privilege. It would seem, therefore, that there is something terribly wrong with the reasoning of the Leader of the Opposition that he should think that I, as a member of the government, or the government as a whole, would have an opinion on whether or not the Speaker acted properly. We do not.

Senator Flynn: No, that is not the point.

Senator Olson: We accept the ruling of the Speaker.

Senator Flynn: You are evading the question. That is not the point at all. The government is the government. The government apparently is satisfied, because the Prime Minister did not ask Mr. Lalonde to resign, that by this mere device it can avoid the consequences of a budget leak.

That apparently is the position of the government up to this point. I merely ask the Leader of the Government if that is the final position taken by the government in this particular case.

Senator Olson: Honourable senators, I don't wish to add to the arguments I have just made.

Senator Flynn: I don't care about the question of privilege. It has nothing to do with the matter. It has nothing to do with it at all.

Senator Olson: It has a great deal to do with it.

Senator Flynn: No, sir, it doesn't. Not at all.

Senator Olson: It is exactly the point being debated.

Senator Flynn: No, sir. You are so stubborn that you have not listened and you have not understood one word I have said.

Senator Olson: I do not think it is on this side of the house that the stubbornness exists now. In any event, honourable senators, I don't think I have anything to add.

Senator Flynn: Then sit down, if you have nothing to add.

• (1500)

Senator Olson: In any event, honourable senators, I have nothing to add to what I said a few minutes ago, and when the honourable Leader of the Opposition reads it carefully, perhaps his level of understanding will also increase.

Senator Steuart: What we have to decide here is: Was it a leak or was it a peek?

Senator Flynn: The government says that it is only a peek.

Hon. Lowell Murray: The Minister of Finance made it clear last night, in the addendum to his budget speech, that of course, there was a leak. He also tried to draw a distinction between a leak of tax information in a budget and a leak of other information in a budget, which brings me to this question which I put to the Leader of the Government: Is it the position of the government that the principle of budget secrecy need not be maintained in its entirety; that, henceforth, those who have access to the budget documents will be free to divulge bits and pieces of the budget, but required to keep other bits and pieces secret?

Senator Olson: Honourable senators, it seems to me that there is a constant attempt to drag this matter back as if it is some business of the Senate to pass judgment on the traditions in the House of Commons—

Senator Flynn: Yes it is. We, too, are Canadians.

Senator Olson: There are procedures that are long-established in the House of Commons, and one of them is to refer any matter that is an alleged breach of the privileges of the House of Commons to a debate. In this case, the debate went on for several hours yesterday, as I said. The House of Commons has set up certain procedures for dealing with matters of this nature, the first one being that the Speaker

shall make a ruling on whether there is a *prima facie* case of privilege, and she ruled that here there was not. I am not going to comment on her rulings.

Senator Flynn: Again, it is not a question of privilege. It is a question as to the intention of the Prime Minister to keep Mr. Lalonde, despite the leak.

Senator Murray: I was going to ask the Leader of the Government whether it is not a fact that the principle of budget secrecy is more than parliamentary tradition; that it is also what could properly be called a constitutional principle, having to do with the operations of cabinet government.

Senator Olson: Honourable senators, again these are legal matters or interpretations, if you like, but there is one essential thing that members of the opposition, including the Leader of the Opposition, will have to understand, and that is that I do not think it is proper for us to discuss and comment on what is appropriate or inappropriate action taken in the House of Commons. What we are discussing are the traditions of the House of Commons, which is where the budget is presented.

Senator Flynn: I must again correct the Leader of the Government. The Speaker in the other place ruled that the question submitted by the opposition was not a matter of privilege. The Speaker could not rule that Mr. Lalonde had to resign. That is a matter for the Prime Minister. There could be a substantive motion in the house calling for the resignation of Mr. Lalonde, and, of course, if the motion carried, Mr. Lalonde would have to resign.

The Leader of the Government should read and try to comprehend the question put to the Speaker of the house, which was whether it was a question of privilege of the house, and she said it was not. You have been repeating to us that it is a question for the House of Commons alone. The Speaker of the house has already said it was not, so please don't rehash that.

Senator Olson: Perhaps, on reflection, the Leader of the Opposition will realise that he has just answered his own question.

Senator Flynn: Yes, I had to, because you did not.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have a supplementary question. I will not go into the theory underlying the documents tabled yesterday by the Minister of Finance to explain what had happened and the way he set the situation straight. My question has to do more specifically with the consequences of the changes made and the conformity of those changes with the budget as a whole.

He told us himself that the specific corrections which he mentions in his document will entail further corrections to the budget documents. I have not completed my study to see whether everything jibes, but as an example I will quote the last paragraph on page 21 which, I believe, appears on page 23 of the French version:

> The direct impact of all the measures I have announced tonight will be to increase the deficit by—

Original draft, $1.8 billion, corrected version according to the indications of the minister, $1.9 billion.

> —in the current fiscal year and by—

Original draft, $600 million, corrected version, $650 million.

> —next year. In the following two fiscal years, as the economy improves, these measures will reduce the deficit by $1.8 billion and $2.6 billion—

Those two figures have not been corrected, according to the list of corrections provided by the minister.

Quite obviously, if the deficit, as the minister asks us to correct it, will increase by $100 million one year and by $50 million the following year, the starting point is thus higher and, when we refer to subsequent reductions, they should be changed as well. The minister did not make the change nor did he point it out.

Here is my question: How are we to know when the list of consequential corrections which he gave us will be completed? Will we have to do that work ourselves, or should we wait for the minister to complete his release? I am asking that question because, pursuant to the theory he has explained, should the consequential changes to make both versions agree have an indirect impact on the fiscal aspects—something which is not impossible when we talk about a deficit—then his own theory would gain currency and the conclusion would be that it was indeed a budget leak. That seems to be a significant consideration, and I hope that the minister will show us the extent and nature of the corrections as well as the consequences involved, including the possibility that they might have repercussions on the fiscal aspect.

[*English*]

Senator Olson: I will take that question as notice and ask the Minister of Finance.

Hon. Royce Frith (Deputy Leader of the Government): It seems to be a simple, straightforward question. There shouldn't be any trouble with that.

Hon. Richard A. Donahoe: Honourable senators, may I ask a supplementary question? I observed the events that occurred yesterday in the House of Commons. For many years I have believed it was a principle of parliamentary democracy that a cabinet minister, about to present a budget, was required to keep it secret, and that if he failed to do so he committed a breach of parliamentary rules which required him to tender his resignation when requested. I also heard the Prime Minister say that one could not say that there was a budget leak because the budget was not a budget because it had not then been presented, and it does not become a budget until it is presented in the House of Commons. I heard this afternoon the Leader of the Government in the Senate advance essentially the same theory. I am confused and am looking for understanding in this matter.

• (1510)

I would like to know if I am correct in believing that there is no principle of cabinet secrecy, or ministerial secrecy, required on the part of the Minister of Finance, because a budget is not

a budget until it is presented in the House of Commons and, when presented in the House of Commons, it is immediately a public matter and, therefore, under no circumstances can we have—according to the Prime Minister and the Leader of the Government in the Senate—a breach of secrecy on the part of the Minister of Finance in presenting a budget.

Senator Steuart: That is absolute nonsense.

Senator Olson: Honourable senators, my honourable friend is not correct, and if he wants to expand his understanding of this matter he should read some of the arguments presented on both sides of the House of Commons yesterday.

Senator Donahoe: I heard them.

FITNESS AND AMATEUR SPORT

CANADIAN SKI COUNCIL—USE OF TV BROADCASTING

Question No. 102 on the Order Paper—**By Hon. Jack Marshall:**

1. Does the Canadian Ski Council use the TV media for advocating skiing as a means of physical fitness and, if so, what is the cost?

2. If a celebrity is used in the commercial, (i) who is it and (ii) what is his/her nationality, his/her occupation, and how much is he/she paid?

Reply by the Minister of State for Fitness and Amateur Sport:

1. Yes, the Canadian Ski Council uses the TV media as a means of advocating physical fitness and promoting skiing. All TV clips used on TV are presented on a public service basis at no cost.

2. The Canadian Ski Council has not paid for a celebrity in the development of their TV promotional program this year.

This fiscal year the Canadian Ski Council (CSC) received a $10,000 contribution towards the development and production of three promotional TV clips.

The CSC also purchased at their own expense ($750) an American TV clip which was funded by the Presidents Council on Physical Fitness and Sport and featured the well-known celebrity John Denver. Mr. Denver was not paid for his services but donated his time because of his interest in skiing. The Canadian Ski Council were allowed to remove the U.S. credit line and insert their own credit line.

All four tapes are being well used by some 80 TV stations across Canada as public service announcements and the estimated costs to date (if purchased) would be $386,636.

SMALL BUSINESS INVESTMENT GRANTS BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Bosa for the second reading of Bill C-136, respecting small business investment grants.

[Senator Donahoe.]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I find this a curious bill indeed. It is entitled, "Bill C-136, an Act respecting Small Business Investment Grants," and among other things it specifies that if anyone wants to get anything under this act they should have made their application, or their obligations should have been incurred, prior to April 1, 1983. That part of it is fairly straightforward, of course, but nowhere does it say when this act came into force. I have looked through the bill a couple of times, and I can see no date as to when it starts.

Actually, if there ever was a piece of *ex post facto* legislation, this has to be it, because here we are dealing with a bill whose currency has expired. A terminal date has been set on the time for which applications for assistance under this bill may be submitted, and that is clear; but there is nothing in the bill to say when it began. I realize that I am being a bit antiquarian to inquire into this matter, because it is all very much water under the bridge; but I am sure the mover will be able to deal with this when he comes to close the debate.

I suppose the bill itself will be widely supported, because it does provide a form of interest relief to small businesses, which undoubtedly is very welcome to those who qualify. The mover said that a large number of small businesses, in the neighbourhood of 4,300, had benefited under this program, but he did not tell us, or if he did, I failed to note it, what the costs have been up to the present time, since the bill provides for interest relief. I understood him to say that the total amount of money that was included in the compass of the act was some $244 million, but I do not think that that was the amount of the interest relief; that was another sum. If I am incorrect on that my honourable friend can put me right.

This bill is doubly curious, because here we have one of those *ad hoc* measures that this administration has been so adept at dredging out of its pocket, so to speak, in order to deal with a crisis in respect of the position that small business found itself in in Canada due to the extraordinary increase in interest rates. One thing that is peculiar about this is that while they were bringing in a bill, or at least operating a policy with regard to interest relief to some small businesses, at the same time, on the other hand, they were cutting down on the after-tax returns that small business could retain. Could anything be more silly? On the one hand, they are cutting down the income stream from which interest payments are made on the debts of small business and, on the other hand, they are providing a kind of relief to other small businesses that qualified under a set of regulations which have never been presented to this chamber—and so I do not know what on earth they are—but you do get this anomalous position of the government, on the one hand, closing down on the supply of funds to small businesses and, on the other hand, helping them out in respect of interest.

We talk about uncertainty and inconsistency in the tax system; this bill is a pretty good example of that. In November 1981 the then Minister of Finance, Mr. MacEachen, brought in some proposals about small businesses, saying, "We are going to cut down on the amount of profit or income that these

small businesses can retain. We are going to do it in two ways. We are going to abolish a thing called the cumulative dividend account"—which was a system by which small businesses qualified for special treatment—"but, furthermore, and even more important, we are going to put a surtax on small business dividends of 12½ per cent." I have already shared with this chamber my views on that piece of legislation. It was a central feature in Bill C-143, and I do not intend to repeat what I said on that occasion; but I do wish to bring to the notice of the Senate this inconsistency of policy. Who's in charge of the store, for goodness' sake? One must ask that question when we see one policy cutting down the income that small businesses can retain, as part of a budget speech in November 1981, and, in the interval between then and now, a bill which does precisely the opposite and tries to put some money back into the pockets of small businesses in this country. I ask you: What could be more farcical and more illustrative of the incapacity of this administration to get its act together? It really is extraordinary.

That is not the end of the story, however, because if anyone has been paying any attention to the draft amendments to the Income Tax Act submitted and made public after this house rose for Easter, they will find that the government is still on the same old beat. I really should reserve my comments on this for another time, but it is so apropos that I will indulge myself. In this reform of the tax system the government takes after small business again by dealing with certain other matters in connection with the cumulative deduction account. They are not satisfied with Bill C-143. No sooner have they got C-143 passed than they rush in with nearly nine pages—between pages seven and 15—of new amendments on one topic, the cumulative deduction account. Here they are again, therefore, dealing with small businesses and their cash flow in a completely inconsistent way. I say that all of this makes no sense.

Members of the Senate who are connoisseurs of tax legislation—as all members of this body, I am sure, are—will certainly get their jollies when they read this particular piece of legislation. This is a good one. It says:

> (6) Paragraph 125(6.2)(*b*) of the said Act is repealed and the following substituted therefor:
>
> "(*b*) the reference in clause (6)(*b*)(iv)(A) to "4/3" shall read as a reference to "3/2"

So by law we say that four-thirds is not four-thirds any more, it is really three halves. This kind of logic is perfectly appropriate, in my opinion, for tax legislation, because that is the way so much of it seems to be drafted.

I think the Senate deserves to be inflicted—and I use that word advisedly—with the wording of this proposal. I am tempted to read it to you because it is so incomprehensible as to be beyond the capacity of most people in this chamber to understand it, and it is certainly beyond mine.

Hon. D. G. Steuart: Read it!

Senator Roblin: I was waiting for somebody to ask. Subclause 13(7) of the draft amendments to the Income Tax Act reads:

> Subsection 125(6.3) of the said Act is repealed and the following substituted therefor:
>
> "(6.3) Where a corporation (in this subsection referred to as the "payer corporation") has, at any time after November 12, 1981 and in its taxation year that ends in a particular calendar year, paid a dividend that is received by an associated corporation (in this subsection referred to as the "recipient corporation") in its taxation year that ends in another calendar year, for the purpose of determining the qualifying taxable dividends paid by the payer corporation and the cumulative deduction accounts of the payer corporation and the recipient corporation after that time,

• (1520)

That is just the introduction. Here we come to the real stuff:

> (*a*) the dividend shall be deemed to have been paid by the payer corporation and received by the recipient corporation on the first day of the calendar year following the calendar year in which the dividend was paid or, where the recipient corporation ceased to exist after March 1983 and before that day, on the day before the recipient corporation ceased to exist—

Are you ready to call it quits?

Some Hon. Senators: Yes.

Senator Roblin: I thought so. I did not think that you would want to hear any more of this, but it goes on, honourable senators, for eight or nine pages. If anyone can understand what that is all about, then I will award him a gold star. Senator Steuart, you look to me as if you are eligible for a gold star.

Senator Steuart: No.

Senator Roblin: No? Then I am disappointed.

We have this delightful piece of legislation. So what can we make of this government? They stumble along from one pothole to another. They have contradictory pieces of policy, running in opposite directions at the same time, and then they come and ask us to approve of it after it is all over and done with.

That is exactly what we are being asked to do with this bill today. I do not intend to oppose it, but I think it is a monumental example of confusion and incompetence on the part of my honourable friends opposite.

Hon. Peter Bosa: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Bosa speaks now his speech will have the effect of closing the debate on second reading of this bill.

Senator Bosa: Honourable senators, I have deep respect for Senator Roblin's knowledge of business and matters relating to taxation—

An Hon. Senator: And English.

Senator Bosa: We all know that he is also most eloquent and knowledgeable in this area.

I should like to underline one important aspect of this bill. The bill arose out of a budget that was presented on June 28, 1982, while my honourable friend was referring to budget measures that were presented in the budget of November 12, 1981. Economic conditions have changed and the government saw fit to bring in measures that would correct the anomalies that occurred in the meantime. It was for that reason that the government introduced this bill, to alleviate the problems of small business, which was facing a tremendous financial burden in incurring borrowing costs way beyond anything they had experienced previously. So the points raised by Senator Roblin really have little relevance to this particular bill.

I believe there was another point mentioned by the honourable senator regarding dates. While it is true that the bill does not contain the dates, there were amendments effected in the other place, namely, the termination of the bill—that no obligations would be honoured that might have been incurred after March 31, 1983. The amendment in the other place was to the effect that no obligations would be accepted under this plan after March 31, where the loan had not taken place between June 28, 1982 and March 31, 1983. That amendment is contained in the present bill.

Senator Roblin: Where?

Senator Bosa: There is reference to it in *Hansard*.

Senator Roblin: I do not like to interrupt my honourable friend, but from looking at the bill, as passed by the other place in April 1983, I find no reference to it there.

Senator Bosa: It is true that it is not in the bill, but an amendment was adopted in the other place on third reading of the bill. It was proposed by the minister and seconded by Mr. Blenkarn. I cannot find the reference, but if the honourable senator will give me a moment I will find it for him.

Senator Roblin: Just read the bill. It is not in it.

Senator Bosa: Honourable senators, it will be found at page 5559 of *Hansard* of yesterday. There is direct reference to that particular amendment. It appears halfway down the page. I stated:

> There was some concern about the absence of a clear March 31, 1983 sunset clause in Bill C-136. This was assuaged by unanimous consent to adopt a motion amending Bill C-136 by adding immediately after line 16 on page 2 the following:
>
> The Minister may only make grants under subsection (1) in respect of small business investment debt obligations that are incurred prior to April 1, 1983.

Senator Roblin: Would my honourable friend allow me to say that I read that to the house a few minutes ago? That is not my point. My point had to do with the commencement of the bill. There is nothing in there about that.

Senator Bosa: I thought I had responded to that particular aspect of the question, that it went into effect when the budget was presented on June 28, 1982, and it terminated on March 31, 1983.

Senator Roblin: It is not in the bill.

[Senator Bosa.]

Senator Bosa: I know, but, as I said, there was an amendment.

Having said that, honourable senators, I commend this bill to you for second reading.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Bosa, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Buckwold, seconded by the Honourable Senator Giguère, for the second reading of the Bill C-142, intituled: "An Act to amend the Canada Deposit Insurance Corporation Act".—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I adjourned the debate on behalf of my honourable friend, Senator Balfour. I now defer to him.

Hon. R. James Balfour: Honourable senators, we on this side of the house support the principle of this amending bill, namely, that depositors and financial institutions in Canada shall have those deposits insured up to a limit of $60,000 rather than $20,000, as has been the case since the passage of the original bill in 1967.

Recent events involving certain financial institutions in Ontario make clear the need for this legislation. There are questions, however. Is the $60,000 limit adequate? Should there be a limit? However, these and other questions regarding what amounts to the nuts and bolts of the amending bill could, I feel, be more adequately and usefully addressed before the Standing Senate Committee on Banking, Trade and Commerce, and that is the course we suggest.

• (1530)

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Buckwold speaks now his speech will have the effect of closing the debate.

Senator Buckwold: As usual, I have nothing to add.

Hon. Duff Roblin (Deputy Leader of the Opposition): You were so eloquent.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Sidney L. Buckwold moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

NORTHERN PIPELINE

CONSIDERATION OF FIFTH REPORT OF SPECIAL COMMITTEE—ORDER STANDS

On the order:

Consideration of the Fifth Report of the Special Committee of the Senate on the Northern Pipeline entitled: "Marching to the Beat of the Same Drum: Transportation of Petroleum and Natural Gas North of 60°", tabled in the Senate on 30th March, 1983.—(Honourable Senator Hastings).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have been asked, on behalf of Senator Hastings, to adjourn this order in the name of Senator Kelly.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 21, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

THE FLYING FATHERS

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, it is a great pleasure for me to acknowledge the presence in the South Gallery of the distinguished group known as "The Flying Fathers."

This group of priests is well known to all honourable senators. As volunteers, through a series of benefit hockey games in many parts of Canada, they have skated and scored their way to raising millions of dollars for charities and worthy community causes of all kinds, without consideration of religious affiliation.

Tonight the Flying Fathers are going to play at the Civic Centre here in Ottawa. They will have with them as referee the outstanding Red Storey, who has done so much for Canadian hockey. We are glad to have all of them with us this afternoon. We want to thank them for all they are doing to promote charitable causes and good sportsmanship in this country.

WESTERN GRAIN FREIGHT RATES

PRESENTATION OF PETITION

Hon. Sidney L. Buckwold: Honourable senators, I have the honour to present the following petition:

TO THE HONOURABLE THE SENATE OF CANADA,

IN PARLIAMENT ASSEMBLED

The PETITION of the undersigned residents of the Province of Saskatchewan who now avail themselves of this ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

THAT whereas the proposed changes to western grain freight rates announced by the Hon. Jean-Luc Pepin on February 1, 1983 will cause serious economic hardship to grain producers, rural communities, service industries and to the entire provincial economy, through substantially higher freight rates, loss of family farms, abandonment of branch lines, fewer grain delivery points and a massive transfer to economic wealth from Saskatchewan to the railways and other regions;

THEREFORE, WE THE UNDERSIGNED, REJECT THE FEDERAL GOVERNMENT'S TRANSPORTATION PROPOSAL because it fails to guarantee the following key elements:

* Statutory non-variable freight rate protection on all prairie grains and their processed products with adequate recognition of producers' ability to pay;
* Payment of Government transportation subsidies directly to the railways on all grain volumes shipped;
* Assurance of adequate railway performance guarantees;
* Assurance that the ability of The Canadian Wheat Board to perform its function as a central marketing agency is protected.

This is in recognition of the regional needs of Western Canada and the vital importance that the grain sector plays in the Canadian economy.

This Petition is being presented on behalf of the 110,000 residents of Saskatchewan who signed the original Petitions.

WHEREFORE your Petitioner humbly prays that your Honourable House may be pleased to pass an Act for the purposes above mentioned.

AND as in duty bound your Petitioner will ever pray.

Thursday, April 21, 1983

(Signed) E. K. Turner
V. H. Summerfeld
Marvin Quiring

I should like to draw the attention of honourable senators to the presence in the South Gallery of the distinguished representatives of the Saskatchewan Wheat Pool and other citizens of Saskatchewan. I hope that you will acknowledge their presence here.

Hon. Senators: Hear, hear.

[*Translation*]

OFFICIAL LANGUAGES

FIFTH REPORT OF SPECIAL JOINT COMMITTEE TABLED

Hon. Lowell Murray: Honourable senators, I have the honour to table the fifth report of the Special Joint Committee of the Senate and the House of Commons on Official Languages.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Murray: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

[*English*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, April 21, 1983

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill C-142, intituled: "An Act to amend the Canada Deposit Insurance Corporation Act", has, in obedience to the Order of Reference of Wednesday, April 20, 1983, examined the said bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. MCILRAITH,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Sidney L. Buckwold moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

• (1410)

THE BUDGET SPEECH, 1983

NOTICE OF INQUIRY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I give notice that on Tuesday next, April 26, 1983, I shall call the attention of the Senate to the proposals contained in the budget speech made by the Minister of Finance in the other place on Tuesday, April 19, 1983.

REFORM OF THE SENATE OF CANADA

SPECIAL JOINT COMMITTEE—APPOINTMENT OF SENATE MEMBERS

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That rule 66(1)(b) be suspended in relation to the nomination of senators to serve on the Special Joint Committee of the Senate and the House of Commons on the Reform of the Senate of Canada;

That the following senators be appointed to act on behalf of the Senate on the said special joint committee, namely, the Honourable Senators Asselin, Balfour, Doody, Leblanc, Lewis, Lucier, Molgat and Stanbury; and

That a message be sent to the House of Commons to inform that house accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

SPECIAL JOINT COMMITTEE—PROCEDURE FOR CHANGING SENATE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(i):

That changes in the membership of the Special Joint Committee of the Senate and the House of Commons on the Reform of the Senate of Canada may be made by notification thereof, signed by the Leader of the Government in the Senate, or any senator named by him, with respect to government members, and by the Leader of the Opposition in the Senate, or any senator named by him, with respect to opposition members, being filed with the Clerk of the Senate who shall cause the same to be printed in the *Minutes of the Proceedings of the Senate* of that sitting, or of the next sitting thereafter, as the case may be; and

That a message be sent to the House of Commons to inform that house of such changes.

He said: Honourable senators, this motion is worded in exactly the same way as the substitution motion was worded with respect to the Special Joint Committee on the Constitution.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (1415)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, April 26, 1983, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am wondering if the Deputy Leader of the Government has anything to add to the simple wording of the

motion. What is in store for us next week? I do not see very much on the Order Paper.

Senator Frith: Honourable senators, I am informed that it is very unlikely that there will be any legislation coming to us from the other place next week. However, we do have other matters for debate. For example, there is the notice of inquiry given by the Leader of the Government just a few moments ago; and I intend to make an intervention on Senator Godfrey's motion regarding the review of human rights legislation by the Standing Joint Committee on Regulations and other Statutory Instruments. I also hope to have something next week to suggest to the Senate with respect to alternative procedures for Royal Assent, following the request of the Leader of the Opposition that I consider that subject. I believe that there is at least one inquiry, that of Senator Molgat, which will be going on. Then of course we shall have Question Period.

The intention next week is to revert to the experiment we were working on just before Easter. That is, we shall sit on Tuesday evening, Wednesday evening, if necessary, and Thursday afternoon, with Tuesday morning, Tuesday afternoon, Wednesday afternoon and Thursday morning remaining open for committees.

As to the following week, since the budget debate is continuing in the other place and it is equally unlikely that we will receive any legislation from there that week, the present intention is not to sit that week, subject, of course, to recall if in the Speaker's judgment it is required. I mention this intention now because I know chairmen of committees who plan their meetings well in advance will want to take it into account. They may wish to change their plans for that week, considering that some members of committees who live a long distance from Ottawa might find it difficult to attend that week simply for committee meetings.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, may I ask the chamber to revert to petitions?

Senator Flynn: You may ask once we have disposed of the motion which is now before the Senate.

Senator Austin: Thank you.

Senator Flynn: I merely want to tell the deputy leader that he has forgotten an important item for next week, the third reading of Bill C-142. It should take at least two or three minutes. That is very important.

Hon. Sidney L. Buckwold: I might speak longer than that.

Senator Flynn: The deputy leader has also referred to Question Period for next week. Considering the mood we are in, I suppose the idea should be to keep our questions of today for next week. Perhaps then the Leader of the Government will be in a better position to give replies, because the experience of yesterday indicates that he has not fully assimilated the budget provisions and that he is not really prepared to reply.

● (1420)

I suppose the idea would be to keep important questions for next week and at least to appear to be very busy. However, I commend the deputy leader for having told the chairmen of committees that, as far as possible, they should arrange their meetings for next week so that, if we do not sit during the first week of May, senators will not be obliged to come here only for committee meetings that could very well be held next week.

Senator Frith: Honourable senators, with respect to the first point, I understand that Senator Flynn feels it is unlikely that anyone on his side will spend more than two or three minutes on third reading of Bill C-142. However, other senators may wish to speak at greater length on that bill.

Senator Flynn: It would be just to save face.

Senator Frith: In any event, they will have that opportunity.

With respect to questions, I am flattered to think that the Honourable Leader of the Opposition wants my advice on what questions he should pose, how long they should be, or when they should be put. I think that as usual Senator Flynn will take his own counsel on that.

With reference to committee meetings for next week, on that matter Senator Flynn and I are obviously *ad idem*.

Hon. H. A. Olson (Leader of the Government): If I may add a comment, I should point out that one of the reasons we are asking for leave to introduce an inquiry today is to give the Leader of the Opposition the opportunity to legitimize himself and to put his whole speech and comments respecting the budget in one place rather than having a mini-debate on the budget each Question Period. It will also provide an opportunity for debate to some of the members on this side who have a keen interest in the matter but who normally follow the rules somewhat more assiduously.

Senator Flynn: I am not so sure about the matter of following the rules, but one thing I do know is that if the Leader of the Government has no reply to a question he should say so instead of going round and round the question while avoiding giving a reply.

Senator Olson: The problem I had yesterday, honourable senators, was not in making a reply but in making it three or four times before the Leader of the Opposition understood it.

Senator Flynn: Yesterday the Leader of the Government was unable to give a decent or direct reply to any question. I suggest, therefore, that during the weekend he might look over the questions I put to him yesterday. It may be that he will then understand them and that next week he will be able to bring in direct replies to a number of those very direct questions.

Senator Olson: Perhaps both of us should reflect upon that over the weekend. You might come back to us with more precise questions, having had an opportunity to absorb the replies I gave you yesterday.

Hon. John M. Godfrey: Honourable senators, I should just like to point out that I will move two motions this afternoon, and it occurs to me that next week would be a good time to dispose of both of them.

Senator Flynn: No doubt that is justification enough for sitting next week.

Motion agreed to.

[*Translation*]

NATIONAL PHYSICAL ACTIVITY WEEK

ANNOUNCEMENT

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Mr. Speaker, I would like to make an announcement of great importance for all Canadians.

[*English*]

It gives me great pleasure to proclaim the week of May 15 to May 23, 1983 National Physical Activity Week.

Over 15,000 schools and more than 1,000 communities have decided to participate. In total, close to ten million Canadians are expected to run, swim, walk, cycle or generally participate in this celebration of physical fitness.

I realize that there is a high level of physical fitness in the Senate and I wish to announce that there will be a jog around Parliament Hill on Wednesday of National Physical Activity Week. We hope that senators will joyously join in this celebration of fitness in Canada. We can even promise a healthy, high-fibre-content breakfast for those who arrive at the finish line.

• (1425)

Hon. Jacques Flynn (Leader of the Opposition): Will the Prime Minister be leading the way?

Senator Perrault: It is entirely possible, Mr. Leader.

It gives me particular pleasure to state that National Physical Activity Week stands as a shining example of monumental co-operative effort in this country. As the lead organization, Fitness Canada, a directorate of Fitness and Amateur Sport, has worked diligently over the past two years with both provincial and municipal governments, with leaders of Canada's prominent health and fitness organizations and our national voluntary organizations to create what is to be an annual event.

This great co-operative effort, involving the leadership of 200,000 volunteers, two million known direct participants and a total involvement of an estimated ten million Canadians, is the first of its kind in the history of this country.

[*Translation*]

The National Physical Activity Week, which will take place from May 15 to May 23, 1983, will afford Canadians an opportunity to express their pride as Canadians in the nation's growing awareness of the benefits of physical activity.

[*English*]

Senator Flynn: That is a physical exercise in itself, for you to speak that way.

SMALL BUSINESS INVESTMENT GRANTS BILL

THIRD READING

Hon. Peter Bosa moved the third reading of Bill C-136, respecting small business investment grants.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

EPARCH OF THE EPARCHY OF SAINTS CYRIL AND METHODIUS OF SLOVAKS OF THE BYZANTINE RITE IN CANADA—BILL TO INCORPORATE—SECOND READING

Hon. Peter Bosa moved the second reading of Bill S-35, to incorporate the Eparch of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada.

He said: Honourable senators, I need take only a few moments to speak on this matter.

• (1430)

The purpose of this bill is to grant a corporate charter to a religious officer responsible for the spiritual and religious needs, as well as for the management and control of the property, affairs and interests, of his church.

Perhaps a brief explanation of the religious terms appearing in the title of the bill would be in order. In the traditions of the church in question, an eparchy is the equivalent of what is known to most of us as a diocese, and the eparch is the equivalent of a bishop. In other words, the eparch of the eparchy is, in more common parlance, the bishop of the diocese.

Honourable senators will understand how easy it is to engage in this transposition of terms once they are made aware that the diocese in question adheres to the Roman Catholic tradition. In the words of the preamble to the bill, church members are "in apostolic communion with the Holy Roman See". However, what is unique to this diocese is that, because of the distinctiveness of its rites and its small number of members, it covers the breadth of Canada. It has parishes not only in Ontario but also in Quebec, Manitoba, Alberta and British Columbia.

The bill before you would constitute the eparch of the eparchy in question as a corporation sole, to be known as the Corporation of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada. A corporation sole, as those senators who are lawyers or who have an understanding of the law will know, is a corporation consisting of one person only, usually a person of high office, who, together with his successors in office, is incorporated by law. In this way the officer obtains the legal capacity and benefits of a corporation, which, as a natural person, he would not otherwise enjoy. One particular advantage is that of the continued existence of the corporation over the lifetime of each successor in office.

It is because the eparchy covers all of Canada that it is desirable that it be incorporated by Canada rather than by one or other of the provinces. As neither of the two federal statutes of a general enabling nature that govern the creation of corporations—being the Canada Corporations Act and the

Canada Business Corporations Act—provides for the creation of a corporation sole, it appeared necessary for the eparch to petition Parliament for a private act.

Since this is a private bill, it will be necessary for a Senate committee to examine the allegations of facts set out in the preamble of the bill. I would propose, therefore, if second reading is granted, to ask that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs, which is the committee of the Senate that normally examines private bills.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Bosa moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

● (1435)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CERTAIN CLAUSES OF BILLS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of Wednesday, April 20, 1983, moved:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in Paragraph 2 of Part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:
>
> "9. REGULATIONS
>
> In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:
>
> (1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.
>
> (2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:
>
> (a) power to make regulations that might substantially affect personal rights and liberties;
>
> (b) power to make regulations involving important matters of policy or principle;
>
> (c) power to amend or add to the enabling Act or other Acts by way of regulation;
>
> (d) power to make regulations excluding the ordinary jurisdiction of the Courts;
>
> (e) power to make specific regulations having a retrospective effect;
>
> (f) power to subdelegate regulation-making authority;
>
> (g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;
>
> (h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation."; and
>
> That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

He said: Honourable senators, on June 4, 1980, under terms of reference which were supported by both houses of Parliament, the Standing Joint Committee on Regulations and other Statutory Instruments was empowered, among other things:

> "to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:
>
> 1. the appropriate principles and practices to be observed,
>
> (a) in the drafting of powers enabling delegates of Parliament to make subordinate laws; . . .
>
> and the manner in which Parliamentary control should be effected in respect of the same."

The committee issued its report on July 17, 1980. The first sentence of paragraph 69 of that report states:

> Your Committee is concerned by the lack of specificity in the enabling powers commonly granted in statutes.

Then the report sets out in detail many of its concerns.

I should like to read all of paragraph 70 of the report. It states:

> Insufficient attention is paid to enabling clauses in Bills before Parliament. They should be the subject of searching scrutiny during the Committee stage. The Regulatory Review Committee—

That is the name we were then proposing to give to this joint committee.

> —is well placed to undertake such scrutiny as it sees week by week the consequences of the powers so readily granted by Parliament in the past. Your Committee, therefore, further recommends that the Regulatory Review Committee be charged with the duty and responsibility of examining and reporting upon all powers in Bills to make subor-

dinate law or to issue, make or establish other instruments. Its reports—

This is important.

—should be made to the appropriate Standing Committees of the Houses having the committee stages of the Bills.

The motion I have proposed, in effect, does not really provide for any report at all. What we are really proposing is that the committee look into those enabling clauses and merely alert the appropriate committee considering the bill. There is no formal reporting. If the committee itself does not get around to that in time, there will not be any hold-up of the bill.

Professor Mallory of McGill University, who was described by the Honourable Eugene Forsey as being one of the most eminent of Canada's political scientists, advised the committee approximately three months ago that he had come across a reference in the House of Commons *Hansard* in 1972 respecting a directive that the Honourable John Turner, the then Minister of Justice, had issued to the various cabinet ministers.

I referred to that directive in the speeches I gave on February 9 and 10 of this year. That directive, which related to the drafting of enabling clauses, had never been brought to the attention of our committee. We wrote to the Minister of Justice, and almost immediately he sent along a copy of Mr. Turner's directive, as well as a document which I am holding in my hand entitled, "The Preparation of Legislation", which has a whole section on the drafting of enabling powers with respect to regulations. It is that section which I have reproduced in this motion. As I originally drew the motion it contained recitals. I was told that that was out of order, so I simply moved the recitals down into the body of the motion.

● (1440)

Already a directive has gone out that certain things should not be included in enabling powers without specific permission of the cabinet. What we are saying is that all we want to do in our committee is look and see whether or not bills include enabling powers which the cabinet directive says should not be there, and, if they are there, find out whether the cabinet under the provisions of the directive has specifically given permission for those enabling powers to be included, and, if so, why.

As you will notice, the directive says that certain powers are not to be granted unless the memorandum to the cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. It is my submission that any committee of Parliament, either of the Senate or of the House of Commons, is entitled to the same explanation.

As we have pointed out, parliamentarians are, in effect, generalists. There is no way that every individual parliamentarian can go through every piece of legislation with a fine-tooth comb, nor does he have the technical qualifications with respect to every clause in a bill. This was well illustrated in the case of the four tax treaty bills that went through without anybody noticing that the enabling clauses were faulty. When this was brought to the attention of the Standing Senate Committee on Banking, Trade and Commerce, that committee made the appropriate amendments. The same amendments, substantially—we did not get everything we wanted—were made in the energy bill that we are all familiar with.

All I am saying, honourable senators, is that if we are to maintain any legislative control whatsoever over enabling powers, the committee, which has two full-time counsel who can look into every detail, ought to have the power to see whether or not the executive branch of the government is following its own directive.

Hon. Jacques Flynn (Leader of the Opposition): It seems to me that the reasoning of the honourable senator is entirely correct. If the deputy leader is willing to let that motion pass, I have no objections.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is not a matter, really, of deciding now whether I want to let it pass, but rather that I want to adjourn the debate to make some observations on the motion.

Hon. Martial Asselin: It is too difficult to decide right away.

On motion of Senator Frith, debate adjourned.

COMMITTEES OF THE SENATE

MOTION RE SPECIAL INTERESTS OF PROVINCES—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of Wednesday, April 20, 1983, moved:

That whenever a bill or the subject-matter of a bill is being considered by a Committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the Committee as to whether or not they wish to make written and/or verbal representations to the Committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

He said: Honourable senators, I have already referred to this motion in previous speeches. Also, in a long letter which I wrote to committee chairmen—I think it was a year ago February or March—I brought this subject up, but there was a delay in dealing with it. We had a meeting of committee chairmen, but it had to be adjourned before we got to this particular subject.

In order to give the matter some publicity, on June 22 of last year I gave notice of this motion. We had a meeting of committee chairmen on November 4, and the consensus was in favour of this motion and the principle laid down in it. I did not feel at that time that I wanted to press ahead for formal approval of the motion. I thought it better to wait until we had had a sort of trial period during which we could see whether or not the suggestion would be accepted.

I have to say that not every committee chairman in the last few years has accepted the principles contained in this motion. You will recall that I asked Senator Goldenberg about it several times. I remember a particular meeting at which we were considering the Juvenile Offenders Act, and he brought somebody from the Department of Justice to explain how the department had liaised with the provinces and that there was therefore no point in our inviting provincial representatives to appear before us.

There has been general acceptance now, and I think it a good idea to put this sort of matter on the record for the future reference of committee chairmen. That is why I am moving the motion at this time.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, April 26, 1983, at 8 p.m.

THE SENATE

Tuesday, April 26, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Jacques Hébert, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. Jacques Hébert, of Montreal, Quebec, introduced between Hon. H. A. Olson, P.C., and Hon. Renaude Lapointe.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Senators: Hear, hear.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at three-thirty o'clock in the afternoon on Thursday next, 28th April, 1983, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is put, it would be helpful if the deputy leader could comment on the situation on Wednesday afternoon. I understand that two committees are to meet tomorrow, namely, the Subcommittee on National Defence at 2 o'clock and the Foreign Affairs Committee at 3.30. It appears, though, from the motion that is to follow this one, that the Senate will not be meeting tomorrow afternoon until 5.15. If my honourable friend could confirm that that is the case, it would be helpful in understanding our position. I would also take it that the Senate will not be sitting tomorrow evening. If that could be revealed, I would be glad.

● (2010)

Senator Frith: Honourable senators, the motion that has just been put, as I understand it, is for that committee to sit at 3.30 p.m. on Thursday, not tomorrow. However, the point raised by Senator Roblin is relevant to a motion I am about to put, so I will piggy-back on the fact that he has raised it on this motion to explain that, as he has suggested, we are continuing with our experiment of sitting on Tuesday evenings, not sitting on Wednesday afternoon to make room for committees, on Wednesday night if necessary, and Thursday afternoon. Because we would like to have Bill C-136 assented to, and also Bill C-142, if it receives third reading this evening, I am suggesting—and I will be putting a motion to this effect in a few moments—that when the Senate adjourns today it reconvenes tomorrow at 5.15 p.m. At that time we can simply adjourn, if honourable senators agree, to await the arrival of the deputy of His Excellency and have Royal Assent at 5.45.

There is a reception offered by His Honour the Speaker tomorrow evening, to which honourable senators have been invited, which will commence shortly after our adjournment. Therefore, although we are, as I say, proceeding with this idea of sitting on Tuesday evening, not sitting on Wednesday afternoon—thus giving committees a chance to meet on Wednesday afternoon—and then sitting on Thursday afternoon, we will sit, if senators agree, tomorrow just in order to have Royal Assent prior to the reception I have referred to. That means, if honourable senators agree, that we will not sit tomorrow evening.

Motion agreed to.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until tomorrow, Wednesday, April 27, 1983, at 5.15 o'clock in the afternoon.

Hon. Jack Marshall: Is the deputy leader aware that the Subcommittee on National Defence is meeting from 2 o'clock until 6 o'clock tomorrow afternoon?

Senator Frith: I knew it was meeting at 2 p.m. Before we made this arrangement I asked that the committee chairmen be notified. I was advised that our meeting at 5.15 p.m. would probably present no problem. In this case, in any event, Royal Assent would not take place until 5.45 p.m., so approximately 15 minutes of that subcommittee's time would be involved. I am sorry if I am misinformed on that subject.

Hon. Paul C. Lafond: Honourable senators, this committee chairman was not informed, but I think the Subcommittee on National Defence can sit from 2 o'clock until 5.45 o'clock tomorrow afternoon.

Senator Marshall: We will try to finish early.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE BUDGET, 1983

SPECIAL RECOVERY CAPITAL PROJECTS

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government in the Senate, Senator Olson. Last week, the government brought down a seemingly expansionary budget raising the deficit to $31 billion, which is of great concern to the Canadian people. Since then, the government has announced the launching of projects worth a total of $2.4 billion.

The question that I want to ask this evening is the following: In past years, when a budget was brought down, the budgetary proposals listed the various projects and earmarked funds for such and such an item. Why has the government decided this year that the various ministers would announce the projects to be implemented with those $2.4 billion?

Yesterday, a multimillion-dollar project was announced for Canadair. Apparently, nearly every day during the next few weeks, one minister or another will go before the press to announce that such and such a project will be implemented by the government thanks to those $2.4 billion of tax dollars. I am not suggesting that they will have to pay this money immediately, because I believe that the clever hit of this budget was to say: Let us spend now and pay later; we shall wait until 1984-85 to pay the bill, and the taxpayers will then have to pay in order to reduce the deficit or to pay off the government's debt. Is it a new government policy to have the minister concerned announce every day during the next few weeks another of the projects to be financed under the budgetary proposals submitted to Parliament?

[Senator Marshall.]

• (2015)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not believe Senator Asselin can argue very effectively if he recalls the history he already knows about budgets. In the past there have been many budgets presented with the general outline of economic conditions indicated in the analysis of the Minister of Finance. He goes on to indicate a number of general thrusts of the change in government fiscal and financial planning, and in some respects he spells out even more detail—and, of course, the Minister of Finance did that. It was one of the longest budget speeches in recent history. I believe it took something like one hour and 45 minutes.

It is not without precedent that some further detail and fine-tuning of projects initially announced by the Minister of Finance are spelled out by the minister who is directly responsible for the program, whether it be capital projects or incentives that are handled by the Department of Industry, Trade and Commerce, or the Department of Employment and Immigration with respect to direct employment projects, and so on. Therefore, I do not believe it is anything new.

What is important in this budget is that, while some people have described it as a complicated or complex budget, really it is not. There are a number of items in it dealing with stimulative action in a wide variety of areas where it is needed. Therefore, even though the minister made what I consider to be an excellent speech in attempting to deal with all of those things, obviously there are further details. He announced, during the course of his speech on April 19, that the ministers directly responsible for the programs he was announcing, as a change in the fiscal stance of the government, would spell them out when they participated in the budget debate.

I am sure that the honourable senator will also agree that that is the purpose of having a seven-day budget debate, so that ministers and members can participate in that debate. What is new is that there is an inquiry, of which I gave notice last week, that may possibly be dealt with later today, whereby we can have the same kind of participation in this chamber; because it is, as never before, an opportunity for members of this and the other house to try to make as successful as possible the recovery anticipated in the Minister of Finance's budget speech.

[*Translation*]

Senator Asselin: I have a supplementary. Is it not true that this new arrangement is intended to reshape the government's image with a certain kind of advertising that will certainly help them? I would ask the Government Leader how many more Ministers in the forthcoming weeks will be seen on television or heard on the radio advertising their respective projects?

Will there be a statement made today, or will the Minister responsible for Economic Development hold a press conference to announce the projects referred to by the Minister of Finance? Are we going to have to listen day in and day out to

this kind of radio and TV advertising or propaganda which the Liberal Party now seems bent on using?

[*English*]

Senator Olson: One of the ways of re-establishing the kind of confidence needed in the investment sector, the business sector, the commercial sector and the economy in general is to give as much publicity as possible to those views throughout the country. I do not know exactly how many more ministers will be participating in the debate, but I think I can safely say that several more will.

This exercise is important to Canadians in all walks of life and in all sectors of the economy because by focusing on this budget for a long period of time we raise the level of confidence of Canadians, which is badly needed.

• (2020)

[*Translation*]

Senator Asselin: If, in the opinion of the Honourable Leader of the Government this is an appropriate procedure, could he possibly first reveal this information to Members of Parliament? Furthermore, after due consideration, could he possibly table tomorrow a list of all the projects and their names as well as the name of the ministers who will make a public announcement in the weeks to come?

I believe that Members of Parliament should be the first to be informed of government projects. If the minister is sincere when he says the budget should get as much coverage as possible, he should then start by explaining it in some detail to Parliament. Will the minister table tomorrow a list of all the projects as well as the names of the ministers who are going to explain in some detail Mr. Lalonde's budget over the next month?

[*English*]

Senator Olson: That is exactly why the government and the Minister of Finance along with his colleagues in the other place are following this course of action and this manner of setting out their procedure, so that all these things can be announced and explained in some detail in Parliament first. I cannot give an undertaking that I will bring in a list of all the projects.

Senator Asselin: Why should we not be the first to be informed?

Senator Olson: First of all, it is difficult to be informed and to be informative before all the details are in place. The Minister of Finance said, either in his budget speech or in statements he made immediately afterwards, that there was not enough money to accommodate all the federal projects that had been put before him, including those presented by other cabinet ministers. Therefore, obviously some selection had to be made from the number available, and the minister indicated that probably approximately 100 projects would be accepted.

Senator Asselin: Will you table them?

Senator Olson: We will table them as soon as we have decided which ones are to be accepted.

Senator Asselin: You already know that.

Hon. Jack Marshall: After everybody else knows.

Senator Olson: That will unfold over the next few weeks as things are worked out. I am sure that the last thing Senator Asselin wants me to give him is inaccurate information, so he will have to wait until we are sure which projects will go forward.

THE ECONOMY

PROJECTED DECLINE IN EMPLOYMENT OPPORTUNITIES

Hon. Lowell Murray: When the Leader of the Government speaks later this evening will he undertake to explain the fact that in this year of incipient recovery, as Mr. Lalonde sees it, there are 480,000 fewer jobs in our economy than there were in the third quarter of 1981 when Mr. MacEachen kicked off this recession, and that, notwithstanding Mr. Lalonde's brave talk of recovery in 1983-1984, there will be 63,000 fewer jobs this year than last year, and 55,000 fewer jobs in 1984 than there were in 1981. Will the leader undertake to explain how this can be construed by any reasonable person as progress?

Hon. Jack Marshall: What does "incipient" mean?

Hon. H A. Olson (Leader of the Government): Honourable senators, it is very difficult to answer a question based on an assertion in the preamble to the question that is absolutely wrong. For example, the honourable senator said something to the effect that this recession was kicked off by some previous Canadian minister—

Senator Murray: Mr. MacEachen is his name. Don't you remember him?

Senator Olson: Yes, I heard that—as if he was completely ignorant of the economic factors in play all over the world. It is unfortunate that Senator Murray thinks an intelligent answer can be given to a question based on such a ludicrous preamble.

Hon. Duff Roblin (Deputy Leader of the Opposition): But you were going to try anyway.

• (2025)

Senator Olson: The point is—and it was made very well by the Minister of Finance—that there is a hoped-for stimulative effect through the acceleration of the government's own capital spending projects, as well as a wide variety of stimulative measures in the private sector, that will make the whole situation in Canada economically better than it would have been without those measures that are in the budget. If Senator Murray cannot understand that kind of logical reasoning, then I have some sympathy for him, but I have to tell him, quite frankly, that the private sector and, indeed, the investment analysts and all of those people who have to take action preceding the actual employment opportunities, wherever they may be, have indicated to us that this is probably the most

responsible and reasonable budget dealing with the real world as it exists out there that they have seen in a long time.

[*Translation*]

THE BUDGET, 1983

SPECIAL RECOVERY CAPITAL PROJECTS

Hon. Martial Asselin: I should like to ask a supplementary question. Of the $2.4 billion which the government intends to spend, are there some funds earmarked to assist Quebecair? For almost a year and a half, I have been asking the Government Leader whether the Government has taken any decision concerning the future of Quebecair.

We were told last June that negotiations had been going on with the Quebec Government for a whole year. However, six months ago, I asked this Minister whether the Minister of Transport had come to any decision. Is there at least in the $2.4 billion a small amount earmarked to help Quebecair get over that slump?

[*English*]

Hon. H. A. Olson (Leader of the Government): The brief answer to the specific question that was put by Senator Asselin is that I cannot recall that the Minister of Finance made any reference to Quebecair.

INDUSTRY

MANUFACTURES BY CROWN CORPORATIONS—CANADIAN CONTENT

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Social Development with respect to CDIC and its conglomerate of companies which is such a successful drain on Canadian tax funds.

The Prime Minister, in his press conference last Friday, stated that the budget did not provide for a reduction in Canadian taxes because the government could not trust Canadians to spend their money in Canada. Canadair, one of the corporations of the CDIC, purchases the engines for both the Challenger and the CL-215 in the United States which involves spending approximately 50 per cent of the production costs outside Canada. Will the government and the crown corporations adopt the Prime Minister's policy and spend Canadian tax dollars in Canada, whether for jet engines or other purposes.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I do not accept any of the preamble to Senator Phillips' question. Suffice it to say that the objective of the government is at all times to enhance Canadian jobs and Canadian production.

In the case of the Challenger, we have embarked upon a long-term program and, in order to obtain the transfer of technologies such as engine manufacturing, avionics and those relating to communications and navigation, we need to have a commercially successful product to sell. Once we have established a successful product line, then we will be able to create

[Senator Olson.]

these industries in Canada and will no longer require imports as part of our production unit.

It is a question of how quickly we can be in a position to maximize Canadian labour, Canadian engineering and Canadian manufacturing. We cannot always do it competitively from the beginning. The Challenger is a high-technology achievement for Canada, as you know, and we have had to obtain some of the technology abroad.

• (2030)

Senator Phillips: Honourable senators, I understand the concept of a short period of time being required in order to transfer the technology to Canada, but I would remind the honourable minister that $2 billion has gone down the drain. I would ask him how much more is required to go down the drain before that technology and the manufacturing of engines can begin in Canada.

The announcement of the government purchase of four CL-215 water bombers was made with a flourish. I read the announcement with a great deal of interest, but it made no reference to the fact that all the engines were purchased in the United States. Would the minister tell the Senate how the government calculates that the expenditure of Canadian tax dollars in the United States to create American jobs is helping economic recovery?

Senator Austin: Again, if I may dispense with accepting the preamble to Senator Phillips' question, it comes down to his asking the question he has already asked and which I have just answered. It is a matter of Canada, like many other countries, obtaining technology from abroad in order to incorporate it in our manufacturing and in order ultimately to manufacture and use that technology in our own country.

I cannot give Senator Phillips a specific time, but I assure him that we are doing our utmost to establish the manufacturing of Canadair and de Havilland products as quickly as that becomes commercially feasible. We will introduce any technology and industrial activity into this country that can be executed here. That is the whole purpose of the government's industrial and sectoral development program.

Senator Phillips: Honourable senators, the CL-215 aircraft selected by the government is of 1967 vintage. Even the Department of National Defence does not use aircraft that old. It has a fuel consumption ten times that of modern aircraft, and, consequently, the provinces are reluctant to purchase it, preferring an aircraft with more modern technology and lower fuel consumption. Is the minister in a position to report to the Senate on the negotiations with the provinces?

Senator Austin: Honourable senators, I do not agree. I think the Canadair water bomber is the best in its field, and I know of no other that even comes close to it.

The reluctance of some of the provinces to move as quickly as the federal government has with respect to the water bomber is regrettable, but perhaps understandable in the current economic environment. Nonetheless, I believe we will have substantial provincial participation in the joint program.

In any event, all of the provinces tell us that the Canadair water bomber is highly desired and that they want more access to it. The question is one of affordability, I suppose, and participation in a joint operating program.

Senator Phillips will know that the Province of Ontario is in the process of acquiring two Canadair water bombers, and they are eminently satisfied. They know its use and advantage. I very much regret that Premier Davis has not yet placed a firm order for a Canadair Challenger, but I believe he will do so when he sees just how attractive that aircraft is.

Senator Phillips: When the Prime Minister starts flying in them.

Senator Austin: The Prime Minister flew in the Challenger to the de Havilland opening a week ago Saturday.

Hon. Lowell Murray: Did he take his St. Christopher medal with him?

Senator Austin: He and any other minister would use the Challenger without any difficulty at all.

I also want to say to honourable senators opposite that they do not serve Canada's interest by being facetious and small-minded about such an important product as the Canadair Challenger.

• (2035)

Honourable senators, I do not want to see you—

Hon. Martial Asselin: You look after the taxpayers!

Senator Austin: I do not want to see you laugh at a Canadian product. If you are very serious about this, I will join in taking issue with you with respect to the quality of the aircraft, but let us not embarrass a highly important industrial program by small partisanship.

Senator Phillips: This is hardly a matter of small partisanship.

Senator Austin: Let us separate the difference between the technology and your concern about the financing.

Honourable senators sitting on your side of the chamber have asked me questions regarding the financing. Senator Roblin asked such a question, and I told him that I would reply to it at the earliest possible moment.

As far as the technology is concerned, let us be very serious; the Canadair Challenger 601 and 600 are excellent aircraft, and we want to market them. You cannot have it both ways. You cannot laugh at the Challenger on the one hand, and on the other say that we cannot sell it. So, please be very clear as to what your position is on the technology.

Hon. Richard A. Donahoe: Who said we laughed?

[*Translation*]

CONSTITUTION ACT, 1982

SECTION 54—PROCLAMATION BY GOVERNOR GENERAL

Hon. Arthur Tremblay: Honourable senators, the question I want to ask is directed to the Leader of the Government. It is based on Section 54 of the Constitution Act, 1982, which reads as follows:

> Part IV is repealed on the day that is one year after this Part comes into force and this section may be repealed and this Act renumbered, consequentially upon the repeal of Part IV and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Part IV of the Constitution Act, 1982, has to do with the constitutional conferences which give the aboriginal peoples the right to be present and take part in the compulsory conference provided for 1982-83 which did take place; it also stipulates that representatives of the Northwest Territories and of the Yukon shall also have the constitutional right to participate in the discussions that directly affect them. Section 54 repeals all that part, therefore those rights of participation of the interested groups in the year following the proclamation. Today is April 26, 1983. Therefore, that part concerning constitutional conferences and other matters I have just raised are repealed. Furthermore, Section 54 itself is repealed only after proclamation. Here is my question: Was the proclamation referred to in Section 54 issued? If so, when was it issued and how will we be informed about it?

[*English*]

Hon. H. A. Olson (Leader of the Government): I shall take the question as notice and obtain a detailed answer for Senator Tremblay.

THE BUDGET, 1983

WINNIPEG—ANNOUNCEMENT OF CAPITAL PROJECT PLAN—REQUEST FOR CLARIFICATION

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask the Leader of the Government to clarify an announcement made last week in the city of Winnipeg by the Honourable Lloyd Axworthy, Minister of Employment and Immigration, with respect to the intention of the government's capital project plan for that city?

I followed that announcement in the newspapers as best I could, but it remains unclear to me. There was a suggestion that a sum of $400 million is to be invested in some form for the rebuilding of the centre of the city, and then the discussion seemed to break down into various projects, which did not add up to $400 million—far less than that, in fact. One of those projects is the construction of a stadium in the centre of the city. We already have one, but apparently we are to be offered another.

The point I should like the Leader of the Government to clarify consists of two parts: First of all, what did the minister say, and what does the government propose to do; secondly, what parts of this proposal are contingent on—either the City of Winnipeg or the Province of Manitoba, or both, taking part in the projects, and which parts stand solely on their own as federal projects?

• (2040)

I doubt that the minister will be able to answer that off the cuff, but if he could clarify that situation, it would certainly be helpful.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall be glad to take notice of that question and refer it to the minister responsible, but in listening to Senator Roblin and the way he put it, I am not sure that he gave the date of the announcement. If he could give me that additional information, it would be helpful.

Senator Roblin: The discussion in the newspapers took place over several days. The minister was very coy in that he did not make his statement, as far as I know, to the public, but to some officials in the city administration and perhaps in the provincial government. I am not sure what he said to them and how that compares to what was actually made public. The root of my question is to get clarification of those points, and I can only tell the minister that I cannot give him a specific date because it is not available to me.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I regret the absence of the Minister of State for the Canadian Wheat Board. I thought this would be a good evening to get into the Crow, but I take it he will not be here this evening.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think he will be here tomorrow. I am not sure if he is going to be here on Thursday, but he probably will be now that Senator Roblin has expressed some interest in that subject.

Senator Roblin: Is my honourable friend inclined to talk about the Crow?

Senator Olson: I do not mind talking about it but, as my honourable friend has already indicated, the Minister responsible for the Canadian Wheat Board might be able to give greater illumination to the replies.

Senator Roblin: I shall not press my honourable friend on that matter, but I have to admit that I may not be here on Thursday because of a pressing engagement in Winnipeg. If he does not want to get into the game now, I will have to wait until next week. Perhaps at that time we will have some information about the government's plans.

CANADA-UNITED STATES RELATIONS

U.S. CUSTOMS PORTS OF ENTRY—PROPOSED REDUCTION IN HOURS OF SERVICE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have one delayed answer to a question asked by Senator Molgat. I cannot make the plea that it is a long answer, so I will read it. It is a reply to a question he asked on March 29 concerning what action the Government of Canada has taken with regard to a proposed reduction in hours of service at some ports of entry to the United States.

We understand that the proposal to reduce the hours of service at the U.S. Customs entry points of Baudette and Warroad, Minnesota and Dunseith, North Dakota, has been reviewed and it has been determined that these ports should continue to operate 24 hours a day for the time being.

Officials in the Department of External Affairs are working in liaison with officials from Customs and Excise to monitor the issue. Should at any time a reduction in service at U.S. border points be proposed, we would take action to register Canadian concerns with U.S. authorities.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—THIRD READING

Hon. Sidney L. Buckwold moved the third reading of Bill C-142, to amend the Canada Deposit Insurance Corporation Act.

Motion agreed to and bill read third time and passed.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CERTAIN CLAUSES OF BILLS—DEBATE CONTINUED

The Senate resumed from Thursday, April 21, 1983, the debate on the motion of Senator Godfrey:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in Paragraph 2 of Part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:
>
> "9. REGULATIONS
>
> In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:
>
> (1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.
>
> (2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and

contains reasons justifying the power that is sought. These powers include the following:

(a) power to make regulations that might substantially affect personal rights and liberties;

(b) power to make regulations involving important matters of policy or principle;

(c) power to amend or add to the enabling Act or other Acts by way of regulation;

(d) power to make regulations excluding the ordinary jurisdiction of the Courts;

(e) power to make specific regulations having a retrospective effect;

(f) power to subdelegate regulation-making authority;

(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation."; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there is much merit in this motion but I am going to vote against it for reasons I shall outline. The essence of this motion is as follows: As the proposer of the motion has said, there is—and he quoted it—a cabinet decision of long standing that it will pay particular attention and watch carefully for clauses in bills that offend the principles that are enunciated in this motion. In effect, what the proposer is saying is that cabinet, by reason of a memo and a decision, has directed that all legislation meet certain tests with reference to enabling clauses. Therefore, Senator Godfrey's reasoning goes that a joint committee of Parliament should do the job of making sure that the cabinet does what it has told itself it ought to do.

The Standing Joint Committee on Regulations and other Statutory Instruments until now has been essentially concerned with secondary or subordinate law rather than primary legislation. I believe that what it is now asking the Senate to give it the power to do is something that all members of Parliament and all honourable senators will want to do, and I see no reason why this particular committee should be given that responsibility.

The merit of this motion is that it raises a very fundamental question, among others, of, for example, whether draft regulations should be presented simultaneously with draft bills before Parliament.

If I understand correctly, many of the issues that are raised by this motion, and many others that are related to it, were discussed during the Second Commonwealth Conference on Delegated Legislation which was held recently in this chamber and in which Senator Godfrey, the mover of this motion, participated quite extensively. Also, if I am correctly informed, the Minister of Justice has publicly taken the position that he supports a reform of the type proposed in this particular motion. But he prefers that a whole scheme be brought forward relating to reform of legislation—both the primary enabling clauses and subordinate legislation and the relationship between them—which may or may not include this particular motion but will certainly include some of the questions raised by it. So it is not a question of whether something should be done but of who should do it and how.

For that reason I will vote against this motion and ask honourable senators to do likewise while we await a more widespread and more complete plan for dealing with this and similar problems of delegated legislation.

● (2050)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I may crave the indulgence of the Senate, I should like to say a word or two about this subject because I consider it a matter of great public importance. I think we should be grateful to the proposer for having initiated the debate, because it gives us a chance to ventilate the issue and to express some opinions on it, even if we do not go any further than that.

After hearing the words of the house leader with respect to this motion, I realize that it is unlikely that it will be approved by this house. However, that does not prevent any of us talking about it until the time to vote arrives. I think we must all be concerned with the tendency, perhaps the inevitable tendency, in law-making these days to leave so much to regulation. Every bill that passes has extensive clauses conveying to somebody the right to make regulations. Sometimes that right of regulation-making is broad indeed, and that leads to a situation where the legislature is really no longer the law-making body in the way it used to be in former times. It sets the framework of a statute, true enough, and applies certain general principles to its wording, but it leaves to others a great deal of the essential, substantive law-making power and responsibility.

One could make the argument that in these times, with the tremendous expansion of the activities of government and of the technical society in which we live, such a course is hard to avoid. I admit the force of that argument, but I say that it emphasizes all the more the fact that the legislative body should in some way have an opportunity of reviewing what is done.

The mover of the motion provides that the committee would examine the subject matter, when powers are to be bestowed upon some person to make the rules. That would be a useful exercise.

Some Hon. Senators: Hear, hear.

Senator Roblin: I really am not content to leave it at the point where the leader of the house left it, namely that we need not do anything now because one of these days the government itself will do something. What that would be I cannot imagine, because they have given no hint whatsoever what it might be, unless perhaps it is the idea that regulations should come down

at the same time as the bill. Well, that would be splendid, but I think that is the counsel of perfection. I truly doubt that there would be any real prospect of regulations coming down with the substance of the bill so that the legislative body, namely Parliament, could look at the bill and regulations together. As I say, that is the counsel of perfection. If the government proposed to adopt it, I would applaud the government, but my opinion is that it is unlikely that they would be able to give such an undertaking. It is simply not practical.

So we are faced with the situation that, regardless of examining the subject matter of the bill, which perhaps would be a useful exercise, it begs the question because it continues to leave to some party, who is not a member of either chamber of Parliament, the power to make regulations—unless you say that because it is made by the Governor in Council it gets in under the wire. If we are frank, I think we have to admit that these regulations are approved by the Governor in Council. I would like to think they were read by the Governor in Council, but I very much doubt that they are. I am quite sure they come forward in enormous batches and are approved en masse, with a good deal of faith, on the part of the Governor in Council, in the drafting expertise of the bureaucrats who are really doing the work.

So we must face the fact that in this modern situation in which bills contain powers of legislation delegated to others, "the others" are really the bureaucrats. It is the bureaucracy which devises these rules and recommends them to the Governor in Council, and it is in that way these rules become part of the law of the country. I cast no reflection on the bureaucracy. I am sure they do the best they can. However, it is perfectly clear from the experience we have had as public men and women that on a good many occasions regulations do not give perfect satisfaction. We find on many occasions that regulations are imperfectly drafted. Either they trespass too far on the legislative authority or on the rights of individuals, or they really fail to comprehend the nature of the problem they are expected to deal with. That is a common experience and it is to be expected.

What is the answer, then, in this situation, if we wish to try to bring some of these contentious delegated legislative powers and authorities under the rule of Parliament? Well, I was in Australia and so was the deputy leader. We found that the elected Senate in that country has a unique function. The elected Senate in Australia has the power and authority to disallow delegated legislation made by the executive branch. Under certain of its rules and regulations, that house has the power to bring forward for consideration any regulations or delegated legislation, or administrative acts as I believe they are called down there. If it sees fit, the Senate there has the power to disallow them.

That, with a vengeance I think, is bringing the regulation-making power and the law-making power of the bureaucracy under the scrutiny and exercise of the parliamentary authority and under the cover of the parliamentary legislative function. I think that is a splendid idea. That is the kind of idea we might well consider in this country.

[Senator Roblin.]

If you follow my view of the best form the Senate might take in this country, which is that it should be elected, the merit of the argument becomes all the more obvious, namely, that the Senate should exercise its power. But whether it is obvious or not or whether the Senate should be elected or not, this is a function in which we are uniquely competent to serve, because at the time we are dealing with regulations there is not that question of political confrontation that arises in some bodies that I could mention. Here there is a much more detached and objective view, particularly in the committees of this house. I think we should be proud of that. We deal with the merits of the case in our committees to a much greater degree than we deal with the politics of the matter. By its nature, therefore, this chamber of sober second thought is well suited to deal with this question of regulations and it could be fairly entrusted with the power to disallow them, if it felt it necessary.

Senator Frith: The motion suggested a joint committee, not this chamber.

Senator Roblin: I am not making any reference to that, my honourable friend. I am not really supporting the motion in that sense. I may come round to voting for it when we arrive at that point, but actually I am suggesting a different approach to the matter. I do not think a joint committee should be seized of the matter. I think the Senate would do the work well. If it were submitted to a joint committee, I would have some reservations about how well the work would be done.

How well does it work in a second chamber? What is the experience in Australia? Have they disallowed orders in council and sent them back by the bucketful or by the gross? Has it been a matter of great difficulty down there to get obviously desirable regulations through the legislative process? I am happy to say it has not. It has worked quite well there. According to the information given to us, when we were there, over the course of time since the rule was brought in in Australia only seven regulations have actually been disallowed and rejected by the Senate. At first glance that may seem extraordinary. Why on earth should there be only seven—because we know from our experience in this country that there are many regulations we would like to see changed?

The secret would seem to be that because the Senate in Australia has the power to disallow regulations, if it receives one that raises a question it is in a good position to go to the minister concerned and suggest to him that the regulation is not quite what it ought to be and that, if he wants it to have favourable consideration in the Senate, he will have to consider what reasonable changes might be made in advance to meet the objections that are likely to be raised in the Senate.

It seems that because of that common-sense, perhaps typically British approach—if I may put it that way, although the Australians would not approve of my saying so—because of that typically British solution to a difficult problem—in other words, consultation in advance in order to get Senate approval—they have been able to deal with these matters of delegated legislation in an expeditious and practical way without bringing the mechanism of the government to a grinding halt.

I think those members of the Senate who had the privilege I enjoyed of visiting Australia were greatly impressed by that particular system and appreciated the desirability of bringing the regulatory power of government under review by one of the bodies of Parliament.

While I reserve my position with respect to what we should do with the motion Senator Godfrey has presented, I want to tell him that I am grateful to him for his having given us the opportunity to think about this matter. For what it is worth, I make the suggestion I have just placed before the house, that we benefit from the experience in Australia and consider carefully whether we should adopt that system here. There is a necessity, there is a crying need, in my judgment, for Parliament to recapture its law-making powers, which it has now delegated to the faceless bureaucracy, if I can coin a phrase—blessed by order in council, perhaps, but, nevertheless, not really the product of the legislative assembly of the nation.

● (2100)

I put that suggestion before the members of this house and hope that we will find some way to consider it and to see whether it could be usefully adopted in the Parliament of Canada.

On motion of Senator Langlois, debate adjourned.

NORTHERN PIPELINE

CONSIDERATION OF FIFTH REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Fifth Report of the Special Committee of the Senate on the Northern Pipeline entitled: "Marching to the Beat of the Same Drum: Transportation of Petroleum and Natural Gas North of 60°", which was tabled on March 30, 1983.

Hon. William M. Kelly: Honourable senators, these are the first words I have spoken in this chamber since I was sworn in two or three months ago. I am grateful to Senator Hastings for permitting me to speak to the committee report before he did, because it gives me two opportunities: one, to say a few things I want to say about energy matters in Canada, and two, which is equally important to me, to meet the traditional obligation of making my maiden speech.

I must say that I have approached this point in time with considerable trepidation. I apologize in advance if I break any rules of which I am not aware. I will try to do better later. I was reminded by a couple of my close friends that there is a hockey game on tonight, and I will, therefore, be suitably brief.

If I may stay on a personal note for a short time, however, I would like to advise honourable senators why I approach this matter and this point in time with such trepidation. When I first entered the chamber, I felt the appropriate thing for the junior senator to do was to be quiet, to pay attention, to look at how things go and to see what sort of examples I would have to match, because it is my desire to be not only with the Senate but of the Senate. "With the Senate" I can be by appointment: "of the Senate" is something I am going to have to work at. I would like to tell honourable senators the point I have reached so far.

I have observed our Speaker, the Honourable Senator Marchand, carry out his duties and guide the affairs of this chamber with grace and dignity that have left me overawed and aware that it would be many years before I could meet such an example. My own leader, Senator Flynn, with his Gallic charm, his ability to express himself on issues, has been warm and friendly to me since I have come, but nonetheless I find myself constantly in awe of his presence. Senator Olson is reminiscent, in my mind, of a southern plantation owner—

Hon. Duff Roblin (Deputy Leader of the Opposition): He cracks the whip!

Senator Kelly: —receiving our questions politely, dealing with them on the spot at times, and, at other times, promising us the delivery of an answer which comes in due course, but he never lets us forget who is in charge. Again, an extremely impressive example. Of Senator Roblin I can say this: If any neophyte senator ever needed to try to reach some understanding of the meaning of "silver-tongued oratory," I think it is to be heard—and we have heard more of it tonight—in the speeches of Senator Roblin. There is substance in his words but absolute poetry in the way they are delivered—an extremely enviable ability. Senator Frith—tall and handsome, articulate—reminds me a little of a retired Guards officer. I could practice in front of the mirror for hours and never be able to assemble all of those characteristics—for one thing, it would hurt my back. I think of Senator Phillips and the sharp-eyed way in which he delivers his questions right to the heart of the issue. I tried that in front of the mirror, Senator Phillips, but I wear trifocals and it just did not work for me.

Honourable senators, I was prepared to wait until about 1990 to deliver my maiden speech, but for an event which occurred a week and a half ago. Suddenly another appointment to the Senate was made and I realized I was no longer the junior senator in terms of seniority. I had the chilling feeling, having read his impressive curriculum vitae, that the new senator would be sworn and, within a week, would make his maiden address, and my cowardice would be there for all to see.

That, honourable senators, brings me to the matter with which I would like to proceed, and I promise that the hockey game will not be far off.

I have chosen to deal with the report of the Northern Pipeline Committee and the overall question of oil self-sufficiency and security of supply in this country, because it is an issue that runs to the very heart of my view of Canada and my view of our common opportunity as Canadians.

My background is a background in the province of Ontario, a province built by industrious individuals who believed in the value of hard work, sound investment, growth and community responsibility, and I feel deeply privileged to be able to be present in this house to speak not only on behalf of my own forebears and the people of the Port Severn area, but also on

behalf of all the people of Ontario and Canada who share a common commitment to an enterprise community and to getting on with dealing with those challenges and problems, which we can and must overcome if we are to build an effective, efficient nation that can and will compete to the benefit of all our people.

I must say to you, honourable senators, that I worry when we look at issues such as energy pricing in this country. We become beset by our own internal perspective and lose touch, sometimes, with the international and global implications of our energy circumstances and the situation in which we find ourselves.

I point out to all honourable senators, with great respect, that, while we quibble about east-west pricing, while we fail to address, as the committee's report so eloquently points out, the important issues of energy transportation in the north, some 63 per cent of the world oil inventory is in the hands of the OPEC countries, and another 16 per cent is in the hands of the Communist bloc. In other words, almost 80 per cent of the world's oil is in the hands of countries that are viewed by many as being unstable, and, in some cases, openly hostile.

We have seen very directly how this fact can lead to sudden and severe adjustments to western economies entirely outside their control. We can all recall how, late in 1973, OPEC moved its price for a barrel of oil from $3 to just under $12. Again, in 1979, the price was adjusted from $13 to $24 by the end of 1979, and upward again to $34 by early 1983. Currently, we are seeing the same world prices decline sharply, and we, as a country, have some significant decisions to make as a result.

I say this to you, honourable senators, only because I believe that critical and strategic decisions in the energy area must be made not so much in the context of effective price control—although this is not unimportant—but more clearly in the interest of national security.

Canada, in my view, is a microcosm of the world as far as energy is concerned. We have surplus gas and a shortage of domestic supplies of oil. We have to keep in mind that our existing oil fields are some 65 per cent depleted. We will, therefore, become increasingly dependent upon imports of oil which will, as sure as we are sitting here today, ultimately be in short supply.

Canada is somewhat unique among western nations in that we have substantial opportunities to develop additional oil supplies of our own. These opportunities are tempered because these supplies are high cost. They exist in remote areas such as the Beaufort Sea and North Atlantic waters, and in tar sands, where expensive upgrading is required.

I think we must begin with the premise that, in the longer term, higher prices are not only inevitable but unavoidable as economic recovery picks up pace and as the requirement for energy supplies increase. It would be naive and foolhardy for us not to accept that substantial supply dislocations are quite probable. Who in this house could look dispassionately at Mexico, Venezuela, Nigeria or any of the countries of the Middle East, and say with assurance that political uncertainty, military intervention or internal political difficulty could not produce a substantial and meaningful interruption of supply almost overnight, with no warning at all?

Honourable senators, supply security remains an absolute imperative for this country and for the other industrialized countries of the west, and must be considered whenever we are trying to make economic and political decisions about energy supplies in this world of ours.

I would also ask, as an amateur historian, that we all take a moment to reflect upon the history of this country. Canadians have always been prepared to pay a bit extra for the kinds of institutions and infrastructure that have made the difference between a country that could exist and one that could not. Sir John A. Macdonald did the impossible with the construction of a railroad. In the late 1950s we built major pipelines from west to east across this country, when early market logic would have placed these pipelines from western Canada south into the western United States, and from the southeastern United States northward into central Canada.

• (2110)

When John Diefenbaker, the member for Prince Albert, was Prime Minister of Canada he created the Ottawa valley line, to the west of which central Canadians were asked to purchase domestic crude rather than the far less expensive crude available from Venezuela and points abroad. This higher priced crude was purchased by central Canadians with their dollars, thereby assisting substantially in financing oil industry expansion and growth and the development of new wells and new sources in western Canada. That was an important investment for Canadians to make because without it there would have been no oil industry to give us the competitive edge we have today. We have been prepared in the past to pay more for things that built this country, and I would argue, however unpopular it might be with Ontarians, for example, today, that we in central Canada must continue to be prepared to make that kind of contribution if we are to pull our weight and do our fair share.

In the simplest possible terms, I believe it is essential that we Canadians not be distracted by the current declining world price for oil and soften our commitment to security of supply. In my opinion, in order to maintain the momentum in our own oil and gas exploration development, Canadians may have to be asked to pay as much, or even more, for Canadian oil than the level to which the world price may momentarily descend. If the Iran-Iraq war, for example, should suddenly escalate and those two countries decide to seriously attack each other's oilfields and tanker fleets, the present so-called world oil glut would disappear almost overnight, and within as few as 30 days we could be faced with an oil scarcity equal to the one in 1973.

I might say at this point that I was encouraged by statements made by the Honourable Jean Chrétien last week at the Empire Club in Toronto, where he identified as only one of his options the necessity of maintaining the health and viability of

the petroleum-producing industry in Canada as a necessary element to ensure energy security for the future.

I am particularly in support of the report submitted by Senator Hastings and of the genuine thrust which suggests that there must be a fundamental reduction of bureaucratic hazards and roadblocks and obstacles to meaningful progress in the area of the Beaufort Sea, so that we Canadians can get on with that job. It is critical that the regional planning process be expedited in every respect, and that a planning mechanism be inaugurated by the Department of Indian Affairs and Northern Development to allow effective participatory regional planning to proceed not endlessly, but toward some resolution and some final decision.

I am particularly proud of the recommendation that calls upon the Government of Canada to upgrade our Arctic response capability, the Canadian Coast Guard, and I would add to that the Canadian navy's capacity to defend our sovereignty and protect life and limb in that part of the world.

Honourable senators, the committee has dealt with a terribly complex and difficult issue with many side issues and implications associated therewith. I believe the committee has dealt with those issues effectively and responsibly, and, moreover, that the propositions we have put forward constitute a meaningful way for the Government of Canada to expedite important energy development. If we are to be consequent with the genuine global situation and the uncertainties we face, getting on with that development is an absolute high priority, and there is no cost, in my opinion, that is too great.

Honourable senators, I am greatly relieved to have my maiden speech behind me. I may not have passed the test, but I feel that at least I have met the obligation.

On motion of Senator Guay, debate adjourned.

THE BUDGET SPEECH, 1983

PROPOSALS BY MINISTER OF FINANCE—DEBATE ADJOURNED

Hon. H. A. Olson (Leader of the Government) rose pursuant to notice of Thursday, April 21, 1983:

> That he will call the attention of the Senate to the proposals contained in the budget speech made by the Minister of Finance in the other place on April 19, 1983.

He said: Honourable senators, I too want to be brief, for a number of reasons. As Senator Kelly has pointed out there is competition perhaps from a hockey game and other interests, and it is also a little late in the evening.

What I would like to do, however, in beginning a debate that I think will continue from time to time in the Senate, is to set out some of those things that happened in the preparation of the recent budget that was brought down by the Minister of Finance. These things are very significant and, I think, precedent-setting.

Hon. Richard A. Donahoe: Like the zoom lens!

Senator Olson: Honourable senators opposite, I know, are going to be constantly and repeatedly interrupting me with something they think is witty criticism. That does not bother me, because I have all kinds of ammunition, if that is the right word, for dealing with the kind of remarks that I anticipate will come from several of them. I do not want to name them, because I do not know who has been designated as leader of that exercise tonight, especially in the absence of Senator Flynn, who is so expert at it. I think there is a very serious side to the budget, and to the economic conditions in Canada that the budget was designed to deal with. The fact is that in all of the 20 years, more or less, that I have been around Parliament Hill I cannot remember a budget the appropriateness and responsibility of which have inspired a higher degree of acceptance throughout a wide cross-section of this country.

Hon. Martial Asselin: Who is going to pay for it?

Hon. Lowell Murray: Compared to what?

Senator Olson: Compared to the 15 or 20 other budgets that I have heard, some of them designed by Liberal ministers of finance, others by Conservative ministers of finance. I was for about 10 years in the very happy position of being somewhat neutral vis-à-vis both the so-called main line parties, so that I could assess these budgets very objectively. My statement still stands. I know of no budget with regard to which there has been so much favourable comment throughout the media, and from spokesmen of many of the sectors that are vital to economic recovery in Canada.

Senator Asselin: Who is going to pay for it?

Senator Olson: I wonder if members opposite would just hold their steam for a moment. If I were to read all of the statements I have just alluded to, including this collection of quotable quotes from the media all across the country that runs to dozens of pages, and quite a few headlines, they would be impressed.

That, however, is not really the point. The point I wanted to make is that there is a reason for all of this. The pre-budget consultative process that the Minister of Finance embarked upon long before he came in with his budget, lasting at least five months, has been a highly successful exercise. There are all kinds of quotes that can be brought forward as proof of this, though I do not want to read them particularly, since I know honourable senators have already read them themselves. Many people, however, having been asked by the Minister of Finance to come to meetings, some held in Ottawa, others in other cities across the country, took the time to analyze the economic situation that they knew the Minister of Finance had to deal with, and, seriously and responsibly, gave him their interpretation of the real economic conditions in their sectors, and made suggestions that would help the situation. It is easy to go to a meeting and ask for more than you expect to get. It is easy to lay out all of the plans that could be made for any particular sector, whether it be fishing, agriculture, mining, manufacturing in all its forms—

• (2120)

Senator Murray: Tourism. Did you hear what they said?

Senator Olson: —tourism, or whatever. It is easy to do that. One thing I learned a long time ago, long before I got into

government, was that if you wanted to get the right response from a minister, you should make sure that his advisers gave him the right advice.

Senator Asselin: Was it the same with MacEachen?

Senator Olson: It means that if you want to get a positive reaction to those things that you really believe should come from changes in government policy, then you have to give a minister, and indeed a lot of ministers, advice they can take, because obviously a minister cannot accommodate all of the suggestions that are going to be made by any particular sector.

So I want to start out by reminding honourable senators, particularly those members of the opposition, that one of the reasons for the high acceptability—the "high level of acceptance" is perhaps the better way of putting it—of this budget is primarily because of the consultative process that went on before it was brought in.

Of course, it was known by everyone in the country, including the Minister of Finance, that unemployment was painfully high. We acknowledge that. We know that the business sector is in difficulty. It is also known that some problems, such as the debt-to-equity ratio, in a number of businesses across this country, are disturbing factors in terms of how one can now expect them to move to make plans for more investment, to actually do the financing for the investment that they plan, so that we can reach the point where there is a higher level of economic activity.

Unfortunately most people across this country also understood that productivity growth has been unsatisfactory, to put it mildly. Others would say that it has been dismal in relation to some of the competition that we have to meet in the international market. We are also aware—and so were the people who gave the Minister of Finance advice at those consultative meetings—that the federal deficit is very large.

But I believe it is also fair to say, in looking at this budget, now that we have had a few days of retrospective analysis, if I can put it that way, that major progress has been made in reducing inflation and interest rates. Business and consumer confidence has improved substantially in the last few weeks, and I believe particularly since the budget came down. As the Minister of Finance pointed out, one of the main thrusts of the budget was to increase that business and consumer confidence so that in this country at least, and to the extent that we have the capability to influence economic conditions, we can accept that fact.

The strategy is, of course, centred around economic recovery. It has been called a recovery budget. It has also been called a number of other things, but in this case it is different from the past, in that most of the things it has been called are complimentary. That is something that I have not heard in all the years I have been here. I understand that members opposite are trying to belittle it, but that is their job. I understand that. However, headlines in the press, such as the *Financial Post*, say: "'Return to sanity,' says small business"; "Big boost for projects"; "R&D tax incentives giving big break to small firms". I turn to another page and find that it says: "Fine tuning makes jobs programs look brighter".

In case honourable gentlemen opposite missed reading those articles, they can be found in the *Financial Post* of April 23. This is just one paper. They can pick up almost any paper across the country and read similar headlines. Here it says: "RHOSP changes to help 'stability' of housing". It also says: "Help for small business looks good on paper . . .", and then they put in a "but".

Senator Murray: What paper are you reading?

Senator Olson: The *Financial Post* of April 23, 1983. Here is another headline that says: "Manufacturers approve of focus of the budget". Those are the kinds of things that appear in that paper.

Hon. Jack Marshall: A return to insanity.

Senator Olson: Some of that insanity was, of course, created between 1979 and 1980. I am sure that Senator Marshall will acknowledge that.

An Hon. Senator: You should also acknowledge—

Senator Olson: I really would like to follow the train of thought that I had designed for my speech. However, I was prepared for some interruption, and some of the things that I am about to say will no doubt generate more of the reaction that we are beginning to see manifest itself.

The budget strategy is centred on economic recovery, as I said a few moments ago before I was interrupted while giving the views of businessmen across the country. One general goal is to make sure that the recent stirrings of growth, that are now showing up in the economy in certain sectors, pervade the whole economy as quickly as possible. That is why the stimulation is there. The second general goal of the thrust is to make the recovery a durable one by beginning immediately to create the conditions required for sustained growth and development during the rest of the 1980s.

One can be even more specific about those goals. One could describe them as providing additional stimulus this year, and I am sure everyone in this chamber agrees that it is needed. It also has the effect—although honourable senators opposite will never admit this; but if they really analyze what is in the budget, and we are successful in stimulating further growth in an economy that now appears to be picking up, they will recognize this—of reducing the deficit in later years. If we are going to continue the very substantial and highly satisfactory social net that we have set up in this country, then it is absolutely essential that we get some more economic activity going now. And I tell my honourable friends opposite that I believe most sincerely that by getting this stimulation in place now it will, in fact, reduce the deficit over the longer term, for the balance of this decade.

Senator Murray: Would the minister permit a question?

Senator Olson: I will permit any question as soon as I am finished—and that will not be long. As a matter of fact, I am taking longer than I had expected because of the amount of heckling that arises once in a while.

Hon. Duff Roblin (Deputy Leader of the Opposition): Carry on. You are doing fine.

Senator Olson: There are a few general thrusts that should be discussed in this budget, so that my honourable friends opposite, when they participate in the debate, can make a more focused and intelligent comment on some of the detail that they were complaining about earlier tonight during Question Period. If they understand that, they will do a better job in the debate.

Let me get to my next point. The budget is to provide additional short-term support through job creation; it is to improve the financial health of the business sector, and to encourage equity investment. We spent a long time discussing that one item alone, and it is extremely important, from the point of view of the government. Then, of course, there are other measures to promote improved productivity and competitiveness.

We believe—and the Minister of Finance pointed this out—that the private sector, for the kind of recovery that we need in this country, will be the primary engine of growth. I believe it is a long time since there has been so much emphasis on those sectors of the economy which have been the primary engine of growth in our economy in the past, and they are now encouraged by the amendments that have been made.

Secondly, Canada must position itself in such a way that it can take advantage of the world recovery when it comes, and, of course, in many ways we are tied directly to the United States. No one argues that fact. But we also have very important business connections, trade relations, and so on, with many other countries around the world. It seems to me that we have to be in a good position, particularly from a competitive point of view—and this, of course, gets down to cost competitiveness—in that highly competitive international market. We have to be ready to participate in the recovery, if and when it comes. But even if the recovery is a long while coming, we also have an obligation, considering the kind of resources we have—and I am referring not only to our vast natural resources, which are probably greater than those of any other country in the world, but also to the high levels of technology and skills within our workforce—to make use of all those resources. Therefore, we should be able to do a little better in the recovery than the rest of the world, which is one of the themes set out in the budget. This means that we must make adjustments in technology and in many other factors which will lead to better cost competitiveness so that we may participate in the recovery at a higher level.

● (2130)

The deficit is not a problem in the short term but it could become a problem in the medium term if it is not reduced. The point made by the Minister of Finance—and I am sure that members opposite will agree that it is a valid one—is that when the industrial and commercial sectors have backed out of the financial markets to some extent—and there is evidence that that is so—

Senator Murray: No wonder.

Senator Olson: —not only last year but in their investment intentions for 1983—then it is appropriate for the government to move in and make—

Senator Murray: Come on!

Senator Olson: —those kinds of capital investments now. What it means is that we accelerate and bring forward some of the capital investments which the federal government was planning for later in this decade in any event.

Hon. Royce Frith (Deputy Leader of the Government): Exactly!

Senator Olson: All of these potential investments cannot be moved up. Then, on the other side, if and when—and we would rather say "when"—the private sector of the economy is speeded up to such an extent that it will make greater demands on the financial market, the federal government can then back out even more because we will have made many of the essential infrastructure improvements and, in some cases, renovations that are absolutely essential to the economic well-being of this country.

We went through a long period—during the 1970's and later—when capital projects, particularly those which are the responsibility of the federal government, were postponed because of the size of the deficit and because of other demands that were being made. As a result we have a plant, if you want to call the Canadian economy a plant, in which some investments should have been made some time ago. Now we have an excellent opportunity to do so. By following the kind of reasoning the Minister of Finance has relied upon in his budget and which I gave a few minutes ago, there are times when it is more appropriate for the federal government to accelerate capital infrastructure programs that keep that "plant" modernized. I think that insofar as capital markets are concerned, competition in the private sector is an area we should look at very carefully. The Minister of Finance has looked at this area, and that is why $2.4 billion have been allocated for capital projects which will be brought on sooner rather than some time later.

There is a number of details in this budget that I should talk about, such as the special recovery program, the improved business financial strength, which has received funding of more than $2 billion, and the very important support given to the housing sector through enhancing the rules by liberalizing them and through the funding which has been announced. Five programs in the housing sector, involving rather significant amounts of funding, were announced by the minister. Then there is direct support for employment amounting to about $700 million. There are special programs for young people, a group in which there is a high level of unemployment, particularly young people under 25 years of age. There is a number of programs with respect to improved child benefit systems. There are programs for those who need help the most and programs involving productivity and competitiveness. However, I shall not go into these subjects tonight because each one of them needs a short, detailed explanation.

I notice that during Question Period members of the opposition are constantly asking for more detailed information. It seems to me that it would be useful were we to adjourn the debate on this inquiry now, if no other honourable senator wishes to speak tonight. If it is agreeable to honourable senators, I will agree to giving honourable senators, particularly the Leader of the Opposition or the Deputy Leader of the Opposition, the opportunity to participate in this debate under the inquiry more than once. In other words, I would not attempt to stick to the rule allowing each senator to make only one intervention.

Senator Marshall: You can't change the rules.

Senator Olson: I am suggesting that we relax the rules in this case so that members of the opposition, particularly the Leader of the Opposition and the Deputy Leader of the Opposition, can enter into the debate for short periods of time after a minister directly responsible for a program has made a more detailed presentation of the program, so that they may make some comments on what has been done. I hope honourable senators will accept my suggestion as a reasonably good idea and will allow the rules to be relaxed accordingly. I realize we will have to ask for leave each time. I am not going to move a motion now but, as far as I am concerned, if members opposite want to participate more than once in the debate I will not refuse the leave they need to do so.

I was attempting to go into the detail of the federal capital works programs announced yesterday by the Minister of State for Economic Development in the other place, but I am sure that much of the detail has been presented through the media. However, more such announcements will be made during the balance of the budget debate and perhaps afterwards. So perhaps we should leave the inquiry on the Order Paper so that members can participate from time to time as particular sections of the total budget thrust come up for discussion.

Senator Roblin: Honourable senators, I do not intend to continue the discussion the honourable minister initiated tonight; I want to say a word on the point of order he has raised.

To begin with, I agree with him that, so far, he has not said enough to convince any reasonable person that the budget should be supported, so there is much more to be said if it is to receive the affirmation of this chamber. I also agree with him that members of the opposition—I am not so sure about myself, but others—will wish to take part in the debate. But if the minister really wants to pursue his idea that we should have a more informal exchange, there is no need to change the rules. He can simply introduce the matter in Committee of the Whole. In that way we can deal with this matter as informally as we please. I would have some reservations about changing the rules of debate in the house for this particular inquiry. I do not think it is a very good idea. But the committee-of-the-whole procedure exists and if the minister wishes to refer the subject matter for discussion in Committee of the Whole, there is nothing to prevent his doing so.

[Senator Olson.]

Senator Frith: Honourable senators, I rise on the point of order. Perhaps we gave the wrong impression. There is no suggestion that we amend the rules. What we have done here is bring the budget into the chamber for debate by means of an inquiry which in itself is unusual but, I think, very desirable. As a matter of fact, Senator Roblin himself pointed out that one of the problems of bringing the budget before the chamber in the form of an inquiry is that under the rules honourable senators would only be able to speak once.

● (2140)

Because of the nature of this budget and because of the plan to have individual ministers responsible for its various aspects speak on the budget in the other place, it might be that we would want to give honourable senators the chance to speak more than once. All we are saying is that it seems to us a way of solving that problem. We wanted to have it understood, without any resolution, that, as far as we are concerned, we will certainly vote for leave being granted if honourable senators want to speak more than once on this budget because of its new dimensions arising either in the public domain, as Senator Olson has said, or in the other place.

The suggestion about the Committee of the Whole is another possibility, and perhaps we should look at that.

Senator Roblin: I must say, off the top of my head, that I am not very favourably disposed to considering a change in our procedure of the nature recommended by the minister. I see the point he is making. I think it can be accommodated very simply. All that is required is to have the Leader of the Government move that the resolution be referred to Committee of the Whole for discussion, and we on this side could probably undertake to support such a resolution. If that procedure is followed, it provides a reasonable opportunity to discuss the matter in all its aspects within the rules of the house. We do not have to make special changes; we have a mechanism open and available to us if my friends care to use it.

Senator Frith: As I said, honourable senators, there is no need to change any rules. Leave is quite within the rules. However, that does not alter the fact that we should look at this other suggestion as an alternative, and we will do so.

Senator Murray: The minister agreed to take a question, and I would ask him, therefore, if he would obtain for us the following information: What does the government expect will be the impact, in terms of real GNP growth, of the stimulative measures that are being taken in the budget, in each of the next four years?

Senator Olson: I think what Senator Murray is asking for is the impact as a percentage.

Senator Murray: What is the difference?

Senator Olson: What would be the impact because of the budgetary measures?

Senator Murray: Yes.

Senator Olson: I do have some information which may be useful to Senator Murray, in that we do expect the real GNE

to be up by 2.3 per cent in 1983, or 6.5 per cent in the fourth quarter of 1982. We are then expecting a real GNE increase of 5.2 per cent in 1984.

However, that does not entirely cover the question Senator Murray has asked. He is talking about the difference, and this would be from all the factors involved.

Senator Murray: Since the minister is pursuing this line at the moment—that is, the real GNE forecast for 1983-84—can he give me the government's forecast for 1985-86? I have been unable to find any forecasts in the budget, but there must be some, since I notice that his colleague, the Minister of Finance, is projecting revenues and expenditures and the size of the deficits in those years, so he must be basing it on some forecast of GNE growth.

Senator Olson: I do not have that answer right in front of me, but I do have some information which might be helpful to Senator Murray. Total outlays of the government, as a percentage of GNP, will drop from 23.6 per cent in 1983-84 to 21.3 per cent in 1986-87.

Senator Murray: Then the minister will be able to calculate back what the projected growth in GNP is in 1986-87 and will be able to furnish us with that figure, presumably.

Senator Olson: That is very likely. It is probably in the budget papers somewhere, but it is not right at my finger-tips at the moment. However, I will refer to the Minister of Finance the exact question that Senator Murray has asked.

Senator Murray: Will the minister also obtain from his colleague an answer to the first question I asked, which is: What is the difference; what is the impact of the stimulative measures on real GNP? The minister may be aware that some of the financial houses and other economic forecasters and analysts have made their own calculations. I would like to hear what the government's calculations are.

Senator Olson: I will put that question to the minister and if there are some financial houses that have made some other calculations that Senator Murray might be interested in, I will be glad to bring them as well, especially where there is a very positive impact. It is, of course, somewhat difficult to measure precisely the impact that may come about because of the positive psychological influence that this budget has had on business generally across the country.

Hon. Charles McElman: Honourable senators, may I add a word on the discussion of order, and on the suggestion that has been made by the Leader of the Government and the further discussion of it by the two deputy leaders?

There is ample precedent in the Senate for the procedure suggested by the Leader of the Government. There have been occasions when something of extraordinary circumstance has come before the Senate and the Senate has given permission for honourable senators to speak two, three, four times. In particular, I recollect instances when Senator Grosart was the financial critic and when he spoke to a motion more than once, as did senators on the government side of the house.

Perhaps when the two deputy leaders consider the question of what the Senate should do in this case, they might care to look at those precedents which are relatively numerous.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until tomorrow at 5:15 p.m.

THE SENATE

Wednesday, April 27, 1983

The Senate met at 5.15 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

April 27, 1983

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 27th day of April, 1983, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting Small Business Investment Grants.

An Act to amend the Canada Deposit Insurance Corporation Act.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

• (1725)

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I have leave to dispense with all items on the Order Paper down to "Orders of the Day"?

Hon. Jacques Flynn (Leader of the Opposition): Why stop there? Why not include "Orders of the Day"?

Senator Frith: Because I did not want to assume that any order standing in the name of an honourable senator opposite would stand. I was about to say that all orders stand, so far as I am aware, subject to Senator Macdonald's agreement.

Hon. John M. Macdonald: Agreed.

Senator Frith: And the inquiry standing in the name of Senator Molgat also stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 28, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Godfrey be substituted for that of the Honourable Senator Molgat on the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 10, 1983, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Frith: Before the question is put, by way of explanation to honourable senators present and for the record, I would say that the information I have received is that the budget debate will continue in the other place certainly for all of next week, and that there will be no legislation ready for the Senate to consider next week. However, I understand that some committees of the Senate will be meeting next week, notwithstanding the fact that the Senate will not be sitting.

Hon. Jacques Flynn (Leader of the Opposition): Can the Deputy Leader of the Government tell us if on the order paper in the other place there will be only the bills that have been introduced during the current long session, or whether the government is going to bring in legislation other than legislation flowing directly from the budget proposals?

Senator Frith: Honourable senators, in making inquiries yesterday I was told that some four or five new bills would appear on the Commons order paper, but I do not know their nature. I assume, and my informant assumed, that they would be bills flowing from the budget, but we will know when we receive tomorrow's Commons order paper.

Senator Flynn: Would the deputy leader inquire of the house leader in the other place as to the bills on the order paper the government has given up hope of passing during the current session? Some of us are prepared to deal with legislation such as the bankruptcy bill, which was introduced over three years ago. We do not know whether the government is still considering pushing this legislation through. Nothing has been done about it. There are many other bills of that type, and it would be very useful for us to know which bills have been given up on by the government.

Senator Frith: Honourable senators, it would be very uncharacteristic of this government to give up hope on any subject, but I shall draw to the attention of the government leader in the other place the observations made by the Honourable Leader of the Opposition and see if he has any information for us as a result.

Hon. Jack Marshall: In view of the fact that it appears that the House of Commons cannot keep up with us with regard to legislation—they are so far behind—I wonder if any consideration might be given to changing the order of reference concerning the Special Joint Committee on Reform of the Senate so as to refer to Senate and House of Commons reform.

Senator Frith: Just in case any member of the other place does not read every word of *Debates of the Senate*, I will see that that is drawn to the attention of the leadership in the other place.

Motion agreed to.

QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

TEMPORARY ENLISTMENT OF YOUNG CANADIANS IN ARMED FORCES

Hon. Jack Marshall: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate. My question concerns the program whereby 5,000 individuals between the ages of 17 and 25 will be given a year's training with the armed forces. I am wondering if any details are available with regard to quotas across the country, where the training will take place, who will be responsible for the training, and other matters affecting that interesting program.

Hon. H. A. Olson (Leader of the Government): Honourable senators, there is some detail available with regard to the program, but I think that in order to answer Senator Mar-

shall's question fully I need to get an up-date from the Minister of National Defence, who will be administering the program. As to who will be responsible for it, it will be the Department of National Defence.

The indication in the budget was that 5,000 additional spaces would become available within the Department of National Defence for people who wish to apply for some military and some technical trade training for up to a year each, or in some cases, I believe, up to two years.

I should like Senator Marshall and other senators to know also that this is in addition to an announcement made on March 3 or 4, if my memory serves me correctly, that a significant number of additional spaces was being provided, and that the funding for those spaces would be available within the military reserves, in the context of the cadet corps and the militia. I believe also that there were 16,000 spaces added at that time among the various cadet corps and militia units. Therefore, quite a lot of detail has been given, although I am not sure if in that detail was included the allocation of particular numbers of opportunities in certain regions; but the program was to be applicable and available to all districts across Canada.

There is one other thing the honourable senator should know. I think I am correct in saying that 6,300 of those additional spaces were provided in the militia units across the country.

Senator Marshall: I recognize that the program will come under the Department of National Defence; but what I am wondering is whether these recruits will be taken into regular armed forces camps, or whether they will be trained in armouries across the country. My concern is that, as so often happens, the rural areas will be left out. I would like to be sure that people in rural and isolated areas will be given the same opportunities as those in centres where there are facilities.

Senator Olson: I think they will indeed, honourable senators. The 5,000 that the honourable senator identified as the number added is for the regular armed forces. I will get a more detailed and precise answer, but I anticipate that they will be taken into the facilities the armed forces now have, wherever they are. I will make a note regarding whether or not training can be made available in some of the rural areas. I want to make it clear that it is not the intention to build facilities for these new recruits, but rather to use up training spaces that are now available.

Hon. John M. Macdonald: Has it not already been announced that the 5,000 will come from the approximately 8,000 who have already applied for recruitment into the forces; that they will be given first consideration?

• (1410)

Senator Olson: As honourable senators who have taken an interest in this in the past will know, the number of applications for recruitment into the armed forces has been running a long way ahead of the authorized numbers that the armed forces could take. Certainly, those applications that are already in will be given consideration, and I expect such applications will receive priority treatment.

[Senator Olson.]

SPORT

TORONTO—PROPOSED DOMED STADIUM

Hon. Lowell Murray: Can the Leader of the Government tell us whether a decision has been made by the government with regard to federal government financing of the proposed $100 million domed stadium in Toronto? If so, can he tell us what the decision is? If not, can he tell us what the status of this project is?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to make some inquiries about that. I do not believe that any decision has been announced with respect to it.

Senator Murray: My question to the Leader of the Government was whether a decision had been taken.

Senator Olson: Members of the opposition, both in this house and the other house, constantly attempt to get ministers to reply before the government is ready to make an announcement, and we know some of the problems we have encountered in the past.

Hon. Jacques Flynn (Leader of the Opposition): Do you?

Senator Olson: That is why I specifically used the word "announced," because Senator Murray and Senator Flynn know full well that there are certain discussions that all cabinet ministers have or are a party to, but they are not authorized to make announcements before the minister directly responsible for a specific program is ready to make an announcement. I hope that Senator Murray will not try to take me down that road, because obviously I will not go that route.

Senator Murray: The minister has already gone far enough down the road. It appears that the decision has been made, but the announcement has not yet been made.

Senator Olson: The honourable senator cannot arrive at that conclusion as a valid one.

Hon. Royce Frith (Deputy Leader of the Government): Nice try!

Senator Murray: Can the minister indicate when the announcement of this decision will be forthcoming?

Senator Olson: Senator Frith was giving me some good advice, and I missed part of the question. Would the honourable senator repeat the last part?

Senator Murray: Can the minister indicate when the announcement of this decision will be made?

Senator Olson: I shall make inquiries about two aspects of it: first, not only when but if an announcement is to be made; and, secondly, if the minister is willing to give some advance notice of when a number of people may or may not make up their minds. The honourable senator will understand that that is a rather tenuous basis on which to reply to the question.

Senator Flynn: It changes from one minister to the other.

Senator Murray: Can the minister say whether any negotiations are under way with other levels of government on this matter, particularly with the Province of Ontario or the City of Toronto?

Senator Olson: Honourable senators, I shall include that in the inquiry I make of the minister or ministers. I am not sure whether this matter involves one or several ministers.

NATIONAL SECURITY

THE ARCTIC—SUBMARINE ACTIVITY IN CANADIAN WATERS

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government, which I appreciate he will no doubt have to take as notice. Does the Government of Canada have any knowledge of any unauthorized submarine penetration of the sovereign waters of Canada in the Arctic?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I know of none recently. It depends on how far back in history the honourable senator wishes to go. I repeat, I know of none recently; nevertheless, I shall make inquiries.

Senator Hastings: In making those inquiries, would the minister be kind enough to ascertain whether the Department of National Defence has the capability of detecting any unauthorized penetration?

Senator Olson: Honourable senators, the Department of National Defence, with some of the new aircraft which have recently come into operation—when I say "recently," I mean in the past few months—has some very modern and highly sophisticated equipment for this type of detection; but as to whether it is impossible for any movement within Canadian waters to go undetected, I do not believe anyone can make that categorical statement.

● (1415)

THE BUDGET

DISTRIBUTION OF INFORMATION TO SENATORS

Hon. Jack Marshall: Would the Leader of the Government ensure that honourable senators are included on the distribution list with regard to all programs announced in the budget? I ask this question because there seems to be a vacuum in some departments in that senators are not on the list for receiving information as to the various districts across Canada. Would he ensure that senators are included on the list?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am constantly trying to make sure, sometimes in response to questions asked by Senator Marshall and for the information of senators in general, that we are kept up to date. I do not believe that it is a matter of senators not being informed or not receiving press releases. If there are any such cases in that regard, they can be corrected immediately. I think that what Senator Marshall is looking for is early notification, and I shall try to do something to meet that request.

THE CONSTITUTION

ENTRENCHMENT OF PROPERTY RIGHTS

Hon. Ernest C. Manning: Honourable senators, the Prime Minister recently indicated in the other place that, subject to certain conditions, he is prepared to introduce legislation in this session to entrench property rights in the Constitution.

Would the Leader of the Government in the Senate advise the house whether or not it is the government's intention to proceed with such legislation before Parliament adjourns for the summer, and, if so, has that legislation been prepared and is it available to members of the house?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall take the question as notice. I can confirm that an offer was made to the opposition parties in the other place that if they would pass the legislation within, I believe, 24 hours, such legislation—

Hon. Jacques Flynn (Leader of the Opposition): Resolution.

Senator Olson: —or resolution would be brought forward. I have not heard whether both opposition parties have complied with that offer, or at what stage the process is, so I shall take the question as notice.

INDUSTRY

MASSEY-FERGUSON LIMITED—TORONTO PLANT LAY-OFFS

Hon. Stanley Haidasz: Honourable senators, I should like to ask a question of the Minister of State for Social Development.

Hon. Jacques Flynn (Leader of the Opposition): Senator Austin, wake up!

Senator Haidasz: Has the minister been informed of the impending loss of 1,000 jobs at the Massey-Ferguson plant in Toronto? Massey-Ferguson announced, in conjunction with the lay-offs that they would be moving the entire Toronto plant to Brantford, Ontario.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, first of all, I apologize to Senator Haidasz for not responding directly, as I was in conversation with Senator Hastings about gating, a subject that is very much on his mind, as honourable senators know.

With respect to the announcement by Massey-Ferguson, I am not aware of it, and I am sorry to say that if such an announcement has been made public, I have not seen it. However, I do want to remind honourable senators that Massey-Ferguson is a listed company in which the federal government is a very small shareholder. Undoubtedly, what they are doing is, in their view, within their commercial decision-making authority and is not a question of government policy from the point of view of my role as a minor shareholder in that company.

[*Translation*]

REFORM OF THE SENATE OF CANADA

SPECIAL JOINT COMMITTEE—FEMALE REPRESENTATION

Hon. Jean-Paul Deschatelets: Honourable senators, I should like to direct a question to the Deputy Leader of the Government. Last week, on reading the list of senators who will sit on the Special Joint Committee on the Reform of the Senate, I was somewhat surprised, as were a number of other senators, that the list did not include female representation.

Here is my question: would you keep in mind, whenever a substitution is eventually made, that a lady senator could very well be appointed to that committee?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, another of our colleagues has already drawn my attention to the fact that ladies are not represented on that committee. I thank my colleagues for that suggestion, and I fully agree that the solution lies in our power to make substitutions.

[*English*]

VISITOR IN GALLERY

THE VERY REVEREND TADEUSZ ZASEPA, DIRECTOR-GENERAL OF EXTERNAL RELATIONS, CATHOLIC UNIVERSITY OF LUBLIN, POLAND

Hon. Stanley Haidasz: Honourable senators, I should like to draw to your attention the presence in the visitors' gallery this afternoon of the Very Reverend Doctor Tadeusz Zasepa, Director-General of External Relations of the Catholic University of Lublin, Poland. He is accompanied by a representative of the student body, a Canadian student from Ottawa, Mademoiselle Caroline Lussier, and members of the executive of the Canadian Association of Friends of the Catholic University of Poland. I am sure that honourable senators would like to join with me in wishing the Very Reverend Father Zasepa a successful and enjoyable visit to Canada.

Hon. Senators: Hear, hear.

● (1420)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Neiman:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the *Canadian Charter of Rights and Freedoms*; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.—(*Honourable Senator Frith*).

Hon. John M. Godfrey: Honourable senators, I ask leave of the Senate to withdraw this motion. I have already sent a memorandum to all honourable senators explaining that, because of information I received from the Australian delegation during the Second Commonwealth Conference on Delegated Legislation, I have come to the conclusion it would be more appropriate that "the Standing Senate Committee on Legal and Constitutional Affairs" be substituted for "the Standing Joint Committee on Regulations and other Statutory Instruments." Senator Neiman, the chairman of that committee, who originally seconded my motion, agrees with that. It was decided that, rather than amend the original motion, it would be procedurally simpler if I withdrew this motion. Senator Neiman will give notice of a new motion at the next sitting. That motion will be the same as the present motion except for the substitution of "the Standing Senate Committee on Legal and Constitutional Affairs" for "the Standing Joint Committee on Regulations and other Statutory Instruments."

In making this suggestion I am somewhat reminded of Genghis Khan, who used to ride into battle with a woman in front of him. I am conscious of the fact that any motion proposed by Senator Neiman will have a considerably better chance of being adopted by this house than one I propose.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, since the deputy leader is the one in charge of saying yes or no to these questions, if we can get his assurance that he will support the motion by Senator Neiman, I think I will give leave right away. Otherwise, I think we should wait and see what the position of the government will be on Senator Neiman's motion.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we shall have to wait and see.

Order stands.

The Senate adjourned until Tuesday, May 10, 1983, at 8 p.m.

THE SENATE

Tuesday, May 10, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

FISHERIES AND OCEANS

NEW INSTALLATIONS FOR FISHING INDUSTRY—REQUEST FOR TABLING OF PROGRAM

On the presentation of Petitions:

Hon. Jack Marshall: Would the Leader of the Government indicate why he has not tabled details of the fisheries plan announced in St. John's, Newfoundland, a few days ago, and why we did not get the benefit of reading the good news of that program?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot give a specific answer to that although there probably is one. It may be the fault of my office that we did not bring forward documents tabled in the other place, or even press information, relative to this subject matter. I have learned that Senator Marshall likes to have those presented to him by way of a tabling process, so I will do that in future.

If the honourable senator will give me an hour or two, I will try to answer his question more fully.

Senator Marshall: The Leader of the Government reels off a list of programs and reports, and it seems ridiculous that, in the case of an industry which is so vital to all of Canada, honourable senators from eastern and western Canada should not receive the same benefits as the members in the other place did and not be informed of what is going on in this important industry.

Senator Olson: Honourable senators, Senator Marshall may be starting an argument about being slighted—

Senator Marshall: You are starting the argument.

Senator Olson: Not at all. There is probably an elaborate press and public information kit available, and it may have even gone to the honourable senator's office, as far as I know. However, I said I would try to find out. I will say that the importance of the report or the action is in no way diminished simply because I did not this evening table a document relating to it.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Stollery be substituted for that of the Honourable Senator Riley on the list of senators serving on the Standing Joint Committee on Regulations and other Statutory Instruments; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today it do stand adjourned until next Thursday, May 12, 1983, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

CONSTRUCTION OF VANCOUVER ISLAND PIPELINE—GOVERNMENT ASSISTANCE

Hon. Richard A. Donahoe: Honourable senators, I have a question that I should have liked to address to Senator Austin, but he is not in his place this evening. One can only presume that he is absent on public business. I certainly hope that that is the case.

Hon. H. A. Olson (Leader of the Government): That is a good assumption.

Senator Donahoe: In any event, he is not here. The question I am about to ask would more properly have been directed to him, but it would also be within the knowledge of other persons who serve in the cabinet. Therefore, I will ask the Leader of the Opposition—

Some Hon. Senators: You mean the Leader of the Government.

Senator Donahoe: —if he can supply an answer. I might tell him that I have asked similar questions relating to a project on the east coast, but that was a completely futile exercise. I received no information from him. It was only due to the lapse of time that I eventually received the information I sought.

With respect to this inquiry, however, the time has not yet elapsed. My question has to do with something that is transpir-

ing on the west coast, and I hope I shall get an answer. We have learned that since November 1980 the government has talked about giving financial assistance for the construction of a natural gas pipeline to Vancouver Island. One does not have to be particularly astute to realize that that project has the sympathy and support of Senator Austin. He has made public statements to that effect, and thus we learn that he certainly supports the construction.

● (2010)

My question is a very simple one. May we assume, by reason of that support, that the project is likely to be accelerated, or are we likely to have to wait another two-and-a-half years before witnessing any sign of progress?

Senator Olson: Honourable senators, I will refer that question to the appropriate minister. While I know that Senator Austin has a deep interest in this, for obvious reasons, the Minister of Energy, of course, will be the one directly involved in the negotiations that are presently going on respecting this matter. I will try to obtain further details as to the status of those negotiations.

The honourable senator's preliminary observations were addressed to the Leader of the Opposition, and I think they were appropriate.

Hon. Jacques Flynn (Leader of the Opposition): You are always in opposition to someone.

THE BUDGET, 1983

CANADIAN HOME OWNERSHIP STIMULATION PLAN

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government in the Senate. As reported at page 24664 of the *House of Commons Debates,* in his budget speech on April 19 last, the Minister of Finance said:

Fifth, I am allocating $30 million more to the Canadian Home Ownership Stimulation Plan, which should be sufficient to extend this program until about the end of May.

By May 4, the Minister of Public Works was quoting his officials as saying it is doubtful we will have enough funds to meet all the demands.

Why, on April 19, did the Minister of Finance announce that the program would be extended until about the end of May, when he, in fact, was adding funds that would only last for about two weeks?

Hon. H. A. Olson (Leader of the Government): Honourable senators, including Senator Asselin, will understand that there was a very significant increase—I think, beyond anyone's expectations—in the number of applications that came in during the latter part of April. If the servicing of those applications had gone on at about the same pace as before the budget speech, or even at an increased pace, $30 million might have been enough money to accommodate all the applications until the end of May. The facts of the matter, however, are different. There was that very significant increase in applications all across the country. Therefore, it is now apparent that the additional allocation of funding is somewhat less than what the total number of applications would require.

[*Translation*]

Senator Asselin: I have a supplementary. The Minister ought to know that the statement made by the Minister of Finance raised high hopes among Canadians who wanted to build or purchase new homes. Even if the Minister of Finance was out to make some political capital, does the Government not feel some degree of responsibility for the fact that people have been let down, are going to lose money and may not be able to finalize their purchase because they are $3,000 short?

When the Minister of Finance realized that funding would not be sufficient, would it not have been preferable to take at least part of the $200 million he added on the night or the night before he brought his budget down so that he could keep his job as a Minister? Would it not have been in the best interests of Canadians if the Minister had kept his promise and provided funding until the end of May, instead of creating a panic among Canadians who had already paid amounts towards the purchase of a new home?

[*English*]

Senator Olson: Honourable senators, none of Senator Asselin's comments detract from the validity of the answer that I gave a few minutes before, so I will not repeat it, but I think—

Hon. Jacques Flynn (Leader of the Opposition): If you say so.

Senator Olson: Well, I say so because I have the facts to back up what I say. I do not have the precise figures, but what I said, in general, is exactly the way things are. The number of applications that came in was far in excess of what was anticipated—

Senator Flynn: So what?

Senator Olson: We ran out of money for the allocation of funding. That is what happened. In any event, the Minister of Public Works indicated earlier today that he will look into it, because we realize that some people are in the situation that Senator Asselin described—indeed, not only individuals—

● (2015)

Senator Asselin: You don't care about them.

Senator Olson: We care more than the honourable senator can describe.

Senator Asselin: You don't care.

Senator Olson: The minister said he would look into it to see if anything could be done to accommodate that situation. In the meantime, I repeat the answer that I gave a few moments ago, that the amount of funding has indeed been taken up very rapidly by an increased number of applications, far sooner than the Minister of Finance anticipated in his budget speech.

[*Translation*]

Senator Asselin: The Leader of the Government may decide to take my question as notice, about the additional $30 million

that was supposed to be available until the end of May. Could he perhaps ask the Minister of Finance what sums of money were spent between the date of the announcement until April 19, and could he table this information in the Senate, so that we can see how the $30 million was spent by Canadians who applied for grants under the program announced by the Minister of Finance? Could he obtain these figures and table them in the Senate?

[*English*]

Senator Olson: Yes, I will take the honourable senator's question as notice. I should advise him that a number of people brought this problem to the attention of the Minister of Public Works and the Minister of Finance long before Senator Asselin raised it.

[*Translation*]

Senator Asselin: People are calling us and asking what will happen, because their applications were made the day after this policy was announced by the Minister of Finance. What are we supposed to answer? Should we say that the Minister of Finance is going to reconsider the question and that they can still expect to receive the grants? What are we supposed to answer?

Senator Flynn: They have been had, once again.

[*English*]

Senator Olson: I have already indicated to Senator Asselin that I will take his question as notice and obtain an answer for him. I have already told him that the Minister of Public Works indicated earlier today that he is looking into it to find a solution to the problem mentioned. The honourable senator is now asking me the same question and wants me to answer the question before I obtain the answer, but I am sure he will not like that because he wants me to obtain the answer from those who are directly responsible for the program.

[*Translation*]

SPECIAL RECOVERY CAPITAL PROJECTS

Hon. Martial Asselin: I would like to get back to a question I put to the Minister two weeks ago when I said that Ministers were travelling across Canada to announce local projects. It is almost like the loaves and the fishes. Some Members go so far as to announce grants of up to $1 million in the Quebec City area. Some Ministers went on the South Shore, at Matane, to announce that millions would be spent over a period of five years. Could the Ministers perhaps observe parliamentary practice and table in advance any announcements of funding for various purposes across Canada, so that we at least will be the first to know, instead of having to find this out from the newspapers and television?

[*English*]

Hon. H. A. Olson (Leader of the Government): Senator Asselin has it all mixed up.

Senator Asselin: I am not mixed up; you are mixed up.

Senator Olson: The tradition has been followed precisely. The Minister of Finance made a statement respecting the overall budgetary considerations. The following Monday the Minister of State for Economic Development made a statement on the national allocation of funding in the categories where the funding was allocated; and now for each locality where it is important there are ministers and sectoral and regional members of Parliament who are making more specific announcements; and that is exactly the pattern that has been followed in the past.

Senator Asselin: Patronage.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): It is a political play!

Senator Asselin: Loaves and fishes!

[*English*]

WINNIPEG—ANNOUNCEMENT OF CAPITAL PROJECT PLAN—REQUEST FOR CLARIFICATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask another question along the line of that introduced by my honourable friend, Senator Asselin, with respect to the announcements that ministers are making about these recovery projects. The Honourable the Leader of the Government will recall that about ten days ago I asked a question about the $400 million development proposal with respect to the city of Winnipeg. He may have the answers to those questions here tonight. If so, he might be kind enough to let me have them.

• (2020)

Hon. H. A. Olson (Leader of the Government): I do not have them with me.

Senator Roblin: Then there are some other reports the minister could clarify for me while looking into this question. First of all, I think 10 days is ample time to answer the first two questions because if they are not answered in reasonable time they lose their merit and the information is not fresh.

Hon. Jacques Flynn (Leader of the Opposition): He knows that.

Senator Roblin: However, I should like the Leader of the Government to tell us, because it is not clear from the information the Minister of Employment and Immigration gave in Winnipeg, what conditions he is attaching to the proposal for a $400 million development in that city. In particular, what conditions is he requesting the City of Winnipeg to accept and what conditions is he expecting the Province of Manitoba to accept?

My initial impression was that this was a federal government project and federal in total application. Now it appears that the project is conditional upon other people playing ball, just as the water bombers were conditional on other people playing ball, so we really do not know how good the promise is until we know the conditions.

The second thing I would like him to check into for me is the fact that when the original announcement was made the names of a number of organizations were linked with the

proposal and the impression was left, at first reading, that these organizations were part of the operation that was being promoted by the minister. Now it appears that they were not consulted. So I wonder if the minister could establish for me what the facts are in that regard. Were these other organizations consulted, and, if so, what sort of proposition was put to them? The particular organizations I am referring to are Hyatt International Hotels, the Toronto Dominion Bank, the YMCA, the Winnipeg School Division, and the University of Winnipeg. They have all been mentioned in the press releases that have been coming out on this project, with the implication that they are part of the project. Now it appears from their statements that they were not consulted. I wonder if the minister could explain what happened.

A large part of this project consists of a new hotel—and whether or not the feasibility studies will support it, I do not know—more high-rise office accommodation in a city that at the present time has a 11 per cent vacancy rate—and we hope that it will not always be that way—and other projects the economic viability of which are questionable. When you add the fact that we as yet have no economic assessment or, indeed, any social assessment on a project of $400 million—which is large for the City of Winnipeg—one wonders what the basis of this proposal is. After all, you cannot build a pipeline across a quarter-section these days without a social impact study being made. Perhaps I am exaggerating for the sake of emphasis, but the leader understands my point. What studies, town-planning and otherwise, are behind this proposal? What is the justification for this operation?

I am sure that in general terms it is easy to understand that there is a sad situation of inner-city decay in Winnipeg and that people are anxious to do something about it. To that extent we are all in favour of some action, but we want to make sure that the action being proposed is wise and sensible. It would be very reassuring to the public in my city if my honourable friend would answer some of those questions to establish the factual basis of this proposal—what it encompasses, what people are expected to participate, what the terms and conditions of the participation are—so that it can be conveyed to the citizens of Winnipeg.

Senator Olson: Honourable senators, I shall take the specific points of the honourable senator's question as notice, add them to the questions asked some days ago and refer them to the minister involved.

● (2025)

However, I think Senator Roblin has at least partly answered his own question, because he wants the citizens of Winnipeg, who will be directly affected by this project to have a grasp of all the details, making sure that they have been worked out with the authorities—in other words, the City of Winnipeg, the Province of Manitoba and whoever is involved from the commercial and private sector.

In any case, it was perfectly normal for the federal government to have had some preliminary discussions with the province and, no doubt, with the citizens of Winnipeg, and then to have come forward with a proposal as to the magnitude of the project and, indeed, some of the criteria for funding by the federal treasury. It is not unreasonable for them to do that without disclosing the detailed negotiations that are obviously required in a matter so large and complex—one that obviously requires time for the negotiations to be worked out without involving a public forum or the media, if I may put it that way.

I say again that that is a perfectly normal process, but Senator Roblin may be in a hurry to get in on the various positions of the people who will be party to the overall project. All I can say is that, until an agreement is reached, it is normal for all parties to insist, more or less, on confining their positions to the negotiating, and I am sure that the reason for the lack of publicity, the reason for not providing all of those details, is precisely that they have not yet been negotiated to a satisfactory conclusion.

Senator Roblin: I only wish that a person as reasonable as my honourable friend was conducting the negotiations because, when this matter first surfaced publicly, it was made quite clear that a *sine qua non* of the whole project would be the agreement of the city to accept a new arena in the area. I don't know whether that is still the case. Perhaps the minister concerned has given up that particular demand, but he made it at the beginning according to the reports that reached me.

The second point is that he asked the City of Winnipeg to reply within 14 days, or some such short period of time. The city officials were being asked to commit themselves, and to commit their city's taxpayers, to this proposition within that period of time and with the condition that the arena was an essential element. That brought the matter to my notice as something that ought to be looked into.

I hope the Minister of Employment and Immigration, who is in charge of this project, has altered his negotiating stance so that he no longer insists on the arena, because, although it may be a good thing in itself, it may not be all that good if it has pre-conditions. Moreover, I hope the minister will give the parties concerned a little more time to consider the matter.

But, apart from all of that, will my honourable friend not agree that at the earliest stage the people concerned ought to know something about the project? Surely, if there is to be some consideration of environmental and social matters, which there will certainly have to be, the sooner the matter becomes public the better.

Just a little while ago the same minister went into the same area with the same kind of proposition. He wanted to put in an industrial park, but he had not gone through the preliminary work of finding out what the people wanted. The fact is that there will not be any industrial park there now. It was necessary for him to formulate a new plan because he discovered that he had not taken the necessary steps to secure the assent of the people concerned. This proposition could well meet the same kind of fate, if it is not handled with care.

If my honourable friend were handling the matter I might feel a little bit better about it but, regardless of that, I believe the facts I have asked for are reasonable and should be

available, and I hope they will be forthcoming from the minister without much delay.

Senator Olson: Honourable senators, as I have indicated, I will add those additional inquiries to those previously made. However, I cannot help but remark that I am sure the minister directly responsible is handling the matter with all possible care, and has in mind some of the things I reminded Senator Roblin of a few minutes ago.

Senator Roblin: I regret that my honourable friend's rosy opinion will not be shared by the citizens of my city.

SPECIAL RECOVERY CAPITAL PROJECTS PROGRAM—NEWFOUNDLAND

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate concerning projects under the Special Recovery Capital Projects Program. My question has to do with an announcement by the Minister of Fisheries and Oceans in St. John's a few days ago indicating the spending of certain amounts of money for various projects. I would ask the Leader of the Government to provide us with a breakdown of the allocation of funds by district within the province of Newfoundland and the amounts of money allocated within the different districts to the various programs mentioned. These projects include the improvement of small craft harbours; the provision of new bait freezing and fish loading installations; the improvement of transportation and the commencement of a new policy for product standardization within the industry, aimed at saving costs. Perhaps the Leader of the Government could provide this information, which I am sure is available, since we in the Senate seem to be the last to receive it.

Hon. H. A. Olson (Leader of the Government): It will not be possible to give this information tomorrow because we will not be sitting tomorrow. However, we will be sitting on Thursday, and perhaps I can obtain the information for Senator Marshall by then.

• (2030)

In any event, I am not sure that Senator Marshall's question can be answered precisely in the manner in which he posed it. He has asked for a breakdown by district. What may be available is a breakdown by project, as has been identified by the minister. However, I will try to obtain some specific information on that subject.

FOREIGN AFFAIRS

MIDDLE EAST—CANADIAN PEACE INITIATIVES

Hon. Heath Macquarrie: I would like to direct a question to the Leader of the Government in the Senate regarding the tremendously important discussions which are taking place with respect to the tensions in the Middle East. I would ask the honourable minister whether Canadian diplomats are involved in any way in the discussions with Syria and with the PLO.

Despite the fact that we do not have direct relations with Syria, I am aware that we have a far more open relationship with the PLO than do the Americans, and I am asking what part, if any, Canadian diplomats are playing in terms of consultation with the PLO and the Syrians with a view to the implementation of the Reagan plan. Although I am convinced that this plan is not by any means an adequate solution to the Middle East situation, it seems to me at the moment to be the best offering in terms of peace in the Middle East.

Thirty years ago, Canada played a part in the creation of the State of Israel and, therefore, was one of the creators of the situation in the Middle East. Perhaps the minister could tell this chamber and the country what Canada is doing, through its very able diplomats, to bring about an accomodation, an agreement and a continuation of the dialogue to bring peace to this very troubled area of the world.

• (2035)

Hon. H. A. Olson (Leader of the Government): Honourable senators, as Senator Macquarrie knows from his long experience in following the activities of the Department of External Affairs and our diplomats, we have consistently and quietly attempted to be helpful in those situations. Inasmuch as at the moment the situation in that part of the world is extremely tense, perhaps critical—although that might be too strong a word to use—I shall take as notice the rest of the question as to the more specific details and provide an answer either on Thursday or as soon as possible thereafter.

YUKON TERRITORY

GULF OIL APPLICATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a rather lengthy delayed answer to a question raised by Senator Molgat, regarding the Yukon North Slope and the application of Gulf Oil for the Stokes Point site. Although Senator Molgat is not present this evening, I think he would agree to having it taken as read.

Hon. Jacques Flynn (Leader of the Opposition): Implicit approval.

Senator Olson: That sounds good.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> On April 22, the Hon. John Munro, Minister of Indian Affairs and Northern Development, announced that consideration of an application by Gulf Canada Resources Inc. for a land use permit to construct exploration facilities at Stokes Point, Yukon has been extended. Mr. Munro explained that section 25(1)(c) of the Territorial Land Use Regulations requires a decision be made within 42 days of receipt of an application, which in Gulf's case was March 11, 1983. The extension was granted, as Mr. Munro believed that it would be impossible to reach a decision within the 42-day time frame, given that the

consultative process regarding alternative sites along the Beaufort Sea coast is still underway. The minister also indicated that the extension will provide him with additional time for more thorough discussions with the Ministers of Environment and of Energy, Mines and Resources. The extension will also allow more time for DIAND officials to seek the views of territorial governments, appropriate local communities, and native and environmental organizations.

Mr. Munro made a special point of acknowledging the public concerns that have been expressed about locating facilities at Stokes Point. He also recognized Gulf's legitimate operational requirements during the exploration phase of its activities, and it is for these reasons that such effort has been taken to seek the views of interested groups and such rigorous analysis has been undertaken.

CONSTITUTION ACT, 1982

SECTION 54—PROCLAMATION BY GOVERNOR GENERAL

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Tremblay on April 26, 1983 regarding section 54 of the Constitution Act, 1982, as it relates to Proclamation by the Governor General. This is also a long answer, and I would hope that it could be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

When the U.K. Parliament finally adopted the Canada Act, 1982, Canada's newest piece of constitutional legislation came into existence as the Constitution Act, 1982. It was intended that the purely temporary provisions of this act relating to the calling of the first Constitutional Conference should be removed once they were spent and subsequent sections should be renumbered.

This process has already commenced. Part IV (i.e. Section 37) of the Constitution Act, 1982 was repealed automatically on 17 April, 1983 by virtue of the terms of section 54. The consequential repeal of section 54 and renumbering of the sections following section 37 are optional measures which can be carried out by proclamation issued by the Governor General under the Great Seal of Canada.

The proclamation has not yet been issued, and it may not be opportune to issue one for some time. Indeed the action taken by the first ministers in March to introduce further temporary provisions on constitutional conferences could render the reading of the Constitution Act unnecessarily confusing to some, if the renumbering occured now. Thus the very purpose of the proclamation could be defeated. The matter is being carefully considered.

Honourable senators will note that the proclamation, whenever issued, will be published in the *Canada Gazette*.

THE CONSTITUTION

ENTRENCHMENT OF PROPERTY RIGHTS

Hon. H. A. Olson (Leader of the Government): The third reply I have this evening, honourable senators, is to a question asked by Senator Manning on April 28 last concerning the entrenchment of property rights in the Constitution.

It was the intention of the government to proceed with the introduction of a resolution which would entrench property rights in the Constitution. However, the Progressive Conservative Party introduced the resolution as part of a non-confidence motion in the other place which the government was forced to defeat.

Under the rules of the other place, a resolution covering the same subject matter may not be brought forward again during the same session without unanimous consent.

Hon. Jacques Flynn (Leader of the Opposition): That is better than here.

Senator Olson: The New Democratic Party has refused to give its consent to the introduction of the resolution. Therefore, there seems to be no hope of proceeding with the entrenchment of property rights before the next session of Parliament, no matter how willing or anxious the government is.

Senator Flynn: Are you happy you found an excuse!

PRONOUNCEMENT OF ROYAL ASSENT TO BILLS

ADVISABILITY OF ESTABLISHING ALTERNATIVE PROCEDURES—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) rose pursuant to notice of Thursday, April 28, 1983:

> That he will call the attention of the Senate to the advisability of establishing alternative procedures for the pronouncement of Royal Assent to bills.

He said: Honourable senators, by way of a parenthetical introduction, I might say that I am aware of another event of national importance taking place this evening, an event which will be televised. Although the arcane and esoteric practices and history of Royal Assent can hardly be called a competing national sport or national interest in this country, honourable senators, I propose to put much of the history and research on this subject on the record this evening.

● (2040)

Honourable senators, outside of the parenthetical introduction, might I point out that the subject is before us by way of an inquiry, and that means we have the opportunity to share senators' opinions on all aspects of this question of Royal Assent. Whether or not any changes are made by way of a bill, resolution, or otherwise, I hope those changes will be as a result of the interventions and opinions of honourable senators on the subject.

Secondly, and still by way of introduction, I want to underline that the inquiry speaks of an alternative procedure. The proposal is for a procedure for Royal Assent in addition to the traditional procedures now in use and not instead of those traditional procedures. So the central question in this inquiry is: Is there any need for an additional and simpler procedure, and, if so, what form should it take and what method should we adopt for implementing the alternative or additional simpler method?

As setting for this central question with its several parts, I want to share with honourable senators some of the research that was done for me on this subject. I propose to examine the experience of other parliaments with Royal Assent, and then to examine some of the legal and constitutional alternatives for implementation. In doing so, I propose to share with honourable senators some information, first, from the Mother of Parliaments, the United Kingdom, and, secondly, from a sister or brother Commonwealth and federal parliamentary system, that of Australia, with a note also of how they compare to the system in Canada.

Royal Assent in Great Britain, of course, is of long history. It marks the formal process by which bills become laws. Once a bill has duly passed both houses of Parliament, it must be presented to the sovereign for his or her assent, since neither house of Parliament possesses legislative power independent of the Crown.

The history of Royal Assent in the United Kingdom divides itself into three basic periods: before 1541, after 1541, and since 1967.

Until 1541, Royal Assent was granted by the sovereign in person. However, in that year in order to spare the king the indignity of assenting in person to the Bill of Attainder which levied punishment for high treason against Queen Katherine, assent was accorded for the first time by royal commission. The 31st Henry VIII c. xxi stated:

> Be it declared by Authority of this present Parliament, That the King's Royal Assent by his Letters Pattent under his Great Seal, and signed with his Hand, and declared and notified in his Absence to the Lords spiritual and temporal, and to the Commons, assembled together in the high House, is and ever was of as good Strength and Force, as though the King's Person had been there personally present, and had assented openly and publickly to the same.

That practice of appointing Lords Commissioners to grant assent on behalf of the Sovereign invariably became more common, to the extent that today it is the normal procedure. Indeed, the last occasion on which Royal Assent was granted by the monarch in person in England was on August 12, 1854, when Queen Victoria personally assented to several bills before proroguing Parliament.

While the granting of Royal Assent is an undeniable right of the Crown, it is now generally conceded that the Crown cannot refuse its assent to bills which have duly passed both houses of Parliament. Indeed, the right to withhold assent has not been exercised since 1707, when Queen Anne refused to proclaim in force the Scotch Militia Bill.

Hon. Heath Macquarrie: Hear, hear!

Senator Frith: That was not a brand of whisky!

The granting of Royal Assent is, therefore, now largely a perfunctory phase in the legislative process. I think it is best expressed by the author Redlich:

> Royal Assent is still a necessary formality and is at the same time nothing more than a formality.

Since 1541 and until recently, the normal procedure for the granting of Royal Assent was by commission with three Lords Commissioners acting on behalf of the Sovereign. Attired in ceremonial robes and three-cornered hats and seated on a "form" between the Throne and the Woolsack in the House of Lords, the Lords Commissioners command the Gentleman Usher of the Black Rod—the Royal Messenger—to summon the Commons to the House of Peers to hear the commission read. The door of the Commons chamber being barred, Black Rod ceremoniously raps three times before being allowed to enter. This symbolic ceremony is designed to demonstrate the right of the Commons to close their doors and deliberations against all comers if they so wish. Once inside the House, an usher cries "Black Rod," at which time the Speaker alone rises to receive the message of the Royal Messenger. Advancing slowly to the table and bowing three times, Black Rod announces: "The Lords Commissioners desire the immediate attendance of this honourable House in the House of Peers."

His message delivered, Black Rod retires backwards to the Bar of the House, bowing as he goes, and awaits the Speaker whom, followed by ministers and MPs, he duly escorts to the Bar of the House of Lords. The Letters Patent are then read by the Reading Clerk. After the reading of the commission, the Clerk of the Crown then reads the title of each bill to which the Royal Assent is declared by the Clerk of the Parliaments in Norman French, and duly entered in the Lords journals.

A supply bill carried up by the Clerk of the House of Commons and handed to the Clerk of the Parliaments by the Speaker receives Royal Assent before all other bills. Assent is granted by the words: "La Reyne (Le Roy) remercie ses bons sujets, accepte leur bénévolence, et ainsi le veult." For all other public and private bills the words "La Reyne (Le Roy) le veult" are used. For personal acts, the words "Soit fait comme il est désiré" are used. The last time assent was refused by Queen Anne in 1707, the words used were: "La Reyne s'avisera."

When assent has been granted and the Commons have returned from the House of Lords, the Speaker formally announces this to the Commons. This procedure is duly recorded in *Hansard* and the House *Votes and Proceedings*.

This traditional means of granting Royal Assent was altered by the Royal Assent Act (1967), however, as a result of two serious incidents stemming from the untimely arrival of Black Rod at the Commons, which was obliged to suspend whatever

business it happened to be engaged in at the time in order to participate in the procession to the House of Peers.

● (2050)

The first incident occurred on April 13, 1960. Black Rod arrived at the House of Commons with his summons at a moment when an extremely heated debate was in progress on the government's announcement of the abandonment of the Blue Streak missile. Members protested very strongly against the interruption, and Black Rod was unable to make his voice heard above the tumult. The opposition, with the exception of their leader and chief whip, remained in their places as the procession made its way to the House of Lords as an expression of their indignation. On the return of the other members, points of order were immediately raised as to the right of Black Rod to enter the Commons chamber without the consent of the house, and the Speaker undertook to seek advice as to the constitutional position.

A further protest was registered on August 5, 1965, when Black Rod arrived to deliver his summons to the House of Commons some 20 minutes before Parliament was due to rise for the summer recess—that sounds familiar.

Hon. Jacques Flynn (Leader of the Opposition): That is bad timing.

Senator Frith: A group of members not only remained in the chamber but continued to debate the issue under discussion, notwithstanding the Speaker having left the chair, as a demonstration against what one of the members, Sir Geoffrey de Freitas, described as a "ludicrous exercise."

The Royal Assent Act of 1967, assented to, of course, by the traditional means on May 10, 1967, sought to prevent similar unfortunate incidents from occurring. This act effectively outlines two alternate means for the granting of Royal Assent.

In the first place, the act confirms the legitimacy of the traditional means of granting assent via the Lords Commissioners "in the presence of both Houses in the House of Lords in the form and manner customary before the passing of this Act." Yet the act declares, alternatively, that the Royal Assent may be "notified to each House of Parliament, sitting separately, by the Speaker of that House or in the case of his absence by the person acting as such Speaker."

In the case of this latter practice, Royal Assent is granted by the Lords Commissioners on Her Majesty's behalf, usually at Buckingham Palace, and notified by the Speaker or acting Speaker at a time convenient to each house during the course of that day's business. In the House of Lords, Royal Assent may be notified at any convenient time during a sitting. In the Commons, Royal Assent may be notified immediately after prayers, at the commencement of public business, between Orders of the Day, between speeches in a debate, and between amendments at the consideration stage of a bill. The Commons has also ruled that the house should not be adjourned until notice of Royal Assent is given. The words used by the Speakers of the respective houses to notify assent are the following:

> I have to notify the House, in accordance with the Royal Assent Act, 1967 that the Queen has signified her Royal Assent to the following Acts—

Which he then lists.

It is now usual that the Royal Assent be notified to each house sitting separately, although the traditional ceremony is observed at prorogation when Commissioners are directed by Letters Patent of the Sovereign to prorogue Parliament and to grant the Royal Assent to any outstanding bills.

That, honourable senators, is the picture in the United Kingdom.

As most honourable senators know, the practice in Canada is the subject of section 55 of the Constitution Act, 1867, which states:

> Where a Bill passed by the Houses of the Parliament is presented to the Governor General for the Queen's Assent, he shall declare, according to his Discretion, but subject to the Provisions of this Act and to Her Majesty's Instructions, either that he assents thereto in the Queen's Name, or that he withholds the Queen's Assent, or that he reserves the Bill for the Signification of the Queen's Pleasure.

Honourable senators will note that under section 55 the active person and institution in Canada is the Governor General.

[*Translation*]

Hon. Jean-Paul Deschatelets: Does the Act you are referring to also mention the ceremony itself? You just said that when a Bill is enacted, it must receive the assent of the Governor General. The article you quoted does not prescribe a specific ceremony. The proceedings can take place at the Governor General's residence as well as right here.

Senator Frith: We have already pointed out that it is the Governor General who grants assent, but the manner in which he does so is not specified.

Senator Deschatelets: That is what I wanted to know.

Senator Frith: My dear colleague, we could not have rehearsed it better. What you are asking is in fact the subject of my enquiry. You have made a very good point.

[*English*]

The procedure by which Royal Assent is granted in Canada is similar in many respects to that of the British Parliament, although, as Senator Deschatelets has underlined, important differences remain. That is the procedure, but the procedure itself is not set out in section 55. That will be important in the second part of the proposals I will be making, that is, what method of legal implementation should be chosen.

In Canada, the Speaker of the Senate, as we know, directs the Gentleman Usher of the Black Rod to proceed to the House of Commons to summon the members of that house according to the will of the Governor General or his deputy, as follows:

> It is the desire of the Honourable the Deputy of His Excellency the Governor General that they attend him/her immediately in the Senate Chamber.

After bowing to the Deputy Governor General, the Gentleman Usher of the Black Rod proceeds to the House of Commons and, following the same ceremony as at Westminster, delivers the following message to the Speaker:

> Madam (Mister) Speaker: It is the desire of the Honourable the Deputy of His Excellency the Governor General that this Honourable House attend him/her immediately in the Chamber of the Honourable the Senate.

The procession of Black Rod, the Sergeant-at-Arms, the Speaker, clerks and members of the House of Commons then makes its way to the Bar of the Senate where Black Rod takes up a position to the left of the Deputy Governor General.

If it is the first time a newly appointed Deputy Governor General grants the Royal Assent, the commission is read by the Clerk of the Senate. The Clerk Assistant then reads the titles of the bills presented for the Royal Assent. Assent is then pronounced by the Clerk of the Senate as follows:

> In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General doth assent to these Bills.

As honourable senators know, if a supply bill is to be assented to, the Speaker of the House of Commons addresses the Deputy Governor General as follows:

> May it please Your Honour:
>
> The Commons of Canada have voted supplies to enable the Government to defray certain expenses of the public service.
>
> In the name of the Commons, I present to Your Honour the following Bill:
>
> An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March 1983,
>
> To which Bill I humbly request Your Honour's Assent.

● (2100)

The Clerk Assistant then proceeds to the Bar of the Senate to receive the supply bill from the Speaker of the House of Commons. The Clerk Assistant then reads the title of the bill in both English and French, to which the Royal Assent is declared by the Clerk:

> In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General thanks Her loyal subjects, accepts their benevolence and assents to this Bill.

The Speaker and Members of the House of Commons withdraw from the Senate to return to the lower house, where the Speaker reports that the Deputy Governor General was pleased to give, in Her Majesty's name, the Royal Assent to certains bills. The Deputy Governor General leaves the Senate chamber preceded by Black Rod and followed by the ministers of the Crown and the Leader of the Government in the Senate.

There are, however, important differences between the British and Canadian versions of the procedure for granting Royal Assent. Most obvious is the fact that the Royal Assent in Canada is normally granted by a justice of the Supreme Court acting as Deputy Governor General, although the Governor General is usually personally present to grant his assent at least once in each session. This practice dates back to 1885 and stems from a provision of the Constitution Act, 1867, section 14 of which states:

> It shall be lawful for the Queen, if Her Majesty thinks fit, to authorize the Governor General from Time to Time to appoint any Person or any Persons jointly or severally to be his Deputy or Deputies within any Part or Parts of Canada, and in that Capacity to exercise during the Pleasure of the Governor General such of the Powers, Authorities, and Functions of the Governor General as the Governor General deems it necessary or expedient to assign to him or them, subject to any Limitations or Directions expressed or given by the Queen; but the Appointment of such a Deputy or Deputies shall not affect the Exercise by the Governor General himself of any Power, Authority, or Function.

It also finds expression in the Letters Patent Constituting the Office of Governor General of Canada, 1947. Section VII of the Letters Patent reads, in part:

> Now We do hereby authorize and empower Our Governor General, subject to such limitations and directions, to appoint any person or persons, jointly or severally, to be His Deputy or Deputies within any part or parts of Canada, and in that capacity to exercise, during His pleasure, such of His powers, functions, and authorities as He may deem it necessary or expedient to assign to him or them—

Section VIII further declares, in part:

> And We do hereby declare Our pleasure to be that, in the event of the death, incapacity, removal, or absence of Our Governor General out of Canada, all and every of the powers and authorities herein granted to him shall, until Our further pleasure is signified therein, be vested in Our Chief Justice for the time being of Canada . . . or, in the case of the death, incapacity, removal, or absence out of Canada of Our Chief Justice, then in the Senior Judge for the time being of the Supreme Court of Canada, then residing in Canada and not under incapacity—

Since Section VIII indicates that, in the event of the death, removal or incapacity of the Governor General, the latter's authority would immediately devolve upon the Chief Justice of Canada, whose responsibilities as Deputy Governor General, in the event of his death, removal or incapacity, would be assumed by the senior judge of the Supreme Court. A clear legal chain of command is thus established. It would seem, then, that since Section VII empowers the Governor General to delegate his authority to whomever he wishes, a logical proxy would be the Chief Justice of Canada, or a senior judge, who already enjoys recognition under Section VIII. Given the heavy time constraints placed upon the Chief Justice by virtue of his position, it is not surprising that the largely perfunctory and ceremonial task of granting Royal Assent has devolved upon other members of the court. Indeed, while early Deputy Governors General were normally chief justices, by 1889 the

formal task of assenting to bills had already been redelegated to a puisne judge of the court. This, of course, is now the accepted practice.

While it may, on the surface, appear puzzling that members of the judiciary should perform what is, essentially, an executive function, it seems likely that this arrangement represents a pragmatic response to the formal necessity of granting Royal Assent. Since it is impractical that the Governor General should be personally present to assent to each and every bill in view of his other responsibilities, it seems a reasonable compromise that other high officials, particularly members of the High Court—who enjoy impartiality and respectability—should exercise this function on his behalf.

Honourable senators, that is the picture in Canada. I realize that most of the procedures I have described were already known to honourable senators, but I have elaborated some of the chain of authority for those practices.

I now turn to Royal Assent in Australia. Provision for Royal Assent in Australia is contained in section 58 of the Constitution Act (1900). It provides that:

> When a proposed law passed by both Houses of the Parliament is presented to the Governor General for the Queen's assent, he shall declare, according to his discretion, but subject to the Constitution, that he assents in the Queen's name, or that he withholds assent, or that he reserves the law for the Queen's pleasure.

The formal means by which the Royal Assent is granted to bills in Australia closely resembles the practice of the British and Canadian Parliaments. The Governor General directs the Usher of the Black Rod to inform the members of the House of Representatives that their attendance in the Senate chamber is desired forthwith. The Clerk of the Parliaments receives at the Bar, from the hands of the Speaker, the acts to which the Royal Assent is to be granted. Through the Clerk of the Parliaments, the Governor General then notifies his assent in the name and on behalf of Her Majesty.

Recourse to this formal procedure for granting Royal Assent is rare, however. Indeed, this formal ceremony has not been utilized since the formative years of the Australian Commonwealth, which was established, as we know, in 1900. Rather, the Australian Parliament has dispensed with much of the formality surrounding the Royal Assent. Currently, the usual practice is for a clerk of the house which initiated the bill to bring it to the residence of the Governor General, where, in an informal setting, the Governor General affixes his signature. The Governor General's assent is then usually made known by messages to the President of the Senate and Speaker of the House of Representatives, who notify the respective houses that the Royal Assent has been duly granted.

Although Standing Order 372 of the Australian Senate provides that a message from the Governor General shall immediately suspend the business before the house in order that it may be read forthwith, Standing Order 376 declares that such a message may not be presented during a debate, or so as to interrupt a senator who is speaking.

So, honourable senators, while the formal means by which the Royal Assent is granted in Great Britain, Australia, and Canada are similar, given their common origins, it is clear that each country has seen fit to modify the procedure according to its particular situation. The British Parliament follows the formal procedure of granting the Royal Assent in the Lords in the presence of both houses by means of the Lords Commissioners only at prorogation. At other times, following the provisions of the Royal Assent Act, 1967, the Royal Assent is notified to each house sitting separately.

Australia, on the other hand, has opted to dispense altogether with the formalities surrounding Royal Assent. Bills are normally simply assented to informally by the Governor General in the presence of a clerk of the house sponsoring the bill and each house is then notified separately via Governor General messages.

Senator Deschatelets: Could the honourable senator tell us how the change was brought about in Australia? I believe he said that there has been no formal ceremony since 1900. Was this change brought about by a decision of the government?

Senator Frith: Honourable senators, apparently it was not. It was simply a practice that grew up.

According to my research, recourse to the formal procedure for granting Royal Assent is rare. The formal ceremony has not been utilized since the formative years of the Australian Commonwealth, and the other practice grew up as a custom of the Constitution. There was no decision made. That question is relevant to what I propose now to deal with, namely: What are the legal alternatives for us at this stage, considering that we have continuously, since Confederation, used the traditional method?

• (2110)

Senator Deschatelets: Except that, if my memory serves me correctly—and I may be wrong—when we adopted the new Constitution, both Speakers went to the Governor General's residence to present the bill, which was accepted by the Governor General.

Hon. Jacques Flynn (Leader of the Opposition): There is nothing in what was the B.N.A. Act.

Senator Deschatelets: I am just talking about the facts. When we adopted the Constitution both Speakers, instead of having Royal Assent here, went to the Governor General's residence in the evening.

Senator Frith: Honourable senators, I am coming to the question of the Constitution, but Senator Deschatelet's perception of that procedure is not mine. As I understand the steps in that case, the Constitution was amended, and it was amended by the British Parliament as a result of a resolution of both houses of the Canadian Parliament. It is that resolution that was presented to the Governor General, not the act. The act itself was finally signed by the Queen herself, and I will have something to say about that with regard to its having some bearing on what legal or constitutional method we should select.

Hon. Richard A. Donahoe: May I ask the honourable senator a question? I am interested in what he is saying, and I would like to know if, in his opinion, the resolution passed by the Parliament of Canada would have been legal without its being presented to the Governor General by the Speakers of the two houses, or by anybody?

Senator Frith: I have no idea, and it is not really relevant to what I am talking about tonight. In any event, I do not think my opinion as to whether it would be legal or not counts for anything tonight, but I am sure the proper procedure was followed by presenting both those resolutions to the Governor General. I say that because if we are talking about legality in the sense of custom, there seems to be no doubt that the legislation that followed had to be the result of an Address of both houses. The Address of both houses was to the Queen, and the Queen's representative in Canada is the Governor General.

Senator Donahoe: Would the honourable senator permit a supplementary question?

Senator Frith: I would rather not, until the end of my intervention, because I consider the question of the procedures under the Constitution to be a digression. It is an intriguing digression, but I would like to finish my comments on the subject of Royal Assent, and not the question of the amendment of the Constitution, although one of the alternative methods of changing our procedures with regard to Royal Assent would be by constitutional amendment. I will deal with that, but that matter does not have anything to do with the procedures adopted to amend the Constitution. In other words, what I will have to say about the Constitution is based on the assumption that the new Constitution is legally in effect in Canada.

Honourable senators, returning to the summary of these procedures in other parliaments, compared to that in Canada, we find that among the British, Australian and Canadian parliaments only the Canadian Parliament re-enacts the traditional ceremony *in toto* each time bills are to be presented for Royal Assent. Although certain innovations have evolved in Canada, including the granting of Royal Assent by Deputy Governors General, the placing of the decision to initiate the assent proceedings in the hands of the government leader in the House of Commons, and the holding of the assent ceremony sometimes at the least convenient time, remains, with the resultant controversy as to whether the existing assent procedure should be preserved as the only one or whether that is an anachronism in need of reform.

In the United Kingdom reform came about as a result of the inconvenience caused by the Black Rod arriving at the door of the House of Commons to summon members in Her Majesty's name at an inopportune time. That is known to have happened in Canada, and it is likely to be one of the motives for reform.

Another motive is to allow the members of one house of Parliament—usually the House of Commons—to disperse to their constituencies once their work is done without having to return for Royal Assent. There is the additional benefit of allowing members of the other house, the Senate, to take their time in examining the legislation before them, as they would not be inconveniencing the members of the other place by requiring them to stay simply for Royal Assent.

There is another dimension that was hinted at with reference to the Constitution and the procedures then taken. For lawyers there is the attraction of having Royal Assent expressed in the written word. The Queen brought the new Constitution into effect by signing a proclamation. Perhaps as a social phenomenon this is how Canadians would want and expect their laws to come into effect.

Recently, a perhaps more bizarre reason for an alternative or additional method of granting Royal Assent arose when a newspaper, as a result of our taking the trouble last week, or the week before, to convene simply for Royal Assent, suggested we were being paid something like $900 a minute, in view of the time it took us to convene simply for that ceremony.

Hon. Duff Roblin (Deputy Leader of the Opposition): We get paid anyway.

Senator Frith: Yes, quite so.

Honourable senators might misunderstand why I referred to that. I referred to it as one of the more bizarre reasons for considering the change, but there are so many other good reasons that there is no point in underlining that one any further.

Honourable senators, I passed on the research that I have just shared with you to our Clerk, and I want to advise you of his reaction. I told him that of the three methods studied, the most attractive to me was the Australian system, or some form thereof. Our Clerk wrote to me in reply as follows:

[*Translation*]

> Instead of sending to the Governor General the Clerk of the House that originated the Bill, I suggest we should always send both Clerks or at least the "Clerk of the Parliaments"—

—who is Clerk of the Senate—

> —in his capacity of official guardian of the records of State.
>
> I suggest this variant, because I am afraid that otherwise the Commons, which originates most bills, would in fact exclude us, and at least as long as we do not have an elected Senate.
>
> Even if the Commons does originate a vast majority of our legislation, I believe that the Senate ought to demonstrate its presence throughout the legislative process. The Senate in Australia, being elected, may not have the same concerns.

● (2120)

[*English*]

Honourable senators, that brings me to the second and final aspect of my intervention, the legal and constitutional dimension of the question. I begin by underlining, or perhaps by putting in more relief, the nature of Royal Assent in Canada from the legal point of view. The description of the function is

perhaps misleading, so let us begin by considering the true nature of the function.

The source is section 4(1) of the Interpretation Act, 1970, chapter I-23, which provides as follows:

> The enacting clause of an Act may be in the following form:
>
> "Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:"—

—et cetera.

It is subsection 4(1), rather than the term "Royal Assent", that gives an insight into the nature of the function. In proper constitutional theory, Her Majesty enacts the laws of the land with the consent of the Senate and the House of Commons. In that sense, Royal Assent is the actual enactment of the law.

The source of the requirement that Her Majesty enact the laws of Canada by Royal Assent is to be found in section 17 of the Constitution Act, 1867, as expanded by the preamble to the act:

> There shall be One Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

The preamble I referred to says:

> Whereas the Provinces of Canada, Nova Scotia, and New Brunswick have expressed their desire to be federally united into One Dominion under the Crown of the United Kingdom of Great Britain and Ireland—

And I underline:

> —with a Constitution similar in Principle to that of the United Kingdom:—

Section 17 provides that the Queen is part of Parliament. The act is silent as to her role in Parliament, but the preamble makes it clear that that role is to be the same one that she traditionally enjoys in the United Kingdom. Again, the words are:

> —with a Constitution similar in Principle to that of the United Kingdom:—

Sections 55 to 57 inclusive of the act, by dealing with the problem of effecting Royal Assent through the office of the Governor General, also imply a requirement that laws be enacted in this way.

As to the constitutional limits on amendment, in theory, an amendment to the procedure of Royal Assent could be implemented in one of several ways. An amendment to Royal Assent that would amount to an amendment to the Constitution of Canada in relation to the office of the Queen would have to be implemented in accordance with the provisions of section 41 of the Constitution Act, 1982.

Honourable senators will recall that section 41 is the one that appears with the words "Unanimity. Amendment by unanimous consent". We know the other amending formula for the House of Commons, the Senate and seven of the provinces with more than 50 per cent of the population; but this, I suggest, would fall under section 41:

> An amendment to the Constitution of Canada in relation to the following matters may be made by proclamation issued by the Governor General under the great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

And the subjects are:

> (a) the office of the Queen, the Governor General and the Lieutenant Governor of a province;
>
> (b) the right of a province to a number of members—

And so on.

I am talking about the theoretical possibilities of changing our system by adding an additional method for Royal Assent. One theoretical way would be by amendment to the Constitution itself, which, I suggest, would have to be under section 41. But, as Senator Deschatelets clarified in his question, the present Constitution says nothing about the procedure. It says who has to do it, but not how it has to be done. So that raises the question as to whether it is necessary to go that far—that is, to amend the Constitution—since we would be adding something rather than changing something already there.

A second possibility is to amend the Royal Assent procedure by the passage of an act as contemplated by section 44 of the Constitution Act, 1982. However, an amendment in such a manner could not touch the substance of Royal Assent, but only its procedure, for the reasons given in the alternative one. Although it is done once in a while, usually because of a larger context, it is generally considered undesirable if not improper to impose or amend parliamentary procedure by statute. In any event, it is certainly considered more proper to amend parliamentary procedure by resolution.

That brings me to a third possibility, amendment by resolution—that is, a joint resolution of the houses, and by return message from Her Majesty. Amendment in that manner has the advantage of requiring only one passage in each house. Also, amendment in that manner has the advantage of making it clear that no attempt is being made to change the office of Her Majesty or the substance of Royal Assent. By adopting the procedure usually used for procedural reform—that is, a resolution—it is clear that what is intended is procedural reform only.

A fourth possibility is amendment to the procedure of Royal Assent by simply changing the practice without recourse even to a resolution.

If my research regarding Australia is correct, some encouragement for that option comes from the Australian practice. As we know, in Australia there is an alternative informal procedure for Royal Assent evolving by practice dating back to the formative years of the Commonwealth. The argument against that procedure is that, as the practice in Canada has now been established for almost the same length of time, it might be argued that it is too late for that option. But the essential features of the Australian practice—first, assent is

not given in Parliament assembled but usually at Government House; second, assent is given by signature; third, assent is then communicated to the houses by message—are three features, it seems to me, that we should consider borrowing, or at least consider using as an inspiration for change or addition to our system.

In the United Kingdom the procedure for Royal Assent, as we know, was amended in 1967 by statute, and it is an adaptation of a long-standing procedure by the three Lords Commissioners.

Sections 55 to 57 of the Constitution Act, 1867—the provisions that deal with the granting, withholding or reserving of Royal Assent by the Governor General in the Queen's name—contain provisions for communications to the houses of Parliament where, for example, assent is given by Her Majesty to a bill reserved by the Governor General. Perhaps we may take sections 55 to 57 as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*Sections 55 to 57 of the Constitution Act, 1867 follow:*)

55. Where a Bill passed by the Houses of Parliament is presented to the Governor General for the Queen's Assent, he shall declare, according to his Discretion, but subject to the Provisions of this Act and to Her Majesty's Instructions, either that he assents thereto in the Queen's Name, or that he withholds the Queen's Assent, or that he reserves the Bill for the Signification of the Queen's Pleasure.

56. Where the Governor General assents to a Bill in the Queen's Name, he shall by the first convenient Opportunity send an authentic Copy of the Act to one of Her Majesty's Principal Secretaries of State, and if the Queen in Council within Two Years after Receipt thereof by the Secretary of State thinks fit to disallow the Act, such Disallowance (with a Certificate of the Secretary of State of the Day on which the Act was received by him) being signified by the Governor General, by Speech or Message to each of the Houses of the Parliament or by Proclamation, shall annul the Act from and after the Day of such Signification.

57. A Bill reserved for the Signification of the Queen's Pleasure shall not have any force unless and until within Two Years from the Day on which it was presented to the Governor General for the Queen's Assent, the Governor General signifies, by Speech or Message to each of the Houses of the Parliament or by Proclamation, that it has received the Assent of the Queen in Council.

An Entry of every such Speech, Message, or Proclamation shall be made in the Journal of each House, and a Duplicate thereof duly attested shall be delivered to the proper Officer to be kept among the Records of Canada.

Senator Frith: I add a note as to supply bills. They have a special place in our constitutional history. It is through its power and willingness to supply the Crown over the centuries that the House of Commons gained its power. Because supply bills are the sole gift of the House of Commons, in the case of a supply bill the Speaker of the House of Commons addresses Her Majesty with words drafted to remind the Crown of that fact. So we should not lose sight of the special status of supply bills in the history of Parliament—or so some honourable senators might feel. The Speaker's message is as relevant today as it ever was, and for that reason honourable senators may want to propose something giving special status to supply bills.

Honourable senators, I now come to what I consider to be the most appropriate form for us to adopt. It is by an amendment of the Interpretation Act, which falls somewhere between these other alternatives. Taking one extreme, we could amend the Constitution. I have already suggested why I do not not feel we need to go that far. Again, it is a corollary to the question of Senator Deschatelets. The Constitution Act, 1867, provides who shall give Royal Assent and who must give Royal Assent, but does not say how it should be done. Therefore, it seems to be a sort of pavé de l'ours to try to amend the Constitution to add a practice that is not even provided for in the Constitution Act, 1867.

• (2130)

We have talked about statute and resolution as possible means which brings us to perhaps the simplest of all possible forms but perhaps the riskiest, and that is to simply change the procedure. We can simply say, "Look, the Governor General can, under the Constitution, carry out Royal Assent in any way he wants to." But simply to change the practice may be dangerous because of the length of time present procedures have existed and it might give rise to questions as to the validity and legal effect of the statutes assented to. My suggestion is that we make the change, and I will tell you how I think we should do it. Of course, I am interested in the views of others and my mind can be changed, as it often is by the eloquence of my colleagues here, but as at present advised I believe we should adopt the Australian system as amended or modified by the suggestion of the Clerk, namely, to have both Clerks or their representatives attend upon the Governor General simply for signature. Once this event has taken place a message will be sent to the Speaker of the Senate and the Speaker of the House of Commons to that effect and they announce the event at any time during a sitting in accordance with the will of the house. That is the answer to the first part of the question.

How shall we institute such a system? My suggestion is that we look to an act, a Senate bill if necessary, to amend the Interpretation Act. It would read as follows—I am putting these words on the record for the same reason that I put on the record the research and background I have undertaken. They can be used either as a source for agreement or a target to shoot at during interventions by other senators. My suggested amendment reads:

> Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

The Interpretation Act, 1967-68, is amended by adding at the end of section 2(1) the following—

And before there can be any sense to the amendment you will want to know what goes before it. Section 2(1) of the Interpretation Act reads, in part, as follows:

In this Act

"Act" means an Act of the Parliament of Canada;

"enact" includes to issue, make or establish;

"enactment" means an Act or regulation or any portion of an Act or regulation;

"public officer" includes any person in the public service of Canada—

And it goes on to deal with the question of repeal and the whole question of enactment and how laws take effect. I have already referred to Section 4 which gives the form that an enacting clause of an act may take. I suggest that the following be added to the provisions of Section 2 to deal with enactment:

"Royal Assent" means the instruction to the Clerk of the Parliaments or his or her Deputy by the Queen or the Governor General or His or Her Deputy that Her Majesty has assented to a Bill provided that such instruction may be given in person before both Houses of Parliament or by written instrument and the Royal Assent shall be deemed to have taken effect at the time that such instruction is given.

For an even bigger target and more complete precision, I add an explanatory note, as often seen in bills. I am not presenting this as a private bill but simply as the form and wording that the bill should take. The explanatory note could read:

Explanatory Note: This Bill would make it possible for the granting of the Royal Assent without wasting the time of both Houses of Parliament while retaining the opportunity of using the traditional ceremonial method of confirming the Constitutional right of Her Majesty or Her representative to give the Royal Assent personally.

Honourable senators, as I began so shall I end—by inviting you to participate in the debate on the inquiry, to make your own concrete or general suggestions. After the inquiry has been fully debated, I hope we can produce something more concrete by way of change because, in my opinion, we do definitely need, on the basis of our experience, a method or tool to proclaim and enact Royal Assent additional or optional to the long and formal procedure that is our only present method. I thank Senator Flynn for inspiring this study and honourable senators for their patient attention to this long intervention.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Thursday, May 12, 1983, at 2 p.m.

THE SENATE

Thursday, May 12, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADA-UNITED STATES RELATIONS

INCIDENT AT UNITED STATES CONSULATE GENERAL, WINNIPEG

On the tabling of:

Diplomatic Note from the Department of External Affairs to the Embassy of the United States of America, dated April 7, 1983, concerning the incident which took place at the Consulate General of the United States of America at Winnipeg on March 23, 1983.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask my honourable friend whether the first item on his list of documents referred to the flag burning incident in Winnipeg?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have the details, but I can repeat the description that I gave. It is: "Diplomatic Note from the Department of External Affairs to the Embassy of the United States of America, dated April 7, 1983, concerning the incident which took place at the Consulate General of the United States of America at Winnipeg on March 23, 1983."

Senator Roblin: That is the incident, all right. I should like to ask my honourable friend if there is any material in that presentation from the Province of Manitoba.

Senator Olson: I cannot answer that without looking at the content of the document that was tabled, and I have to say that I have not done that yet.

Senator Roblin: Do you have an extra copy of it?

Senator Olson: I think a copy can be obtained rather quickly. Perhaps someone who is capable of doing that will do it for Senator Roblin.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTEENTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the fifteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix, p. 5624*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

OFFICIAL LANGUAGES

SIXTH REPORT OF SPECIAL JOINT COMMITTEE PRESENTED

Hon. Lowell Murray, Joint Chairman of the Special Joint Committee on Official Languages, presented the following report:

Tuesday, May 10, 1983

SIXTH REPORT

In accordance with its Orders of Reference in the Senate dated Tuesday, May 27, 1980, Thursday, April 23, 1981, Tuesday, May 11, 1982, and Tuesday, March 22, 1983 and its Orders of Reference in the House of Commons dated Friday, May 23, 1980, Thursday, April 23, 1981, Thursday, May 6, 1982 and Tuesday, March 22, 1983, the Committee has considered the annual reports of the Commissioner of Official Languages for 1978, 1979, 1980, 1981 and 1982.

Your Committee recommends:

"That the government instruct Petro-Canada, as a Crown Corporation created as an instrument of government policy, to comply with the *Official Languages Act* and the Charter of Rights and Freedoms by erecting bilingual signs in all locations where there is a clientele requiring services in both official languages."

Respectfully submitted,

LOWELL MURRAY
Joint Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Murray: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

PRIVATE BILL

EPARCH OF THE EPARCHY OF SAINTS CYRIL AND METHODIUS OF SLOVAKS OF THE BYZANTINE RITE IN CANADA—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, May 12, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill S-35, intituled: "An Act to incorporate the Eparch of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada", has, in obedience to the Order of Reference of Thursday, April 21, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Peter Bosa: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be read the third time now.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday, May 24, 1983, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Frith: Honourable senators, according to my information there will be no legislation coming to us from the other place next week. Senate committee meetings are scheduled, but after looking at our Order Paper and considering anticipated legislation I suggest there is no need for the Senate to sit. Therefore, I propose that the Senate adjourn until the week after next, until Tuesday, May 24, at 8 o'clock in the evening.

[Senator Murray.]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wonder if the deputy leader has any information as to whether, when we return on May 24, we will have some legislation to deal with? It seems to me that none is likely to have been passed by that time.

I ask this question because, when the Senate is not scheduled to sit, it becomes difficult for honourable senators to decide whether they are going to attend only for committee meetings. It seems to me that, when we decide not to sit, we should arrange for few committee meetings. As I have said, I do not see that we are likely to receive any legislation from the other place even for the week of May 24.

Senator Frith: Honourable senators, I will not argue about the word "likely." There will be meetings of the house leaders of the other place in the usual course, and we'll see. The only bill I can foresee our getting is the borrowing authority bill, and that would depend on agreement in the other place.

Senator Flynn: Or on closure.

Senator Frith: Yes, there will have to be agreement or allocation of time. For that reason, I suggest that we adjourn until the week following next, because even if we were to resume next week I do not think that the amount of time necessary under Commons Standing Orders for allocation of time notice is available.

• (1410)

As for committees, our view is, at least on a continuing experimental basis, that we should encourage committees to meet when the Senate is not sitting. Of course, our committees are always active even though there is no legislation before the Senate. I leave it to the committee chairmen to consider the viewpoint put forward by the Leader of the Opposition, but for the present we are encouraging committees to meet even though the Senate is not sitting.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

CONSTITUTION ACT, 1982

SECTION 54—PROCLAMATION BY GOVERNOR GENERAL

Hon. Arthur Tremblay: Honourable senators, my question arises from the answer the Leader of the Government gave to a question I asked on April 26 of this year, and I would, of course, like to thank him for answering as promptly as he did.

Since the answer was tabled without being read, I did not have a chance to ask for clarification right away. Therefore, with the permission of the Leader of the Government, here is the question I would have asked if his answer had been given orally.

[*English*]

Hon. H. A. Olson (Leader of the Government): Could Senator Tremblay identify the page on which the answer appears?

[*Translation*]

Senator Tremblay: I can also give the reference for the question. The question put on April 26 appears on page 5587 of *Hansard*, while Senator Olson's answer appears on page 5608 of Tuesday's *Hansard*, that is, the day before yesterday, May 10. I am of course referring to the French version. Perhaps the numbering is not quite the same, because occasionally, the pages do not coincide.

The question is about the proclamation provided under Section 54 of the Constitution Act, 1982. My supplementary question refers to the third paragraph of the answer Senator Olson gave on Tuesday. He explained that the proclamation had not yet been issued and it might not be opportune to issue one for some time. Indeed, the action taken by the First Ministers—in the French version it says: "des provinces", which intrigued me, and I wondered whether in the circumstances, the reference was only to the provincial First Ministers; to check on this, I referred to the English version, which reads: "first ministers' conference". That means the Prime Minister was there as well. I would like to draw the Senate's attention to what I believe is a mistranslation in the French version.

According to Senator Olson's answer, the action taken by the First Ministers in March would mean that they introduced further temporary provisions on constitutional conferences. My question is as follows: Where did they introduce those new provisions? If I understand correctly, the fact that they introduced new provisions in the Constitution is being used as an excuse for the fact that the sections of the Constitution have not been numbered. Obviously, even if agreement was reached in March to have further constitutional conferences, such agreements are not constitutional provisions, and I fail to understand why that is being used as a reason to delay proclamation and the numbering to which I referred just now. It is that issue that I would like to see clarified by the Leader of the Government.

● (1415)

[*English*]

Senator Olson: I understand the honourable senator's request, and I will take it as an additional inquiry. Quite obviously, the honourable senator is not satisfied with the answer given on May 10. Therefore I will refer the matter back to the people who prepared the reply. If Senator Tremblay is satisfied that his question is now complete, I shall endeavour to bring in a further reply.

[*Translation*]

Senator Tremblay: In a spirit of co-operation, I should like to add this: I think that there is no reason not to proceed with the proclamation provided for in clause 54 and that the text of the Constitution Act, 1982, which is now in effect, is not the same for everyone, because if we keep the provisions repealed under clause 54, one will be under the impression, for instance, that there is still a constitutional conference while it no longer exists. The decision arrived at during a federal-provincial conference cannot be considered as constitutional amendments and cannot warrant the inclusion of the agreements thus concluded in the Constitution. This would imply a constitutional amendment.

On this specific point—and if I am mistaken I stand to be corrected—I think that we should still have a proclamation so that the situation will be clear and explicit, even as far as the text of the Constitution is concerned, the one which is circulated on request, published and re-issued. The editions distributed after April 17, 1983 should be authentic.

[*English*]

Senator Olson: Honourable senators, I will ensure that the honourable senator's comments are referred to those who will prepare the reply for him.

NEWFOUNDLAND

SECONDARY ROADS PROGRAM—FEDERAL-PROVINCIAL COST SHARING

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the secondary roads program in the province of Newfoundland.

The provincial Minister of Transportation and Communications was in touch with the federal minister suggesting that they should meet to discuss cost-sharing of the secondary roads program, which is so necessary to Newfoundland, as well as the scheduling and selection of projects.

I am wondering why it has taken so long and whether the matter can be brought to the attention of the federal Minister of Transport, because it is of vital concern to Newfoundland.

Hon. H. A. Olson (Leader of the Government): Honourable senators, contained in Senator Marshall's question is the assumption that it has taken an unreasonable length of time. I do not wish to disagree or agree with that. I am not sure whether that is accurate or whether others, including the Government of Newfoundland, would agree with that interpretation. Nevertheless, I know that the Minister of Transport is keenly aware of the importance of the matter, and I shall draw it to his attention.

Senator Marshall: I do not believe there is any question about the funding; I believe it is in place. The concern is the lateness in the season. It is imperative that they get together and decide on the projects so that they can go ahead.

AIR CANADA

MEDICAL EXAMINATION OF SENIOR EXECUTIVES—SPECIAL ALLOWANCE TO CERTAIN QUEBEC EMPLOYEES

Hon. Jack Marshall: Honourable senators, I have a question concerning an aspect of transportation that was reported in the news recently.

As a result of the recent visit of Air Canada executives to California for medical examinations, is it the intention of the government to congratulate Air Canada for setting an example to Canadians, as a matter of national pride, to vacation in Canada rather than in the United States; for its support of the nation's "buy Canadian" concept; for its faith in the Canadian medical profession and medicare plan; and to assure Air Canada that we will continue to support our national airline?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not believe that any of those assumptions can be made either with validity or accuracy, but if the honourable senator is putting it forward as a serious question, then I will refer it to the Minister of Transport who, in turn, is responsible to Parliament for Air Canada.

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question to that asked by Senator Marshall. There is a rule in politics that one never asks for anything for oneself or for the group of which one is a member, but it is quite all right to ask on behalf of somebody else. I would like to ask the Leader of the Government, on behalf of the Quebec members of Parliament of the other place and the Quebec senators in this chamber, whether the government is prepared to give them the same consideration in paying their income tax as the officials of Air Canada received.

● (1420)

Senator Olson: I am not sure that I can answer the honourable senator's question. From the information given so far, I am not even sure what the question is because I cannot accept the assumption Senator Phillips injected in his preamble.

[*Translation*]

FITNESS AND AMATEUR SPORT

APPLICATION OF OFFICIAL LANGUAGES ACT

Hon. Martial Asselin: Honourable senators, my question is for the Minister of State responsible for Fitness and Amateur Sport, Senator Perrault. In December, 1982, I was drawing to the attention of the honourable senator a complaint lodged with the minister by francophones outside Quebec, to the effect that it was almost impossible for them to obtain services in French from the minister's department.

Last week, representatives of amateur sport in Quebec lodged a similar complaint. Particularly, they stated that it was impossible for francophone Quebecers to obtain services in French or even to communicate in French with the National Amateur Sport Corporation and especially with the Department of Fitness and Amateur Sport for which my honourable friend is responsible.

In December, 1982, the minister, in a long statement which we have accepted and taken good note of, stated that he had met with Mrs. Séguin, from the Federation of Francophones Outside Quebec, and apparently an agreement had been struck by the minister and Mrs. Séguin. In this statement, the minister added that he had directed officers responsible for amateur sport in Canada to comply with the Official Languages Act passed by this Parliament. The minister was supposed to give us a more detailed statement.

Did the minister forget to make this statement? Could he inquire about the progress or remedial action taken by his department in reaction to the complaints and objections expressed by francophones working in the field of amateur sport in Canada?

[*English*]

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I welcome Senator Asselin's inquiry. May I say at the outset that the criticisms purporting to represent the views of the provincial sports associations in the province of Quebec which appeared last week were voiced without any communication or consultation with my department or me. Therefore, I question the motives of those who are criticizing the federal government's program to extend bilingualism in my area of responsibility. It is incredible to me that any organization would issue such complaints without checking the facts by contacting the minister or the department.

The fact is that we have made considerable progress in the area of encouraging and extending bilingualism in the various sports bodies which we fund in part. We have excellent communication with the organization of francophones outside Quebec through Madame Séguin and her associates. We have excellent communication with the Commissioner of Official Languages, Mr. Max Yalden, who recently expressed his satisfaction with the progress of the Department of Fitness and Amateur Sport in extending bilingualism in certain of its activities.

May I say, furthermore, that I find it rather remarkable that anyone could consider or conceive making serious criticisms of the department of the type which appeared in certain newspapers last week—criticisms made without contacting Fitness and Amateur Sport in order to determine what progress was being made. If the representatives of this Quebec sports organization are interested in getting the facts and advancing sports bilingualism in Canada, I invite them to contact me or my officials and I will quickly put them in possession of the facts.

[*Translation*]

Senator Asselin: The minister seems to be quite aggressive in his answer. The fact remains that the problem was recognized in this Chamber in December 1982. The minister admitted that Mrs. Séguin, the President of the Federation of Francophones outside the province of Quebec, met with him in order to put to him the grievances of the francophones outside Quebec. Last week, the Association of Amateur Sport of the Province of Quebec raised the same concern with the minister. The representatives of the Association may not have communicated directly with the minister, for it is quite difficult to meet face to face with someone as important as Senator Perrault and to secure a meeting in order to discuss that important issue. Anyway, the fact remains that the minister had promised to this Chamber that he would make a clear and

specific official statement in order to inform us of the measures taken by the minister with regard to the use of French in amateur sport in Canada, of the progress made in that regard and of the persons responsible for the administration of the program. The minister has remained silent since December 1982. I asked him on December 22, 1982, to make a statement before Christmas. At the time, he said to me that he was unable to do so. Yet he undertook to make such a statement in the following weeks. We are now in the month of May and we are still waiting for that statement. The minister is wrong when he states that people who are responsible for amateur sport in the province of Quebec have not complained or have not met with the minister in order to verify the accuracy of those allegations. The minister should have taken the initiative and kept the promise he made to this Chamber to make a clear statement on his policy regarding the application of the Official Languages Act in amateur sport in Canada. He has not made such a statement. May I ask the minister when he intends to make that clear statement on behalf of the Canadian government?

[*English*]

● (1425)

Senator Perrault: Honourable senators, I have a record of keeping my promises, and this promise will be kept.

Senator Asselin: No.

Senator Perrault: Very shortly a report will be presented to the Senate. As a result of work now being done by members of my department in cooperation with the organization representing francophones outside the province of Quebec, we have established a working committee to look at all facets of our operation. However, let me suggest to you that when that report is produced it will not be politically inspired nonsense of the kind reported last week.

Hon. Jacques Flynn (Leader of the Opposition): The minister is very aggressive today.

Hon. Lowell Murray: Honourable senators, by way of supplementary, may I ask the minister whether he would be prepared to appear before the Special Joint Committee on Official Languages to discuss the action his department has taken to follow up recommendations made in several reports by the Commissioner of Official Languages?

Senator Perrault: Certainly, consideration will be given to that request because we have nothing to hide in the department. Progress has been made. Of course, more action is necessary, but since I assumed my responsibilities progress has been made to extend the bounds of bilingualism in sport.

[*Translation*]

Senator Asselin: Can the Minister tell us whether it is indeed true that some francophones cannot be served in French by his Department? Can he tell us whether this is actually true? Is that a fact or not?

[*English*]

Senator Perrault: There is no problem in getting services from my department in a bilingual fashion. Certain sports organizations which we fund in part have not as yet achieved the level of bilingualism we believe they must achieve. There are certain organizations which do not have an adequate French-speaking capability. I believe there are other organizations which do not have an adequate English-speaking capability, but so far as the department is concerned we can certainly meet the test on any score.

HONOURABLE HEATH MACQUARRIE

CORRECTION OF POSSIBLE MISUNDERSTANDING

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Deputy Leader of the Government in the Senate, whom I have always regarded as well informed, articulate and eloquent, albeit on political matters still quite ill-informed. I would like him to tell me, as a gentleman, if he feels he may not in fact have done me a disservice as a member of this chamber.

● (1430)

On May 10, he was discussing the fact that Queen Anne refused to proclaim in force the Scotch Militia Bill, and I, as a Scot who thinks we made a great mistake in joining the English 200 odd years ago, said, "Hear, hear!" The deputy leader then replied, "That was not a brand of whisky!"

I resent the fact that he is suggesting to Canada, and especially to my former constituents, when I was a member of the House of Commons, and the people I now represent as the senator from Hillsborough, that I am a whisky drinker. I resent that very much, despite the fact that I am heading for Scotland within the next two hours. I would like him to know that I am a rum drinker. As a smart-aleck professor, I was for some years one who embibed scotch and thought it was the thing to do, until at the age of 35 I learned that my dear father, who was a Presbyterian, had been a member of the Royal Canadian Navy in the first war. Senator Langlois will recall the traditions, although he is far too young to have been in the service at that time. I hope that Senator Frith will correct any impression there might be among the people of Prince Edward Island that I am a snob because, in fact, I am a rum drinker.

Robert Burns, who was the greatest poet that God ever created, tried twice to go to the West Indies. Had he gone there, he would have come back as devoted a rum drinker as I am.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, first let me explain what I had in mind when I made that comment on Senator Macquarrie's encouraging exclamation about Queen Anne's having refused to proclaim in force the Scotch Militia Bill. I have an image of Senator Macquarrie as the classic country parson. When he speaks in the Senate, his eloquence and style recall a church in England or an Anglican church in Canada, with the sun streaming in through the windows—

Hon. Jacques Flynn (Leader of the Opposition): It fits very well in the Senate.

Senator Frith: It fits, as Senator Flynn has said, some days very well in the Senate. When I heard Senator Macquarrie say, "Hear, hear!" it was that image that came to my mind. I thought he was speaking not as a rum drinker, but as a temperance advocate, applauding the fact that Queen Anne had refused to proclaim in force the Scotch Militia Bill; that he might think it to be a brand of Scotch whisky.

Now I find that any insult there might be had nothing to do with temperance but with the implication that perhaps he was a scotch drinker. I willingly withdraw any suggestion that someone with impeccable naval antecedents, and who now represents the good terracotta sod of Prince Edward Island, would ever think of putting on such side as to suggest he would drink scotch rather than rum.

• (1435)

Senator Macquarrie: The Deputy Leader of the Government has proven himself to be very articulate. I rest my case by saying I am a Scotch drinker of rum.

Senator Frith: Then there are those who might be called rum drinkers of scotch.

THE BUDGET, 1983

SPECIAL RECOVERY PROGRAM—REQUEST FOR ANSWER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate.

On April 20 of this year I asked the Leader of the Government to tell us what the Minister of Finance had in mind with respect to the $200 million he added to the Special Recovery Program simply to hide the budget leak. The Leader of the Government reluctantly said at that time that he would take the question as notice and bring in an explanation from the Minister of Finance.

I wonder if the leader has obtained that information, and, if not, whether he hopes to obtain it soon.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think that explanation was given several days ago in the other place by the Minister of Finance. I say that because it seems to me that the operative part of the question was as to what programs would be increased.

Senator Flynn: No, no.

Senator Olson: At least, that is what I understood.

That explanation can be found in statements made by the Minister of Finance because I am sure that that question was asked of him several times. If the Leader of the Opposition has not seen it, I will look it up and repeat it to him.

Senator Flynn: I want the explanation to be put on the record of this house. My question relates to the additional $200 million for the Special Recovery Program. I want to know what was in the minister's mind when he added that amount to the Special Recovery Program.

[Senator Flynn.]

Senator Olson: Honourable senators, I think we are talking about the same thing. As I said, there is a full and complete explanation on the record of the other place.

Senator Flynn: Then put it on the record of this house.

Senator Olson: If the Leader of the Opposition wants that placed on the record of this house as well, that will be done later today or at the next sitting of the Senate. I will ensure that it is put on the record of this house as well.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

APPOINTMENT OF RETURNING OFFICERS—GOVERNMENT POLICY

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Deputy Government Leader. On February 9, when we discussed the Bill changing to Dauphin-Swan River the name of the Dauphin constituency, I asked the Deputy Leader about the status of the court actions initiated by the returning officers who had been replaced on the grounds that the change in names had created a new constituency and allowed the Government to replace a returning officer appointed by the Clark administration with a dedicated henchman of the Liberal Party.

Hon. Martial Asselin: Senator Denis never said that.

Senator Flynn: The Deputy Leader suggested he would look into this, because the Federal Court had ruled that a change in names was not to be construed as a change in constituencies and did not warrant the appointment of a new returning officer. I asked whether this might be appealed. Since then I obtained an answer, to the extent that the Government has appealed the ruling. At the same time, I asked him whether it was the Government's intention in actual fact to interpret such name changes as allowing them to extend their well-known patronage. I would like to know, aside from the fact that this ruling has been appealed, whether the Government intend to go on changing names for the purpose of changing returning officers.

Hon. Royce Frith (Deputy Leader of the Government): Never.

Senator Flynn: Pardon me?

Senator Frith: Never. The Government has never intended using a name change in a constituency in order to extend its patronage.

Senator Flynn: The facts are clear. If such is actually the case, will the Deputy Leader tell me why the Government has appealed a judgment rendered by Mr. Justice Rouleau, of the Federal Court?

Senator Frith: The appeal was based on its legal merit.

Senator Flynn: The government was probably seeking a guideline to carry on with its outright pork-barreling.

Senator Frith: It is a fact that a new director of elections was appointed following the change of name. As for the reason or intent, it is a matter of interpretation.

Senator Asselin: Senator Denis never said that.

Hon. Azellus Denis: I rise on a question of privilege, honourable senators. Whenever Senator Asselin refers to me, he seems to imply that I have never said anything in the house. I wonder where he got his information as to what I have said.

Senator Asselin: To reply to the question of privilege raised by Senator Denis, I will say that when he introduced the two bills in question and other similar bills, I asked him what was the rationale for the change. He has never acknowledged that point.

Senator Denis: I have never acknowledged anything but I explained the reason why the name of the riding was changed.

Senator Asselin: That was not the true reason.

Senator Denis: We meant to please the electorate of that riding who had asked their elected representative in the other place to do just that.

Senator Asselin: That was not the true reason why you wanted to change the name of that riding.

Senator Denis: My honourable colleague is free to play politics to his heart's content.

Senator Flynn: You are in no position to lecture me on that.

Senator Asselin: Patronage is one of Senator Denis' *fortes*.

• (1440)

[*English*]

SPORT

1984 CANADA WINTER GAMES

Hon. Robert Muir: Honourable senators, I should like to pose a question to the sporting minister responsible for fitness and amateur sport. Is he in a position to provide honourable senators with information regarding the locale of the next Canada Winter Games? Also, can he give us an overview of the latest developments regarding the Winter Games and the possibility that they will be held in the east where all wise men come from?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, of course Senator Muir knows that there are outstanding offers from four regions in Nova Scotia to host the next Canada Winter Games. All of those communities would host those games very successfully. I have been advised by the Site Evaluation Committee that they will be visiting those locations in the first week of June and that a report will be made to the minister following that evaluation which should take approximately one week.

We have expressed our agreement with their plan to spend precisely the same amount of time in each of the proposed localities to ensure that consideration of the various proposals is fair and equitable. We know that all four communities would do a splendid job of hosting the games and, indeed, the entire province of Nova Scotia will be an outstanding host.

TORONTO—PROPOSED DOMED STADIUM

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Murray on April 28, 1983 concerning the government's intentions to finance the proposed domed stadium in Toronto.

There is absolutely no commitment or involvement by the federal government in the domed stadium proposal. In fact, the federal cabinet has not yet considered such involvement.

At present, everyone is awaiting a feasibility report being prepared by the Metro Council Chairman, Paul Godfrey.

There have not been negotiations with other levels of government.

THE BUDGET, 1983

SPECIAL RECOVERY CAPITAL PROJECTS PROGRAM—NEWFOUNDLAND

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on May 10, 1983, concerning the announcement by the Minister of Fisheries and Oceans of federal funds for fisheries infrastructure and harbour development.

Is it agreed that the news release be tabled rather than having it printed in *Hansard*, because it consists of several pages and I believe it has already been sent to Senator Marshall and other honourable senators' offices?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Then, honourable senators, I table:

> News release dated May 9, 1983, concerning the announcement by the Minister of Fisheries and Oceans of federal funds for fisheries infrastructure and harbour development, being a reply to Senator Marshall's question of May 10, 1983. (*English text*).

The Senate adjourned until Tuesday, May 24, 1983, at 8 p.m.

APPENDIX

(*See p. 5617*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTEENTH REPORT OF STANDING JOINT COMMITTEE

Thursday, May 5, 1983

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Fifteenth Report as follows:

(Statutory Instruments No. 19)

1. In accordance with its permanent reference, Section 26 of the Statutory Instruments Act, S.C. 1970-71-72, c. 38, your Committee draws to the special attention of both Houses the statutory instruments listed in Annex A to this Report.

2. Your Committee wishes to acknowledge that the Minister of Indian Affairs and Northern Development has advised your Committee that he has been acting in conformity with a legal opinion of the Department of Justice. However, the proclamations under Report are, in the opinion of your Committee, *ultra vires* the Indian Act, R.S.C. 1970, c. I-6. Your Committee also considers that their making amounts to an unusual and unexpected use of the enabling power found in Section 4(2) of the Indian Act.

These proclamations either purport to suspend the application of Section 12(1)(a)(iv) of the Act or that of Section 12(1)(b), a portion of Section 14 and the word "male" in Section 11(1)(d)(i). Sections 12(1)(a)(iv) and 12(1)(b) prescribe circumstances in which persons entitled to registration as Indians under Section 11 of the Act lose that entitlement, and the purpose of the proclamations is to permit these persons to retain that status notwithstanding the statutory exclusions.

Section 11(1)(d)(i) grants the legitimate children of a male Indian the right to be registered as Indians. The present wording of this Section precludes any legitimate child of a marriage between an Indian woman and a non-Indian from being registered under Section 11 as he is not the legitimate child of a male Indian. By suspending the application of the word "male", the proclamations purport to allow the registration of these children as Indians pursuant to the Act.

The proclamations under Report are issued in reliance on Section 4(2) of the Indian Act which provides that the Governor in Council may, by proclamation, declare that the Act or any portion thereof, except Sections 37 to 41, shall not apply to any Indians or any group or band of Indians.[1] This power, or a similarly worded power, has been granted the Governor in Council as early as 1876, S.C. 1876, c. 18, and its purpose, in your Committee's view, was to provide a mechanism to reduce the scope of application of the Act. As the proclamations under Report have the effect of increasing the number of persons who will be subject to the Indian Act, your Committee believes their making to be contrary to the intent of Section 4(2).

Your Committee also considers that, in issuing these proclamations, the Governor in Council is amending the Act rather than suspending the application of a portion thereof in accordance with Section 4(2). In Section 2 of the Act an Indian is defined as:

> ..... a person who pursuant to this Act is registered as an Indian or is entitled to be registered as an Indian.

Sections 11 and 12 of the Act, found under the heading "Definition and Registration of Indians", are the two Sections which govern entitlement to registration. As these two Sections are referentially incorporated in the Section 2 definition of 'Indian', the proclamations, by declaring that certain portions of Sections 11 and 12 do not apply to certain persons, effectively modify the Section 2 definition of Indian. Your Committee does not believe this result to be contemplated by Section 4(2) of the Act.

The powers of the Governor in Council under this latter Section may only be exercised in respect of Indians, as defined in the Act. In amending the definition of Indian in the manner explained above, the Governor in Council is also redefining the scope of his own jurisdiction under Section 4(2). Your Committee regards this result as highly unusual and incompatible with the intent of the enabling provision. It also confirms the Committee in its view that the proclamations go beyond the mere suspension of portions of the Act and effectively amount to a modification of the statutory definition of Indian.

3. Your Committee notes that the reason for the suspension of the word 'male' in Section 11(1)(d)(i) is to permit the legitimate children of Indian women who marry non-Indians to acquire a status they would not otherwise have. It is clear to your Committee that, insofar as the proclamations purport to grant non-Indians a right to register, they cannot be said to declare a portion of the Act inapplicable to an Indian or a group or band of Indians.

For these reasons, your Committee concludes that the proclamations under Report, insofar as they suspend the application of Sections 12(1)(a)(iv), 12(1)(b) and of the word 'male'

[1] The text of Section 4(2) appears as Annex "B" to this Report.

in Section 11(1)(d)(i) of the Indian Act, are *ultra vires* the powers of the Governor in Council under Section 4(2) of the Indian Act.

4. Even if the proclamation under Report were to be found *intra vires* the Act, your Committee questions whether they are legally effective as currently drafted. To be considered a "status" Indian, a person not only must not come within any of the Section 12 exclusions but must also retain a positive right to registration under Section 11 of the Act. The right conferred by this last Section, however, is expressly stated to be subject to Section 12 and your Committee considers this qualifying clause refers to Section 12 as it is found in the statute. Thus, a person to whom a Section 12 exclusion applies loses the very right to register granted by Section 11 of the Act and, in the opinion of your Committee, the fact that a given provision of Section 12 has been declared not to apply to that person cannot change the direct result of the statutory language. For the proclamations to have the effect they purport to have, it would be necessary to suspend the application of the words "subject to Section 12" in Section 11 of the Act.

5. Your Committee also entertains strong doubts that Section 4(2) of the Act contemplates the suspension of a single word in a Section, as in the case of Section 11(1)(d)(i). Section 4(2), it is true, authorizes the issue of proclamations suspending the application of a 'portion' of the Act. Your Committee considers this authority was meant to be used in order to declare substantive parts of the Indian Act not to apply to Indians or in respect of certain reserves, rather than for the suspension of a single word as in the case of Section 11(1)(d)(i). It strikes your Committee that this latter use of the Section 4(2) power involves a strained construction of the word "portion", and is more akin to a process of amendment than to a proper exercise of the enabling power.

6. Your Committee is greatly disturbed by the use made of the authority conferred by Section 4(2) of the Indian Act. While in full agreement with the need to remove the discriminatory features of the Act, your Committee cannot accept the attempt to do so by means of subordinate law rather than by direct legislative enactment. Your Committee considers that the proclamations under Report infringe on Parliament's sole and undoubted prerogative to make or amend the statute law.

7. In accordance with Standing Order 69(13) of the House of Commons, your Committee requests the government to table a comprehensive response to this Report.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

ANNEX "A"

PROCLAMATIONS ISSUED PURSUANT TO SECTION 4(2) OF THE INDIAN ACT

A) Instruments suspending the application of Section 12(1)(a) (iv), and registered as:

SOR/80-395
SOR/80-556
SOR/81-43
SOR/81-44
SOR/81-45
SOR/81-80
SOR/81-114
SOR/81-300
SOR/81-301
SOR/81-302
SOR/81-303
SOR/81-304
SOR/81-368
SOR/81-369
SOR/81-370
SOR/81-371
SOR/81-372
SOR/81-373
SOR/81-763
SOR/81-764
SOR/81-765
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SOR/82-607
SOR/82-608
SOR/82-609
SOR/82-610
SOR/82-690
SOR/82-691
SOR/82-886
SOR/82-891
SOR/82-897
SOR/83-184
SOR/83-314
SOR/83-315
SOR/83-316

B) Instruments suspending the application of Section 12(1)(b), a portion of Section 14 and the word "male" in Section 11(1)(d)(i), and registered as:

SOR/81-679
SOR/82-60
SOR/82-69
SOR/82-161
SOR/82-162
SOR/82-163
SOR/82-164
SOR/82-165
SOR/82-166
SOR/82-167
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SOR/82-198
SOR/82-199
SOR/82-316
SOR/82-317
SOR/82-353
SOR/82-354
SOR/82-355
SOR/82-356
SOR/82-443
SOR/82-514
SOR/82-688
SOR/82-689
SOR/82-883
SOR/82-884
SOR/82-885
SOR/82-887
SOR/82-888
SOR/82-889
SOR/82-890
SOR/82-957
SOR/82-958
SOR/82-959
SOR/83-185
SOR/83-311
SOR/83-312
SOR/83-313

ANNEX "B"

INDIAN ACT, R.S.C. 1970, C. I-6

4.(1) (...)

(2) The Governor in Council may by proclamation declare that this Act or any portion thereof, except sections 37 to 41, shall not apply to

(a) any Indians or any group or band of Indians, or

(b) any reserve or any surrendered lands or any part thereof,

and may by proclamation revoke any such declaration.

(3) (...)

THE SENATE

Tuesday, May 24, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Steuart be substituted for that of the Honourable Senator Bonnell on the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

[*Translation*]

THE ESTIMATES, 1983-84

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(e):

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1984.

Motion agreed to.

UNEMPLOYMENT INSURANCE

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-156

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(e):

> That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the subject-matter of the Bill C-156, intituled: "An Act to amend the Unemployment Insurance Act, 1971 (No. 3)", in advance of the said Bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Is permission granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Is any explanation to be offered for this motion?

Senator Frith: Honourable senators, Bill C-156 would amend the Unemployment Insurance Act, certain provisions of which automatically expire on June 3 or 4. In order that there not be a lapse in the application of the statute, it is necessary that this bill be passed, and in order to facilitate that it is proposed that the Senate committee do a pre-study.

Senator Roblin: Honourable senators, I understand the merits of the case. Perhaps this is a convenient opportunity to ask my honourable friend to give some consideration to related matters, namely, the list of bills that are scheduled for passage by the House of Commons before the end of June. It seems to me from the way things are going that there is a good possibility we might have the proverbial log jam at the end of June in respect of these bills. Unless the Senate is to sit beyond June 30, I think it would be useful to consider our position now.

Would the honourable deputy leader provide a list of the bills that come within the category I have described? Perhaps he could say which of them he thinks might be eligible for this advance treatment. I think particularly of the Crow bill, for example. It seems to me that we would be ill-advised to wait until June 30 before we tackle that one, if we are expected to deal with it in very short order.

Therefore, this might be a good opportunity for the deputy leader to provide us with the government's program respecting these bills, and to tell us what he intends to do about them.

Senator Frith: Honourable senators, it is indeed a good time to consider the questions raised by the Deputy Leader of the Opposition.

The motion now before the house is one which should apply to other bills, including, for example, Bill C-147, to amend the Fisheries Improvement Loans Act. That bill falls into the same category, in the sense that it requires an extension of the date. The same applies to Bill C-148, to amend the Farm Improvement Loans Act, and Bill C-149, to amend the Freshwater Fish Marketing Act. The borrowing authority bill we have already discussed in earlier sittings; I know that my friend is aware of it. It has reached the stage of second reading in the House of Commons.

Bills C-147, C-148 and C-149 have received first reading in the House of Commons. The next bill, in terms of numbers, is Bill C-155, to facilitate the transportation, shipping and handling of western grain and to amend certain acts in consequence thereof, which is the Crow bill, on which second reading debate has begun in the Commons. By Thursday we hope to have a motion to authorize the Standing Senate Committee on Transport and Communications to prestudy that bill. Some consultations have to take place in the mean-

time, and I shall consult my honourable friend on that tomorrow and advise him of the progress we are making.

• (2010)

There is then the bill to amend the Unemployment Insurance Act, 1971, which is the one referred to in the motion now before us, and there will probably be two supply bills to be introduced before the end of June.

The others that I have noted include a bill, which has not yet been introduced but of which notice has been given, dealing with the tax court of Canada. There is the resolution establishing the privacy and information commissioners, that I think my friend and his colleague, the Leader of the Opposition, and I have discussed.

That is the list I have, that I believe there will be substantial interest in, of bills we hope to have passed before June 30, the date mentioned by my friend.

But I know there are other bills that the government would also like to have passed. There is the Canagrex bill; an Act to amend the Public Works Act and the Public Lands Grants Act, Bill C-91; the Athletic Contests and Events Pools Act, Bill C-95; an Act to amend the Export Development Act, which is before a Commons committee; Bill C-150, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977; the Government Organization Act, 1983, Bill C-152, which has received first reading in the Commons; an Act to amend the Financial Administration Act (Crown Corporations), Bill C-153, which has received first reading; and an Act to amend the Regional Development Incentives Act (No. 2), Bill C-154, which has received first reading.

In case honourable senators have been keeping a record of the numbers, we had previously discussed Bill C-123, the Government Organization Act, 1982. It now consists of the three bills I have just mentioned, C-152, C-153 and C-154. So the subjects have been divided for easier handling.

Senator Roblin: Perhaps I could make a comment on that statement. That is a formidable list, and it is getting close to the end of May, so I think it would be very helpful if we could have a solid list of the bills the government hopes to pass through the House of Commons by the end of June, which would indicate which of them will probably reach us here. Based on that solid list, I should be glad to know the government's scheduling for prestudying, because, as I say, it is a formidable list, and if we are to give the subject matter due consideration a certain amount of planning would be very helpful. I hope that by the end of the week we may have that program nailed down.

Senator Frith: Yes, we will try to do that, honourable senators.

Hon. Daniel Riley: Honourable senators, in light of what the Deputy Leader of the Government has just told us about the proceedings in the other place, I should like to ask the Leader of the Government in the Senate whether it would be constitutionally in order for me to give notice of a motion that we abolish the Commons.

[Senator Frith.]

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Riley and I spent quite a lot of time in the House of Commons, and I know that very often you would move a motion and make the argument before its propriety was challenged, and by doing so you would accomplish your purpose.

If there is one shred of seriousness in Senator Riley's question, I have to say that I know of no constitutional right that the Senate has to deal with such a motion.

Hon. George J. McIlraith: I should like to ask the Leader of the Government a question related to the earlier discussion between the Deputy Leader of the Government and the Deputy Leader of the Opposition.

Has consideration been given to prestudying the measure to set up a new security organization in Canada, which measure is now before the other place for first reading? Has consideration been given to having a prestudy of that bill by the Senate, bearing in mind that it seems to be a particularly appropriate bill for consideration because of the lengthy, detailed study it will require, and bearing in mind that the committee that examines it will require several weeks for the task?

• (2015)

Senator Olson: Honourable senators, the short answer to the question is: Yes, some consideration has been given to a prestudy at some stage and perhaps before the bill receives second reading in the other place. At this stage, while it is under consideration, I would not like to speculate on what action may be taken, but I hope to be able to advise honourable senators reasonably soon.

Senator Roblin: I should like to remind the Leader of the Government that we have a draft bill before us respecting the indexed securities investment plan which was introduced as part of the budget papers by the Minister of Finance. At the same time he produced a copy of his bill, together with other material that goes with it. At that time the government stated that it was going to solicit input into this bill so that amendments to the draft could be considered, and some public hearings are going to be held in that respect.

It occurred to me that the Standing Senate Committee on Banking, Trade and Commerce would be an excellent body to give the government some advice with respect to this bill. It would be far better to give that advice before the bill comes to us in official form, when it is cast in concrete and all we can do is enter our faint protest if we do not like something about it.

Would the Leader of the Government give consideration to asking the Banking, Trade and Commerce Committee to take this matter in hand and see what recommendations it would make prior to the finalization of government policy, so that the representations which the government asks for could at least be forthcoming from this body?

Senator Olson: Honourable senators, that too is a good suggestion. Certainly, not only could the committee do that but I believe it has established an excellent reputation over the

years for examining and making recommendations or commenting on that type of bill.

However, I should draw my honourable friend's attention to the fact that there are a number of budget bills that no doubt will be brought in before long but which were not included in the list that the Deputy Leader of the Government gave a few moments ago. It means, of course, that by attaching the bill, or a suggested type of bill that could be introduced in the other place at some given time, the Minister of Finance has now given it the light of day or put it into the public domain for discussion. So those affected or involved in that proposed piece of legislation are now in possession of a draft of that bill to enable them to comment on it.

Senator Roblin: That is not my point. I agree that they are in possession of it. I am simply asking why the Senate cannot study this bill in advance. We might then be able to offer more useful suggested changes to the bill than is likely to be the case after the government's mind has been made up.

Senator Olson: I understood that, and I thought I had accommodated that view in my reply. We on both sides of the house must consider those things which that committee and the other committees which have legislation or prestudies before them must consider. For example, I refer to the Standing Senate Committee on Health, Welfare and Science and the Standing Senate Committee on Transport and Communications, among others. Also, there is the matter of sufficient membership to attend these meetings, and support staff. All these things must be taken into account, but it is certainly a suggestion that we ought to consider.

● (2020)

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Thursday next, May 26, 1983, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I apologize for being persistent in my observations, but this motion provides me with the opportunity to ask why, if the Senate is not sitting on Wednesday afternoon, we have two committees meeting, one at 2 p.m. and one at 2.30 p.m., which causes an overlap in personnel. I appreciate the point made recently with regard to the staffing of these committees, so it does not make it any easier if their meetings overlap. The two committees are the Committee on Agriculture and the Subcommittee on National Defence. Would it be possible for the deputy leader to consult with the chairmen of those committees to determine whether they can stagger their meetings so that senators who are members of both committees may have a chance to attend both meetings?

While I am on my feet, I am presuming from the motion that we have before us that there is little likelihood of our receiving from the House of Commons any bills to consider this week.

Senator Frith: On the first point, I did advise Senator Lafond, who has been "quarterbacking" these Senate committee meetings, that the Senate would not be sitting tomorrow in order to give the committee an opportunity to meet. I do not know how this overlap occurred. I know that there is a meeting of the Standing Senate Committee on Legal and Constitutional Affairs at 3 o'clock. I see that Senator Lafond is present, and I am sure that he has heard the observations of the Deputy Leader of the Opposition and will take them into account and solve the problem, if possible.

On the second point, it is correct that I do not anticipate our receiving any legislation this week.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE SENATE

REFORM—PREPARATION OF GREEN PAPER—ANNOUNCEMENT BY PRIME MINISTER

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. The purpose of my question is to obtain some clarification on the intentions of the present government and its desire to introduce changes in this institution, our Senate.

The subject seems to be very much in the news these days. I was looking at last Saturday's Toronto *Star*, which contained an article under the heading:

[*English*]

"Support of Senate Reform is Growing." Senator Frith is reported as having said in this article:

> —the Senate needs more muscle to fulfill its duty to represent the regions of the country.

[*Translation*]

There are also reports that the purpose of Senator Olson's promotion was to ensure that he would be Leader of the Government when these changes were made.

Since then, Parliament has formed a joint committee of the Senate and the House of Commons to examine the changes to be made in this institution.

I am not objecting to certain changes. However, I would like to know whether the government has made a decision with respect to these changes and whether the principal parties concerned, including senators, will soon be informed about these changes.

Let me explain. Not long ago, the Prime Minister announced to reporters, with a lot of publicity fanfare, that the government was preparing a working paper, a green paper on Senate reform.

The Prime Minister added that the reform ought to be made before the next election if possible, which means within about two years.

In his statement, the Prime Minister also said that after studying the question the Cabinet would come to the conclusion that this institution—the Senate—should become a directly or an indirectly elected body.

Here is my first question: How is it that through its leaders here in the Senate—Senator Olson and Senator Frith—the government has decided to strike a joint Senate and House of Commons parliamentary committee to study the changes that might be made to this institution and, as we have hardly begun our joint committee work, the Prime Minister suddenly announces that the government has unilaterally decided that changes will indeed be made to the Senate and that our institution will become an indirectly or a directly elected body?

How can the Leader of the Government explain the fact that the Prime Minister's statement prematurely encroaches on the work of the Senate and House of Commons joint committee? Would it not be more reasonable for the government to table immediately its green paper or working document on changes to be made to the Senate and to have that document referred to the Senate and House of Commons joint committee for study instead of barging in and anticipating the conclusions of a Senate and House of Commons joint committee? The Prime Minister is saying that if the committee is unanimous in its conclusions, the government will proceed with the changes to make the Senate an indirectly or a directly elected institution.

Is the government not acting unadvisedly when it prematurely encroaches on the work of a committee, prejudges the issue and almost orders the committee to make such and such a decision?

[*English*]

● (2025)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I know that Senator Asselin knows the definition of "a green paper."

Senator Asselin: Oh, yes, of course. I have known that for a long time.

Senator Olson: It is significantly different from a white paper. If he were not aware of the difference in definition, I could go to some length to explain it to him. In any event, I believe he has answered his own question by pointing out that the Prime Minister said that a green paper was being prepared. Surely he would not want it tabled before it was prepared.

[*Translation*]

Senator Asselin: Can the Leader of the Government assure us that the working paper mentioned by the Prime Minister will be tabled as soon as possible? This could mean within a week, so that the Joint Committee of the Senate and the House of Commons may read it before its findings are made public.

[*English*]

[Senator Asselin.]

● (2030)

Senator Olson: Honourable senators, I should remind Senator Asselin that positive action has been taken in moving to establish the joint committee—I think with some initiative, for which he has quite properly given credit. The committee has been provided with terms of reference that are familiar to him, with certain emphasis on a number of activities of the Senate, particularly regional representation or region-to-region responsibilities. There is also an indication in those terms of reference that the committee should comment on the method of appointment or election, and, of course, those are constitutional matters. All of these things have been provided so that there can be a wide-ranging study of some of the reports and submissions that have been made up until now.

To become more specific in my reply to Senator Asselin regarding tabling the green paper within a week, I would say that in the preparation of green papers, which are statements of some of the background and options, it is a good question as to when they reach the stage at which you are ready to make public those kinds of submissions and statements. They may be all written out, but you may want to think about them for a while, so it is hard to put a specific date on when this one will be ready.

[*Translation*]

Senator Asselin: I have a supplementary question. In the minister's opinion, is it normal and appropriate for the government to try and influence a committee set up by the Parliament of Canada?

[*English*]

Senator Olson: I think the government is just trying to be helpful, as I am sure are Senator Frith, Senator Roblin and half a dozen others, including Senator Asselin and me, who have made public comments regarding some improvements that could be brought about by Senate reform.

[*Translation*]

Senator Asselin: The minister refuses to understand. I am not saying that we are against some changes to this institution. On the other hand, what we find improper is that while a joint committee of the Senate and the House of Commons has been set up especially to consider this issue, and although we have not yet begun to sit or hear witnesses, the government is already telling us what it is expecting from the committee. That is what I find abnormal.

[*English*]

Senator Olson: That may be Senator Asselin's opinion, but for him to say that the work on Senate reform has not begun, I think, is ignoring a great deal of useful work that has been done by this house.

That opinion is not even accurate if you apply it to the joint committee, because I know that they have already had several meetings. They have already begun and they will decide what they will set out for their agenda. No doubt they will take into consideration several reports that have already been made, and all of that will go into their consideration when they come to the recommendations at the completion of their report.

Senator Asselin: I would like to know if the minister can tell the Senate when this green paper is going to be tabled in Parliament?

Senator Olson: No, I cannot.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think that several facts have been established by the interchange that has just taken place. The first is that the government is going to produce a green paper giving some material with respect to Senate reform. The second thing that has been established is the clear expression of opinion by the Prime Minister that Senate reform, if he has his way, will take place before the next election. I presume he means that only insofar as the federal Parliament is concerned, because even he would probably hesitate to speak for seven provinces representing 50 per cent of the population.

• (2035)

The point made by my honourable friend, Senator Asselin, I think remains important. What is this green paper all about, and when are we to have it?

The joint committee has indeed met, and has indeed issued an invitation to people to submit their views on Senate reform. I want to know from the Leader of the Government whether the government will respond to that invitation, which has been issued to the government as well as to others, in terms of the green paper, because if the committee proceeds along its merry way into the future, and then the green paper is published, that will certainly make the issue a fairly confused one.

I urge my honourable friend to tell us when the green paper will be produced and to assure us that it will be produced in good time so that the government will have submitted its own views and so that we have all the cards on the table at the same time.

Senator Olson: I know what Senator Roblin and Senator Asselin are attempting to do, and that is to get me to predict a date, and preferably an early date, as to when the green paper the Prime Minister referred to will be tabled. I do not have a precise answer.

Senator Roblin: I do not think that Senator Asselin is trying to predict anything; I am sure I am not. We are trying to extract a little information, and that is the problem—extracting information.

My honourable friend would satisfy me if he says he will do his best to find out when the green paper will come down. I do not expect him to have the answer in the back of his head, but to tell us that he does not know, and to leave the impression that he, furthermore, does not intend to find out, is a little too much. I think that he ought to tell us frankly that he will find out when the green paper is going to come down.

He must satisfy us on this point soon, because he must remember that it is now almost June 1, and the joint committee has been given to the end of this year to make its report. If that joint committee is to give full consideration to all matters, the green paper should be tabled now and not in September.

Senator Olson: I suppose other people could make the same argument, and demand that Senator Roblin, because he has an interest, make his views public ahead of any other submissions that might be sent to that joint committee.

Regardless of all the sound and fury being expressed here, the answer I gave a few minutes ago completely answers the question as far as I am concerned. I am sure that both honourable gentlemen will feel that way if they re-examine what I said.

Senator Roblin: The leader has to admit that the green paper before that committee, and indeed before the public, is going to carry a great deal more weight than any submissions made by us or members of the public.

Senator Olson: Don't degrade yourself.

Senator Roblin: I am not degrading myself; I am simply conscious of the weight of numbers. I know where the power lies in this country, as does my honourable friend.

The leader has not told us when the green paper will be tabled. He has admitted there is going to be one, but he has not told us that he will ask when it is going to be tabled. I do not think that that is too much to expect.

I do not expect my honourable friend to write it; I do not want his opinion on the subject, although no doubt it is a valuable one. I simply want to know when the green paper is going to be tabled. He has it within his power to ask about that, and I should like him to do so.

Senator Olson: As I said a moment ago, as Senator Roblin is aware, it will be tabled when it is ready, and I do not know when that will be.

Hon. R. James Balfour: That is a quick-witted reply.

Senator Olson: You do not understand a simple answer.

Senator Roblin: We understand it too well.

Senator Asselin: I should like to know if the leader is a member of the committee of the cabinet drafting the green paper.

Senator Olson: I do not think we discuss in either house of Parliament, or in public, the agenda of any cabinet committee meeting.

Senator Balfour: He does not know on what committee he sits.

Hon. Robert Muir: May I ask the Leader of the Government a supplementary question?

The Leader of the Government can correct me if I am wrong—and I have been wrong on occasion—but am I correct in thinking that one of the terms of reference of the Mac-

donald royal commission is to deal with "Senate reform"? Is that not correct?

Senator Olson: That is not quite right. That is an interpretation of the terms of reference of the Macdonald royal commission that I would not make. What the terms of reference say, in simple and abbreviated terms, is that the commission is to look at the institutions of Canada, the Senate being one of those institutions, in terms of the economic future of this country.

● (2040)

Senator Muir: My supplementary is: Was not the phrase "institutional reform" used in the terms of reference?

Senator Olson: I think so, but I have already referred to that in the reply I gave a minute ago.

Senator Muir: Then, my supplementary is: Since the government has also commissioned this green paper, what is going to have precedence when the last trumpet blows? Will it be this famous Committee on Reform of the Senate of Canada, the Macdonald royal commission or the green paper sponsored by the government?

Senator Olson: Honourable senators, it may be that we are getting around to a description of the process of Senate reform, particularly as it involves constitutional reform. I would expect that the committee will analyze all the arguments that are placed before it, following which they will come up with recommendations respecting what they deem in their wisdom to be the best kind of institution, known as the Senate, as one of the major institutions in this country. I do not think that I can give an indication, or that it would be proper for me to give one, as to what weight they will put on any recommendations, despite Senator Roblin's argument. I think that the committee will do it on the basis—

Senator Roblin: Which committee are you talking about now?

Senator Olson: I am talking about your suggestion of a few minutes ago—

Senator Asselin: You're joking, Bud.

Senator Olson: —when you seemed to place a lot of weight on this so-called green paper relative to other submissions that are made. Of course, following that, I think it requires something tantamount to a joint address by both houses and the federal government, and it goes to a conference of first ministers where the formula is now known, and so on. That is the process, and I do not think it is very useful for me to try to describe with the kind of precision that Senator Muir has just requested the weight the committee or, indeed, any one of the other stages, would put on the various submissions that are made.

Senator Muir: I have a further supplementary. May I ask the honourable gentleman what bearing spokesmen on behalf of the government will have on what may be in the future, particularly those spokesmen who are deputy leaders of government who write under their own name—great scribes—and who have become authors and are publishing their works? Are they speaking now for the government?

Senator Olson: I could answer that question by asking another one, because the Deputy Leader of the Government in this chamber is not the only one who has expressed personal views.

Senator Muir: A best seller!

NATIONAL PAROLE BOARD

GATING OF INMATES—SUPREME COURT JUDGMENT—POSSIBILITY OF COMPENSATION

Hon. Earl A. Hastings: Honourable senators, my question is directed to the Leader of the Government or the Minister of State for Social Development. It flows from the unanimous decision of the Supreme Court of Canada of May 17 that the ingenious procedure which had been adopted by the National Parole Board, and eagerly supported by the Solicitor General, was contrary to the laws passed by Parliament, laws adopted for the benefit and in the interest of every one of Her Majesty's subjects, even the inmates of our institutions.

My question is very simple. Will the government now make an *ex gratia* payment to the 12 Canadian citizens who were illegally denied their freedom by this board and subjected to this cruel and unusual treatment?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will have to take that question as notice. I am sure that Senator Hastings understands some of the complications that are involved in that decision. His interpretation agrees with what I have seen written insofar as the Supreme Court's ruling is concerned, but, as he mentioned, it happened only a week ago, so I shall refer his question to the appropriate minister who, I think, is the Solicitor General.

HEALTH AND WELFARE

NEW BRUNSWICK—PROVINCIAL BUDGET—IMPACT ON POOR AND AGED

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Minister of State for Social Development.

There is much talk these days about regional representation in the Senate. Coming from New Brunswick and having had an interest in social programs throughout my lifetime, I am very disheartened by the latest budget of the Government of New Brunswick. I was pleased to read in the press a couple of weeks ago that the Minister of National Health and Welfare had said that she was going to make some inquiries as to whether or not the new budget presented by the Government of New Brunswick would infringe on the eligibility of the poor and aged of my province for health and social services.

Perhaps the minister would take my question as notice, unless he can respond now, since he is the minister responsible for social programs in this country, and advise us of the results of the inquiries mentioned by the Minister of National Health and Welfare. If he cannot provide that information immediate-

ly, could he stress to the Minister of National Health and Welfare the importance of getting that information out as soon as possible so that at least the people of my province and the members of the legislature there, who do not seem to be able to get that information, will have it on hand before this budget is passed in New Brunswick, a budget that will discriminate against the poor and aged people of my province?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Thériault is raising one of the most cogent and fundamental issues of social policy before Canadians today. There is a regrettable tendency on the part of some provincial governments to depart from the concept—one which I support—of universal access to medical care in this country. By "universal access" I mean the kind of access that is not dependent upon ability to pay. As honourable senators know, the present scheme is based on tax funding which is a progressive form of support of the medicare system. There are discussions under way between the Minister of National Health and Welfare and her opposite number in the Province of New Brunswick and in the Province of Alberta to see whether there is common ground or a common accord possible with respect to questions that are known as "user-pay" matters under the medicare program.

● (2050)

I am certain that none of us in this chamber wishes to see a two-tier medicare system: one for those who can afford to pay for it; and a means test for those who cannot. I am sure that honourable senators, many of whom participated in the debate preceding the setting up of the programs now under discussion, will not want to see a variation in the universal quality which has given Canada the most outstanding health care system in the world.

I will inquire of the Minister of National Health and Welfare with respect to the matter of timing Senator Thériault specifically asked of me. I thank him for the opportunity to say a few words on this important issue.

Senator Thériault: Honourable senators, I notice that the minister mentioned medicare. That is one aspect, but what disturbs me more about what is about to happen in New Brunswick, beginning July 1, if I understand what is being proposed, is the user fee for hospital care.

As the minister has said, for some of us in society, $6 a day, for every day in hospital, may not be a very important matter, but, unfortunately, there is still a number of people in my province and, I think, across this country who cannot afford to pay $6 a day for any length of time.

Even worse, as I understand it, people who are in receipt of financial assistance from governments are being asked to contribute $3 a day for their stay in hospital. In 1983, I find this to be an almost incredible situation.

I beg the minister to insist that the Minister of National Health and Welfare find a way and means to avoid this situation.

Senator Asselin: Put your question.

Senator Thériault: Honourable senators, I sat quietly when my colleague talked at length about Senate reform.

Senator Donahoe: I have a question.

Senator Thériault: I know it bothers the honourable senator that some are still concerned about the poor people of this country. I am one of those; I am not a Tory reactionary who does not care about those people.

Senator Austin: Honourable senators, I want Senator Thériault to be clear that, when I refer to medicare, I am referring to payments to doctors and payments to hospitals. Both policies are part of the medicare system.

I share Senator Thériault's concern for the poor people of this country who are caught up in the day-to-day costs of sustaining life and who find illness an unbearable taxation. The medicare system is designed to ensure that the lower income people of this country feel equally free to seek medical care and attention. Essentially the "user-pay" concept is one which puts a tax on illness and is a very heavy tax on poor people.

As I said previously, I shall seek a sense of timing from the Minister of National Health and Welfare and shall advise this chamber as soon as I can.

Senator Thériault: Thank you.

MEDICARE—FEDERAL CONTRIBUTION

Hon. Richard A. Donahoe: Honourable senators, I should like to ask a question and preface it by saying that I was the Minister of Welfare in the Province of Nova Scotia for 15 years, and that while I was the Minister of Public Health we introduced the hospital insurance plan and the medical insurance plan, both of which have been lauded as being as good as or better than any other medical plan of a similar nature in Canada.

I should like to say to all my colleagues here that I have as much sympathy for the poor people of this country, for the poor people of my province or of any other province, as Senator Austin or Senator Thériault can have, and I object to any suggestion otherwise.

I now come to the question I wanted to ask. My question is based on the speech Senator Austin made in reply to the originally framed question. He said that he was very reluctant to see people make changes in the medical insurance plan and in the hospital insurance plan. My question is an honest and very simple one. Does the federal government today pay its share of the costs of medicare and hospital insurance on exactly the same basis as it agreed to pay them when the plans began?

Hon. Duff Roblin (Deputy Leader of the Opposition): No, it does not.

Hon. Jack Austin (Minister of State for Social Development): I am not able to grasp the specific question, but I would tell the honourable senator that the federal government makes payments of a very substantial nature from its budgets. Close

to 50 per cent of all medicare costs in this country are paid by the federal government in the form of a block fund.

If Senator Donahoe suggests, on the one hand, that we should pay, without any control over medicare costs—in other words, that we should not be responsible for the taxpayers' money held by the federal government—and, on the other hand, criticizes us for uncontrolled spending, then I suppose that is the sort of double standard that we will hear argued from time to time.

Senator Roblin: Honourable senators, the phrase "double standard" brings me to my feet because I was one of those who, along with Senator Donahoe, had some intimate knowledge of the hospital and medicare plans that were brought into this country some time ago. I can state categorically, in answer to the question raised by Senator Donahoe, that the federal government does not support medical and health insurance on the terms originally agreed to.

Hon. L. Norbert Thériault: Go on.

Senator Roblin: That is correct.

Senator Thériault: It is not.

Senator Roblin: That is absolutely correct. They have gone into different methods of financing which have had the effect—

Senator Thériault: They are more generous.

Senator Roblin: They are certainly not in my part of the world. It had the effect of reducing the effective support of the federal government.

I am not going to debate the issue as to whether that is good or bad, on the issue of whether the federal government correctly deemed that it should abandon the previous system in the interests of economizing on the federal treasury, because that is what has happened. Other senators here can argue this and make their case if they wish. I would point out that the original terms with respect to the sharing of these costs are not the terms that are in place today.

There is a long story about demands for block grants and all that type of thing, and I do not want to overlook that and minimize it because it is there. All I am saying is that the basis of financing has undoubtedly changed.

Senator Thériault: It is more generous.

Senator Roblin: Honourable senators, I may well be wrong, but I express my opinion that the result of that change has been to put more pressure on provincial treasuries in paying for the costs of these services because the link between the cost and the federal contribution has been broken; that is the difference. Formerly it was there; it has now been broken, and, as a result, we have this difference of opinion as to where the costs are now falling.

It seems to me that the true fact of the matter is that the link between the costs and the formula has been broken. That was not in the original plan, and the result is that the provinces make the claim—and I believe they made it before a committee of the House of Commons recently—that they are now being asked to pay a greater share under this new system than they were asked to pay before.

Honourable senators, that is my opinion, for what it is worth. I think, without trying to allocate blame or to point the finger—because I think it requires much more study than we can give it by a short comment in this house to come to grips with the fact that, fundamentally, Senator Donahoe's question is a good one—the link between costs and federal payments has been broken.

• (2100)

Hon. David A. Croll: Honourable senators, I have had some acquaintance with medicare. I was here when it was passed. The change that was made in financing came at the request of the provincial governments. I opposed it on the floor of this house. In my view, it was a mistake to make this change. At that time, however, the government said it would accede to the request of the provincial governments. As it turned out, the money was, perhaps, used for some other purposes, but the federal government did not initiate that.

While the Minister of State for Social Development is looking into the actions of Alberta and New Brunswick, perhaps I could ask him to take a good look at British Columbia as well; it is not too clean, either, in this respect.

Senator Austin: Honourable senators, I want to respond to Senator Roblin's observations, and, before doing so, to thank Senator Croll for his helpful intervention.

The problem I have with Senator Donahoe's question is its inarticulate premise that somehow the way it started was perfection and perfection for all of the parties, and that in some way the federal government backed away from an obligation. That was not the case. There have been no variations in the principles of the agreement which was originally entered into between the federal and the provincial governments—the principles of accessibility and of universality.

As regards funding, Senator Croll has correctly said that the provinces sought the block funding system so that they would have full control without the previous quality of federal supervision over the way in which these funds were expended. At the same time, the federal government sought a form of cap on the costs of the medical care system. The cap is based on a formula which is indexed to the consumer price index, I believe. In clear terms, then, federal spending has continued to rise in this area on an indexed formula.

I do not want to enter into a debate with Senator Roblin over the medicare system as a result of a question originally asked by Senator Thériault, but I do want to say that the administration of the costs of medical care in the provinces—the fee schedules for doctors, costs of hospital care and so on—are the responsibility of the provinces. They clearly expected this responsibility when they entered into the block funding system. Therefore, when Senator Roblin says that the link between costs and federal payments has been broken, indeed it has, in part because the provinces sought a larger say in the way in which funds in this area were to be administered.

The system, however, is now being tested again by the desire of some provinces to seek revenues from users. That, it seems to me, crosses the bounds of the principles that Senator Roblin and Senator Donahoe had participated in at the stage of early development of these particular medicare policies. I, for one, am not willing to see the universal access which is afforded to Canadians eroded, in substance, by proposed changes.

In any event, this house will have the opportunity, at an appropriate time later this year, to involve itself thoroughly and feistily in this issue.

Senator Thériault: Honourable senators, if I may, I want to make one additional statement in response to what Senator Croll has said.

It is not correct, honourable senators, to say that the change to block funding was made at the request of the provinces. It was made at the request of three of the provinces; namely, Quebec, Ontario and British Columbia. I, too, had some small part to play in those social welfare programs as Minister of Health for my province. I wanted to point out that my colleague, the Honourable Senator Donahoe, also had a part to play in this. I believe he was still Minister of Health—I could be wrong, he might have lost an election at that time—when this matter first appeared on the scene at the Federal-Provincial Conference of Ministers of Health. The Province of Nova Scotia as well as the Province of New Brunswick opposed this block funding.

I also wanted to say that when the hospitalization and medical care services were installed in Nova Scotia under the Minister of Health, the Honourable Senator Donahoe, that province had, like New Brunswick, a good program.

Senator Donahoe: Honourable senators, I should like to ask one question of the minister who has just spoken, and it is simply this: Was he aware that, at the time when medicare was being introduced and when universality and all of those other things were being created, the dangers were indicated to the federal government? At that time, the federal government was told that if it insisted on all of those requirements it also ran the risk that the costs would escalate to the point where the government would find it difficult to meet them. The response of the federal government was: "You need have no worry; we are always there. No matter what the costs are, we will bear half of them." Was that not said by the federal government?

Senator Roblin: Exactly!

Senator Austin: Honourable senators, I do not have the advantage of Senator Donahoe's age and participation in the travaux préparatoires of this issue, but I will state that the commitment that I believe was then paramount—and that which, so far as I am concerned, is paramount today—was the commitment to the Canadian people to ensure that they have the finest health care system in the world and that it is a system to which they have equal access, whether they are rich or poor.

[*Translation*]

SPORT

SOCCER—1986 WORLD CUP COMPETITION

Hon. Martial Asselin: Honourable senators, my question, or rather my comments, are directed to the Minister of State for Fitness and Amateur Sport. Last week I was watching television, and I saw Senator Perrault in black tie announce to the Canadian Soccer Committee that he was trying to get the international soccer competition for Canada.

Unfortunately, this did not happen. We subsequently were informed that Mexico was selected over Canada and the United States. This upset many Canadians, and in the Senate, Senator Bosa especially was almost outraged at this decision. He was not blaming Senator Perrault and his efforts to obtain the international competition, but he was upset that Canada was not chosen and that Mexico got the games.

I am not criticizing the Minister, because he has shown great dedication in defending this cause, but perhaps the Minister could tell us, in a few words, what the determining factors were in selecting Mexico over Canada.

[*English*]

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I should like to thank Senator Asselin for his question. I have just returned from Stockholm, and I can say that, naturally, we are disappointed that Canada will not host the World Football Championship in 1986. We had hoped to be favourably considered by the so-called cabinet of world football known as the FIFA Executive Committee.

The decision to proceed with a Canadian bid was not taken lightly. Indeed, I should like to take this opportunity to thank the many individuals and organizations from coast to coast who, realizing that Canada was in a less favoured position to win the bid than was Mexico, nonetheless gave the Canadian Soccer Association and the government their support. This support crossed party lines and it was very heartening indeed to have it.

Honourable senators, the unanimous view was that, despite the fact that we were not in a favoured position to successfully bid for the 1986 World Cup, nevertheless we should proceed to Stockholm to make as effective a bid submission there as was possible so that, even if we were not successful this time, at least the Canadian submission would help a future bid in 1990 or 1994. Despite the odds against Canada, we proceeded to make our presentation in Stockholm.

• (2110)

A number of alleged adverse factors were cited by our opponents, such as the minimum size of stadiums required for first round matches—a requirement for 40,000 seating capacity. We stated at the FIFA presentation that we would improve certain Canadian stadiums to bring them to that minimum seating requirement. There was a requirement for the World Cup final for a stadium of 80,000 seats, and, of course, even the Olympic Stadium in Montreal does not have that number of seats. Frankly, we did not consider that FIFA's requirement

for certain minimum seating capacities was a problem. The fact is that, while certain stadiums proposed for the World Cup in Canada do not at the moment meet the full technical requirements of FIFA even without additional seats, the financial return per seat in these structures would have been as high as or higher than that in the other bidding countries. There would have been satisfactory levels of revenue for world football, revenue for FIFA and revenue for the development of football in Canada.

My main regret and point of criticism is that the technical committee of FIFA proceeded to make their decision without a personal inspection, an on-the-spot inspection, of the facilities we were offering in Canada. I think that was a serious mistake for FIFA to make, and I told the executive that in so many words during the FIFA meeting in Stockholm just a few days ago.

In eastern Canada, for example, they would have found in the Olympic Stadium in Montreal one of the great stadiums in this world—ideal for World Cup football. And we were prepared to install grass, in a new form described as palletization, for the games. We offered two locations in Toronto, Exhibition Stadium and Varsity Stadium; we offered Jarry Park as an auxiliary playing site in Montreal, which would make an excellent location for first round matches; we offered the Ivor Wynne Stadium in Hamilton; we offered Lansdowne Park in Ottawa; we offered locations in Winnipeg and Taylor Field in Regina, and two locations in Edmonton and one in Calgary, and, of course, the superb new stadium in Vancouver, together with Empire Stadium there if necessary. In the view of the bidding committee, it was a serious mistake for world football not to have visited Canada and the United States to see at first hand the splendid way in which these two countries, particularly—and I admit my prejudices—Canada, could have accommodated the event.

Another alleged problem cited by some was the fact that Canada is a large country. Some contended that because Canada is a huge country, it would be difficult for the soccer players to move from playing point to playing point. Yet, if one accepts the specious argument that large countries present travel problems, Canada, the Soviet Union, Brazil, the United States and other large countries will never host this premier world sporting event, and they might as well forget it. I said to the world soccer representatives at this meeting, "Do not measure Canada's size in terms of its geography. Consider the fact that Canadians have conquered the geography of the country by establishing one of the world's finest transportation systems. In the world tournament played in Spain, the travel time between Barcelona and Madrid was 16 hours by bus. In Canada one can travel in supreme comfort from Halifax to Vancouver and back to Halifax in 16 hours, with a side trip to Quebec City, and there would still be time to spare. Canadian travel by modern jet is much preferable to travelling 16 hours by bus between two points, even though other countries may be smaller geographically.

What I am saying, without labouring the point—I fear I am already doing that—is that Canada's bidding committee believes FIFA made an incorrect decision. While we congratulate Mexico on their success and wish them well, we believe there was an unparallelled opportunity for FIFA to extend the bounds of world football to the North American continent and make this a truly world sport. The day FIFA makes soccer football an authentic world event is the day they decide to site a World Cup in North America—hopefully Canada—regardless of what such a decision may mean in revising previous traditions, prejudices and rules. We have to keep on working at this task of selling the advantages of our country as a World Cup host. Canada would have been s superb site for the World Cup in 1986.

I should like to remind honourable senators, just as we reminded FIFA at the meetings in Stockholm last week, that Canada has hosted more international sports events in the past 10 years than the United States of America. When one looks at the record of this country in hosting world spectacles—athletic and otherwise—and when we consider that Calgary will be the site of the Winter Olympics in 1988, and Edmonton the site of the University Games this year beginning on July 1—and I hope all members of the Senate will attend—it can be said that Canada has a record in the world unparallelled in its ability to host successfully major international events.

All of us remember Expo '67, the Montreal Olympics, the Commonwealth Games and the Pan American Games—all great successes. When Canada is called upon to host the World Cup of soccer there will be no finer hosting task undertaken by any country in the world.

I hope in a news conference later this week to explain in greater detail some of the goals that we attempted to achieve in Stockholm, and some of the events there.

NATIONAL HOCKEY LEAGUE

PROPOSED SALE OF ST. LOUIS BLUES FRANCHISE TO SASKATOON BUSINESS INTERESTS

Hon. Sidney L. Buckwold: Honourable senators, I too should like to ask a question of the Minister of State for Fitness and Amateur Sport.

I know that there was very wide disappointment that the World Cup soccer championships were denied to Canada, but, Mr. Minister, I can tell you that that disappointment fades into insignificance compared with the disappointment and disillusionment that has taken place in Saskatchewan, especially in Saskatoon, at the announcement last week by the governors of the National Hockey League of the rejection of the application of Saskatoon for a team in that league.

I am well aware that a few weeks ago, in response to a question of mine, Mr. Minister, you indicated the support of your department for such an application, and I appreciate what you did, because I know from further confirmation the very real participation of your department in trying to move the governors of the National Hockey League in a direction that would have favoured Saskatoon.

I know the people here in eastern Canada find it somewhat incomprehensible that Saskatoon can support such a team, but

I can assure honourable senators that the issue is a very real one back home. Questions of Senate reform, social services and medicare, and all the things we have talked about tonight, do not rate in the press out there compared with what is going on in that city because of the pre-emptive action of the governors of the National Hockey League. The mayor, a minister of the Saskatchewan government and other dignitaries went to New York, and they really feel that, although they were well prepared, the decision was made long before they even arrived—and that has been been publicly announced.

I am sorry if I have followed Senator Asselin's example and made a speech, because I have not come to my question yet.

Hon. Duff Roblin (Deputy Leader of the Opposition): A good speech.

Hon. Martial Asselin: I would not think of stopping you.

Senator Buckwold: I was waiting for Senator Asselin to say, "Time for the question," which it is.

Mr. Minister, while I appreciate all you have done, is there something more your department might do? This issue is not dead. The owners of the St. Louis Blues, Ralston Purina Company, have now embarked on a court action against the National Hockey League claiming $60 million in damages. I understand—and perhaps you may be able to help us a little in this regard—that the Department of Consumer and Corporate Affairs, utilizing its role as a protector against restrictive trade practices, will look into that aspect of this rejection.

However, I would ask you on behalf of the people of Saskatchewan, who are emotionally and financially involved in this application, if your department would continue to do what it can in order to bring that opportunity to Saskatchewan, which produces, with all respect, the greatest hockey players in the world, and, if not the greatest hockey players, then, if you look at our politicians, the greatest stick-handlers.

● (2120)

An Hon. Senator: And senators.

Senator Buckwold: And senators. I would like the minister to comment on this issue, which is a very real one in my home province.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): All honourable senators will have been impressed by the eloquent appeal of Senator Buckwold, one of that great representation from the Province of Saskatchewan. Let us hope that we have witnessed merely the first game in the "playoffs", and that although that first game was lost, when the series has been played out, to draw an analogy, Saskatoon will have an NHL team.

Senator Buckwold is quite correct when he said that Saskatchewan has produced some of the finest hockey players in the world, and no one can diminish in any way the degree of support that the people of Saskatchewan have accorded to various sports franchises. The success of the Rough Riders football team in Regina, despite all of the economic indices which usually apply to successful franchises in any sport, is excellent evidence of the willingness of the people of Saskatchewan to support a major league hockey franchise.

I wish to tell honourable senators that I have been in contact with the office of Mr. John Ziegler, head of the NHL, and with committee chairman Mr. William Wirtz in Chicago, and I have pointed out to them the feeling which I believe is held by those of us, whatever our party affiliation, that we would like the Saskatchewan NHL franchise to be established.

In letters to both Mr. Ziegler and Mr. Wirtz I said that as a Canadian I can well remember the opposition that was once voiced to the possible admittance to the NHL of Vancouver, Calgary, Edmonton and Winnipeg. Today those four cities support four of the most successful franchises in the NHL hockey league. To most Canadians, these are significant precedents. We believe that Saskatoon would join that very successful group of Canadian franchises in the NHL.

Undoubtedly, there will be a number of discussions this week. I have not yet read the reported economic analysis of the situation in Saskatoon, which is said to be the basis for the NHL decision, but I hope to have access to that document over the next few days.

SPORT

SOCCER—1986 WORLD CUP COMPETITION

Hon. Peter Bosa: Honourable senators, I have a question supplementary to that asked by Senator Asselin. Millions of soccer fans in Canada regret the fact that the games were not awarded to this country. I am sure that if Canada did not get the games, it was not because we did not have one of the most articulate, able and committed representatives in Stockholm. My question of the minister emanates from what I understood him to say earlier, when he blamed the technical committee of FIFA for not having one of their teams inspect the facilities in Canada before awarding the games to Mexico. It is my understanding that between April 22 and April 30 a team of two people from the technical committee or from FIFA visited the Canadian facilities. Is the minister in a position to deny or confirm that report?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, may I clarify the statement that I made earlier. Yes, indeed, two representatives from FIFA, working on behalf of Senor Havelange, Mr. Harry Cavan, Vice President of FIFA, and his associate, Mr. Blatter, arrived in Canada. We held a number of meetings in Ottawa and Montreal to discuss the allocation of the World Cup. During the course of those conversations we were assured by Mr. Cavan and Mr. Blatter that no decision had been taken, and that the decision would be taken by the executive committee in Stockholm. They urged us to come to Stockholm. They said that while on the basis of the technical report, prepared by a subcommittee under the chairmanship of a FIFA representative from West Germany, there seemed to be a good deal of support for the Mexican bid, we should have the Canadian bidding committee come to Stockholm. It was suggested to us that even if we were not successful bidders for the 1986 World

Cup, it would be a useful investment for the future. We were counselled that Canada's ability to host a future World Cup should be made known to the world football community.

On the basis of those meetings, Canadian soccer football sent a competent delegation to Stockholm. I do not regret that we did so, because I believe we made many good friends there. The Canadian position was set forth primarily by representatives of the Canadian Soccer Association—Mr. George Schwartz, chairman of the Canadian bidding committee; Mr. Walter Sieber, of the committee; Mr. James Fleming, president of the CSA; and Mr. Eric King. I headed a federal team which included Peter Lesaux, Gilles Houde and G. B. Rosenfeld. Others from the CSA made a very useful contribution.

Senator Bosa: Is "Mr. Fleming" the minister?

Senator Perrault: No; it was Mr. James Fleming of Calgary. He is president of the Canadian Soccer Association.

The submission of the Canadian "team" received a great deal of credit from the international football representatives. We have to keep things in perspective. Before Calgary was awarded the Winter Olympics, eight Canadian bids had gone forward to host the Winter Olympics. Canada was successful the eighth time around. I do not mean to suggest that we should not expect to host the World Cup until the year 2014—I hope and believe it will be sooner than that. I hope it will be in 1990 or 1994 at the latest.

Hon. Robert Muir: Honourable senators, I have a supplementary to the question asked by Senator Asselin. He kept referring to "soccer" and the minister, in his reply, kept referring to "football" until his final statement when he said "soccer". That is not unusual because the terms "football" and "soccer" are interchangeable.

I am sure that the minister made a valiant effort in Stockholm. There is no doubt that he did his best to educate the people there. I would now ask him to try to educate a congressman by the name of Jack Kemp from New York State, which is not too many miles from here. Congressman Kemp has been informing the American people that soccer is a communist socialist game, and that American football is a capitalist game, and so on. By the time he got through explaining, I am not sure whether he was in a game, or whether he had been tackled, or what had been going on. It is shocking that a man who comes from New York State, which is so close to our border and to this city, does not know very much about soccer. The minister may have a grade three student who could go and lecture Mr. Kemp on the difference between soccer and American football.

Senator Perrault: Honourable senators, may I say, in explaining the use of the term "football", that I was raised to think of football as "soccer". I am referring to that round ball that one kicks around. I added to my education when I went to Europe. Senator Bosa, with his European background, will understand that most of the world talks about "football" and does not use the word "soccer". Possibly the best compromise expression would be "soccer-football" when we talk about it in Canada.

[Senator Perrault.]

With regard to the ideological aspects of soccer-football, the fact is that there are more members of FIFA than there are in the United Nations and they represent every language, race and religion known to men and women, as the honourable senator is aware.

• (2130)

I am rather surprised at the remarks attributed to Mr. Kemp—suggestions that there is an ideological "tag" on soccer-football. All ranges of ideology and political affiliation are represented in world soccer-football. FIFA membership is larger than the United Nations. Many nations of many different political ideologies were represented at the deliberations in Stockholm. Soccer is the largest participation sport in the entire world, and it would be a great and positive decision for the World Cup to be held in Canada, or somewhere in North America. Indeed, it would be the last major link in completing the globe-girdling aspects of soccer-football.

Hon. Frederick W. Rowe: Honourable senators, before I ask my question I would like to take advantage of this opportunity to offer my congratulations—and in doing so I know that I am expressing the feelings of all Canadians who are interested in sport and recreation—to Senator Perrault for the leadership he has given, which I hope he will continue to give, in this highly important matter. May I interject at this point, in reference to the name "soccer" and its being called "football", that those present are in good company. It was the national game of Newfoundland for over 300 years and we never called it anything else but football. I do not suppose that we even knew the name "soccer" 40 or 50 years ago.

I regret that I missed the first portion of Senator Perrault's remarks. He may very well have dealt with the question I am about to ask and, if so, I would ask him to ignore it and I shall read the answer in *Hansard*. In any event, the minister listed some of the facilities that can be found across Canada, such as the University Stadium and the Exhibition Stadium in Toronto. To the best of my knowledge—and perhaps I should say here that soccer or football was my first love and I have continued my interest for most of my life—the facilities enumerated by Senator Perrault were not built specifically for soccer. I do not think that any of the major facilities in Canada were built for soccer. Of course, that is not true in Europe or in many other parts of the world, which Senator Perrault is justified in pointing out. It is the one universal game and there are great facilities in such countries as Holland, Spain, England, and so on, which were built years ago specifically for soccer. In his negotiations and discussions did the World Cup authorities in rejecting Canada's bid offer any technical criticism of the facilities that we were offering?

Hon. Martial Asselin: That question has been answered.

Senator Rowe: Then, as I suggested at the beginning of my comments, the minister may forget my question and I shall read the answer in *Hansard*. I might mention that when I say "technical" I am not thinking of such things as geography. That is not a technical reason, and I think it would be a very specious argument to suggest that it is. But were the technical

reasons vis-à-vis the actual facilities for the playing of the game?

Senator Perrault: We offered a selection of 12 stadiums. Each of those playing surfaces would have met the international technical requirements of soccer-football. The actual field areas would have been entirely satisfactory. At the present time some of the stadiums in Canada have artificial turf. This turf has not yet been authorized for use in international competition by the world football body known as FIFA. The Canadian bid proposed to spend $3 million to provide temporary grass playing surfaces in those stadiums—stadiums like Olympic Stadium in Montreal, the beautiful new 66,000-seat covered facility in Vancouver, and Exhibition Stadium in Toronto.

One other technical objection was entered and that was with regard to covered stadiums. While world football is moving towards artificial turf and covered stadiums, it has not yet come to the point where international competition is authorized under either condition. We were particularly anxious to show them the new Vancouver covered facility because many of them have no idea of what constitutes a modern covered facility. They believe that it would be like playing football in an auditorium. In Stockholm they said such things as, "We can't understand a game being played in a building or in something with a ceiling on it." Of course, there is a substantial difference between a light, translucent membrane covering of the kind in the B.C. Place Stadium in Vancouver and the idea of playing in an auditorium. It is our contention that Canada could meet the technical conditions required by FIFA.

As I say, our regret is that there was not a personal, on-site inspection of Canada's facilities. I cited at the meetings with FIFA the fact that when it comes to chosing the site for the Canada Games, whether it be the summer or winter games, we are particularly meticulous in our efforts to ensure that every site bidding for the games is given the same treatment in terms of time and effort by the site evaluation technical committee. For example, early in June we will evaluate four sites in Nova Scotia for the next Canada Winter Games. The committee will be meticulous in its efforts to ensure that all sites are inspected fairly.

I said in the Stockholm discussions that, when it comes to deciding the site of the world's largest sporting event, justice must be done and must appear to be done. Reading written technical submissions is not good enough. On-site inspections are required to determine whether or not one bid is technically better than another. We think that world soccer-football made a serious mistake by not coming to North America and inspecting all proposed sites. Most of the world media agree.

THE BUDGET, 1983

WINNIPEG—ANNOUNCEMENT OF CAPITAL PROJECT PLAN—REQUEST FOR CLARIFICATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have four delayed answers and some of them are fairly long. In view of the hour and the business that is yet to come before us, I would ask that they be taken as read.

My first answer is to a question asked by Senator Roblin on April 26 and May 10 concerning special recovery projects in the City of Winnipeg.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

On May 13, the Honourable Lloyd Axworthy, Minister of Employment and Immigration, announced details of a tri-level commitment to redevelop the north of Portage area of downtown Winnipeg. Accordingly, each level of government has committed up to $20 million to support this endeavour. For its part, the federal government's contribution will come from the $2.4 billion Special Recovery Projects Program announced in the April budget. In addition, the minister also announced that a new $41 million National Research Council Manufacturing Technology Institute will be built in Winnipeg in conjunction with the overall redevelopment plans. A tri-level task force has also been formed to look at specific development concepts and the appropriate mechanisms to implement them; it is expected to report within 60 days.

The honourable senator based his questions on media speculation and rumour, which were not based on fact. The announcement by the minister has since clarified the situation and prospects for the revitalization of downtown Winnipeg are now very promising.

AIR CANADA

MEDICAL EXAMINATION OF SENIOR EXECUTIVES—SPECIAL ALLOWANCE TO CERTAIN QUEBEC EMPLOYEES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have the answer to a question asked by Senator Marshall on May 12 regarding Air Canada's use of a California hospital for executive medical examinations. I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Air Canada's objective regarding medical services is to offer complete preventive programs in order to minimize employees stress and illness. Preventive programs are already in place for various employee groups.

In 1982, Air Canada extended the concept to its senior management. Following a thorough review, Scripps Memorial Hospital in La Jolla, California, was judged to offer the most complete services available at one facility. Twenty senior executives were examined during 1982. Further visits are planned only for those with identified problems. The cost of the examinations was comparable to the cost of a similar program at any location.

Air Canada has reviewed the results of the program, and intends to develop its own program on the Scripps model.

Senator Olson: Honourable senators, I have information relating to a question asked by Senator Phillips on May 12, regarding Air Canada's allowance for management employees working in Quebec. I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Air Canada, along with several other large corporations, offers an allowance to management employees working in Quebec and earning $45,000 per year and over.

The program was introduced in 1978 to offset a tax levied by the Government of Quebec on one segment of the work-force. In 1982, the average marginal tax rate for Quebec employees earning over $45,000 was approximately 15 to 20 percent higher than the average Canadian rate.

The allowance is a taxable benefit. Even with this compensation, net disposable income for Quebec employees is consistently below that of employees with similar salaries elsewhere in Canada.

The program is part of Air Canada's established compensation package and does not violate federal wage and price guidelines or the 1983 salary freeze for management.

THE BUDGET, 1983

SPECIAL RECOVERY PROGRAM

Hon. H. A. Olson (Leader of the Government): Honourable senators, my last answer relates to a question asked by Senator Flynn on April 20 and it concerns the explanation of the Minister of Finance for the addition of $200 million to the Special Recovery Program described in the April budget. I am going to do something that is a bit unusual.

Hon. Martial Asselin: He is not here.

Senator Olson: Perhaps I should wait until Thursday. Senator Flynn has asked that the comments of the Minister of Finance regarding the $200 million added to the Special Recovery Program be put on the record of this house, even though it is already printed in the record of the House of Commons. I am prepared to do that but I think it is a bad practice. Indeed, there are prohibitions against taking verbatim accounts from one house record and putting them in the record of the other house. I want to make it clear, however, that I am not refusing to fulfill his request. I have the information with me. But I think that we should seriously reconsider copying these things from one record, which is readily available, into our record.

CANADIAN BROADCASTING CORPORATION

NEWFOUNDLAND—SEAL HUNT PROTEST ACTIVITIES—FILM CREW ON BOARD *SEA SHEPHERD*

Question No. 104 on the Order Paper—**By Hon. Jack Marshall:**

Did the CBC film crew travel to the United States to join an illegal expedition by one Paul Watson aboard the *Sea Shepherd* and, if so, (i) how many were in the crew (ii) did they proceed to Newfoundland (iii) how much time was involved and (iv) what was the total cost of the exercise?

Reply by the Minister of Communications:

I am informed by the Canadian Broadcasting Corporation as follows:

A CBC film crew did travel to the United States where they boarded the *Sea Shepherd*.

(i) Three

(ii) Yes

(iii) Nine days from their departure from St. John's to their arrival back in that city.

(iv) With regard to the costs involved, it has not been customary for Parliament to require the Corporation to provide such details of its internal management and administration as the costs involved in individual program projects. The background to this custom is explained in detail in the reply to House of Commons Question No. 2,530, answered November 6, 1975.

● (2140)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTEENTH REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Fifteenth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey: Honourable senators, I know you have all been eagerly awaiting my speech tonight. However, in view of the fact that we have already heard quite a few speeches and also because I wish to attend a meeting, I ask that this order be allowed to stand until Thursday.

Order stands.

PRONOUNCEMENT OF ROYAL ASSENT TO BILLS

ADVISABILITY OF ESTABLISHING ALTERNATIVE PROCEDURES—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the

advisability of establishing alternative procedures for the pronouncement of Royal Assent to bills.—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I wish to yield to Senator Le Moyne.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Jean Le Moyne: Honourable senators, before I begin my remarks let me say, like the dentist, "This won't take long!"

Had it been my intention to deliver a sermon I would have chosen as my text the following exclamation from Genesis, chapter 28, verse 17: "How awesome is this place!" But do not worry; I have no such sinister designs upon your attention and your time.

It is nonetheless a fact that this great chapter-house of the Senate is very impressive, especially for such youngsters as are new senators.

That is why a few days ago, when Senator Kelly rose to give his maiden speech, I thought he was very brave. Projecting on him my own premature fears, I began to feel rather apprehensive, but his very first words dissipated all my anxieties, for my honourable friend delivered with a most urbane ease an oration that was a model for its elegant and witty concision. I congratulate him again, hoping to be inspired by his example, at least in being brief and to the point.

[*Translation*]

Before going any further, it is only appropriate that I should offer warm thanks to honourable senators for giving me such a kind and considerate reception. Everyone I spoke to, on both sides of this concertante Chamber, was immensely generous and forthcoming with his advice. I am sure that occasionally, my innocence may have brought smiles to the faces of some my colleagues. Let them be assured that I too was prepared to have a good laugh—after the fact.

In the Parliamentary Restaurant, thanks to the spontaneity of the habitués of the senators' table, I received further advice and further lessons of great political and historical value. To me, these are pearls of wisdom I shall cherish as much as I respect the men who proferred them.

Here, I wish to pay tribute to the Honourable Senator Renaude Lapointe, my sponsor, and express my very profound and respectful admiration. I shall always be thankful to Senator Lapointe for having shown me the ropes, as it were and for having, with her reassuring presence, eased me through the solemn rites of initiation into the Senate.

[*English*]

Honourable senators, in concluding these preliminary remarks, I wish to say how fortunate I hold myself to have inherited Senator Carl Goldenberg's office—his office, not his mission, unfortunately. Senator Goldenberg, with whom I had the honour to be acquainted, anticipated my own call and just a few days after my arrival he telephoned to offer me his congratulations, to tell me how his old office was convenient, how he was happy to learn that I was to dwell and work there, how he was himself working as hard as ever, and adding at that point, "Je suis dans la négociation par-dessus la tête." He was speaking French all along. Well, all his words I took for a blessing and I am sure that working in a cell so long filled with his masterful presence will be an inspiration to me. May I be given something of his patience and of his authority. Indeed, the smallest portion of his genius for pacification would truly be an invaluable gift. Yes, just as Senator Croll is a man of justice, so is Senator Goldenberg a man of peace. I dare say that at this intense phase of his noble career Carl Goldenberg must know, at the very least, as much as Mackenzie King himself about industry and humanity.

[*Translation*]

I should like to deal with the procedure of Royal Assent, something Senator Frith himself dealt with when the Senate met on May 10, 1983, following an intervention by the Leader of the Opposition. Because I do not believe that I could add anything worthwhile to the magnificent contribution made by the Deputy Leader of the Government, I will merely say that nobody could be more deliciously technical than he was. I leave to senators more competent than I am the task of addressing the legal and constitutional aspects of this issue, aspects which surely deserve to be examined with the utmost attention.

At the outset, I wish to make known my concern. It is apparently intended to change one way or the other one the most time-honoured ceremonies in this country. I am not saying that it is planned to change it directly or to replace it; I am merely saying that it will necessarily be changed if alternative procedures are considered or if this procedure is used at other times or on special occasions.

[*English*]

No doubt about it! Whatever would be done inside the field of the ceremony of Royal Assent would entail a change, however light and subtle, in the very being of the ritual. We are dealing with an institution stemming from the most authentic British tradition. Now, British traditions are the object of such meticulous, if not always loving, care, because it is extremely difficult to contain any change imposed on them. They are far more sensitive and delicate than we assume them to be, because they so often express the balanced culmination or resolution of some long and hard conflict, because they are imbedded in human ambiguity. And that, honourable senators, is what makes them so beautiful and precious, and that is what should make them so dear to our hearts and minds. They are the expression of an outstanding political genius, a genius always at work, of course, but a genius whose productions are of such a high order that they cannot be very frequently, so to speak, serialized.

On May 14, a reporter of the *Globe and Mail* instinctively expressed the feeling that the venerable ceremony in question might come to an end, if the still hypothetical change became law, thus unwittingly affording some justification to my concern.

[*Translation*]

Honourable senators, my concern will not take the form of an objection but rather of a modest caveat. In its present form, the Royal Assent ceremony itself is not that impressive. What is impressive is its meaning, and the same is true of any ritual or liturgy.

Now, it is in fact a liturgy, a lay liturgy. As such, it transcends all those who take part in it, either as officiants or as members of the audience—I was going to say members of the congregation. I therefore believe that in itself, this liturgy transcends every one of us, including the Governor General or his Deputy, even including the Queen herself as a private individual, which Her Majesty cannot really allow herself to be.

Our ancient ceremony means that something more important than we are is involved; it means or notifies us that we are not to be equated with our function and that, while it is theoretically possible for each of us to be equal to his task, none of us could be in law or in fact equated with our function, because this function is exclusively official, because it is nothing if it does not receive royal confirmation after each of its distinctive acts, that is after the passage of any bill. Our role is essentially to serve both the people and the royal power. It reflects the role of the sovereign herself, whose supereminent duty is to serve. To paraphrase one of the first sentences in the Bible, one may say that our role is created in the image and after the likeness of the royal power. It is therefore a royal creature.

These are the basic truths and essential facts which are periodically brought home to us by the Royal Assent ceremony. I said earlier that this ceremony can be compared to a liturgical act. Without stressing the general need for liturgies, I would like to note that any rite is formal and form-giving; that any ceremony imposes a certain form. In the present case, the Royal Assent ceremony regroups in one ultimate, single and perfectly effective symbol all of our rules. In the context of my analogy, it is a sort of sacrament. And a sacrament is both an oath and a sign.

In the reverent silence then required of us, the progress of the ceremony also reminds us that however inspired our proceedings might be or are believed to be, they need to be structured and lead to this final and truly majestic conclusion of the Royal Assent only because of the structure which contained, moulded and exalted them.

All this is due to the form which the ceremony takes and which, in a sense, proceeds from it. And to some extent, to use another analogy, one must also consider the possible and truly fearsome effect of the vice of form, for the vice of form negates the act itself.

● (2150)

[*English*]

When Mr. Speaker sends away the Gentleman Usher of the Black Rod to summon the Commons, during the ceremony of Royal Assent, we may hardly repress a smile, and no doubt some of us could laugh outright, and outrageously, if adequately provoked. Since we all understand very well the peculiar mysteries, or the little metaphysics, of this liturgy, it is not because we find it funny that we may be tempted to laugh. Why then? I would discern here the shade of a defensive reaction, of a protective derivation, a way of easing out our secret reluctance to admit a reality as intimate as it is overwhelming. If we are tempted to laugh, it could well be because we are just loath to confess how awesome is this place, how vital are our responsibilities.

[*Translation*]

I note in passing the trite existence of similar reactions when within the same person specificity and individualism are equivocal. Thus can be explained the apparently so silly laughs of young men and what Ambroise Paré, a French physician of the XVIth century, called the "facultés risifiques et risolières des filles". Imperious, frightening and fascinating, at the same time anonymous and intimate to the ultimate degree, sex is uncovered at puberty; so puberty laughs nervously and gets the giggles.

Honourable senators, I acknowledge quite willingly the validity of the reasons which prompted this debate. I can see Royal Assent requires a partial recourse to a simplified procedure. However, it would be disastrous if the proposed innovation were to jeopardize the traditional ceremony in any way: it has a meaning of irreplaceable richness, its scope is such that it could not possibly be changed without being reduced, limited, diminished, belittled and robbed of its originality. For goodness' sake, the relevant proposal about which we will ultimately be called upon to take a decision ought to state categorically and with unquestionable clarity that the former ceremony shall remain intact, unchanged, without any omission, in the case of any legislation of particular significance and be resorted to with generous frequency. In that respect, what will be left to do will be to gauge the importance of the legislative measures and to establish the frequency of recourse to the old formula. How prudent we shall have to be! Are we not already very close to the path leading to the arbitrary? While we are at it, what would prevent us from doing away with the processional entrance of the Speaker? And why not urge His Honour to forget his tricorn and his gloves, why not scrap the mace and the black rod, those unwieldy emblems? Why not unfrock them all—the Speaker, the Clerk, the Gentleman Usher and their assistants? Why not, in a sudden iconoclastic rage, outfit them all in ordinary civvies? But we do know, those gentlemen are more that that, and they must tell that to themselves and to us, and through the unreserved acknowledgement of their lofty significance, prevent us from downgrading ourselves to the status of mere civilians. In these precincts, the cowl of those who preside over our deliberations and our ceremonies does make the monk indeed. And that accoutrement rubs off on all of us, thanks to an invisible contagion which I would readily liken to immanence.

[*English*]

In short, there is always more here than meets the eye. I wish to conclude with a further recommendation, more intimately, more concretely linked to our parliamentary tradition.

When Royal Assent is given to supply, the Clerk of the Senate has the following words to utter:

> In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General thanks Her loyal subjects, accepts their benevolence and assents to these bills.

How heavy, how dense with history are those ever surprising words! The thanks of Her Majesty, the acknowledged benevolence of Her subjects! These words bear upon a capital and hard-won power. Senator Frith most aptly made the point when he opened this debate, adding what follows:

> Honourable senators may want to propose something giving special status to supply bills.

Such an invitation is irresistible. It is not yet the proper time to propose, but if we are to adopt some variation of the Australian formula, since a wind of Australian fashion seems to be blowing quite imperiously on our Hill, I suppose one is allowed to suggest without more ado that, in the case of supply bills being given Royal Assent, the messages sent to the Speaker of the Senate and to the Speaker of the House of Commons should always include in full, and without any change whatever, the particular utterance of the Clerk proclaiming Royal Assent which I have just quoted.

Borrowing with very slight modifications the words of a reverend gentleman unforgettably illustrated some years ago in the *New Yorker,* may I add, in conclusion, that I trust the honourable congregation has forgiven me if I have indulged in a little metaphysical plugola.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Thursday, May 26, at 2 p.m.

THE SENATE

Thursday, May 26, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

PRIVATE BILL

EPARCH OF THE EPARCHY OF SAINTS CYRIL AND METHODIUS OF SLOVAKS OF THE BYZANTINE RITE IN CANADA—BILL TO INCORPORATE—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-35, to incorporate the Eparch of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada, and acquainting the Senate that they had passed the bill without amendment.

[*English*]

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—REPORT OF COMMITTEE SEEKING FURTHER INSTRUCTION

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, May 26, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill S-32, intituled: "An Act to amend the Penitentiary Act and the Parole Act", has, during the course of its consideration of this Bill, determined that the amendments to the Bill moved in Committee on May 25, 1983 would, if adopted, extend the provisions of the Bill to objects that, although they are cognate to its general purposes and within its principle, are not strictly covered by the subject matter of the Bill as disclosed on second reading.

The amendments in question are intended to create a specific power to withhold the early release on mandatory supervision of inmates judged by the National Parole Board to be potential dangerous offenders.

Your Committee, therefore, recommends that it be instructed by the Senate to consider the amendments in question during the course of its consideration of Bill S-32, as it would any other amendment within its competence, and that it be authorized to adopt the amendments, as moved or in amended form, if it considers it advisable to do so.

Respectfully submitted,

JOAN NEIMAN
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Neiman: I move, with leave of the Senate, that this report be placed on the Orders of the Day for consideration later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1410)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, we might agree to commence consideration today, but I should like to inform the chairman of the committee that we would not be prepared to adopt the report today because it is something that we would want to read and study carefully. I know that some of the members on this side have comments to make on it.

Hon. H. A. Olson (Leader of the Government): This is really only a reference back to committee; it will come before the Senate again.

Senator Roblin: Perhaps I do not understand what my honourable friend is moving. If she could give me the operative part, I could perhaps reconsider my position.

Senator Neiman: Honourable senators, what the committee is seeking today are instructions to consider some further amendments to Bill S-32. These are amendments which have been proposed by the Solicitor General and which we have already considered on two occasions. However, although we feel that they are perhaps without the purview of the subject matter of the bill, they are sufficiently connected that we feel they should be considered at the same time. Therefore, we ask, in accordance with the Rules of the Senate, for permission to consider these amendments that have been moved.

It does not in any way jeopardize the right of the committee, or indeed of the Senate, to consider them in substance or in depth at some later time if the committee decides, in fact, to approve them.

Senator Roblin: I thank my honourable friend. I should still like to see what these proposed amendments of the Solicitor General are. In view of the fact that the committee is not likely to meet between now and next Tuesday, I see no reason why consideration of the matter should not stand until that time. I have no objection to granting leave to introduce my honourable friend's proposal now, but we should adjourn debate on the matter until next Tuesday.

Senator Olson: Perhaps I could make a comment for the consideration of the Acting Leader of the Opposition. As has already been explained, there will be a further opportunity in the committee for consideration of these amendments. All the committee is asking for at this time is permission to consider those amendments. When that has been done, there will be a further opportunity, when the committee reports to the Senate, to decide whether or not it is the wish to adopt the amendments.

Senator Roblin: I am sorry, but I cannot agree with my honourable friend. I have not read these amendments and I do not know what instructions the committee is seeking. Senators who are not members of the committee are not familiar with the issues, and it seems to me that it is only reasonable that we should have a chance to read what is proposed, and then we can deal with it. In all probability, it will not be disputed at that point, but it seems to me common sense that the matter should be considered by us on this side of the house before we are asked to vote on it.

Senator Olson: If that is my honourable friend's position, I accept it as reasonable. It does, however, raise the question of the committee meeting being put over until Wednesday. There were some plans to have a committee meeting at some time on Tuesday before the Senate meets.

Senator Roblin: I have some sympathy with my honourable friend, but this matter has been before the committee for nearly two months. Another day is not going to make much difference.

Hon. John M. Godfrey: Perhaps I could say a word on the matter, honourable senators. As a member of the committee, I did not feel it was necessary to go through this procedure, but the more cautious members of the committee expressed their wish by a vote to come back to the Senate. I suggest that if Senator Roblin were to reserve his judgment in the matter until Senator Neiman has explained what it is all about, he might change his mind.

Senator Roblin: I have no objection, as I have said before, to Senator Neiman's doing whatever she wishes this afternoon. All I am saying is that when it comes to consideration of the matter, we will move the adjournment.

Motion agreed to.

● (1415)

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Cottreau be substituted for that of the Honourable Senator Benidickson on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Hon. Douglas D. Everett: Honourable senators, I should like to know whether these changes in committee membership are discussed with committee chairmen.

The other day I noted that changes were made to the membership of the Standing Senate Committee on National Finance. As chairman, I was not aware that that was to be done. I should like to know if the administration is supposed to advise committee chairmen that this is to be done, or what their view is in this regard.

Senator Petten: Honourable senators, perhaps I could speak to this matter. It is normal to discuss changes in membership with the chairman of the committee involved. For a variety of reasons, sometimes that is not possible. In future, I shall make use of the telephone.

Senator Everett: You do whatever you want to do.

Senator Petten: No, I did not say that.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(i):

> That the names of the Honourable Senators van Roggen and Steuart be substituted for those of the Honourable Senators Wood and Lucier on the list of senators serving on the Standing Senate Committee on Transport and Communications.

I would add, honourable senators, that, before the changes were moved I discussed them with the four senators involved and also with the chairman.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

INFORMATION COMMISSIONER
PRIVACY COMMISSIONER

NOTICES OF MOTIONS RE APPOINTMENTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

> That in accordance with Section 54 of Schedule I of An Act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other Acts in consequence thereof, Chapter 111 of the Statutes of Canada for the present session of Parliament, this House approves the appointment of Inger Hansen, Q.C., as Information Commissioner.

● (1420)

Honourable senators, I also move, with leave of the Senate and notwithstanding rule 45(1)(h):

> That in accordance with Section 53 of Schedule II of An Act to enact the Access to Information Act and the

Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other Acts in consequence thereof, Chapter 111 of the Statutes of Canada for the present session of Parliament, this House approves the appointment of John W. Grace, Esquire, as Privacy Commissioner.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Explain.

Hon. Richard A. Donahoe: Honourable senators, before the motion is put, will the minister permit a brief question? For the benefit of those who are less well informed than he, can he give us something of the legal background behind the procedure being followed here? To my knowledge, and certainly since I have been in the Senate, this is the first occasion on which such a procedure has been used for approving appointments of that nature. I am curious to know why this procedure is being followed. I would like some explanation before I will give my consent to what is taking place.

Hon. Charles McElman: Honourable senators, before the Leader of the Government responds I wish to say I agree totally with Senator Donahoe. In fact, I endeavoured to intervene on the previous motion for the appointment of Ms. Hansen.

It seems to me that with these two motions there is the introduction of a new proposition to the Senate. If that be the case, and the administration is proposing something different from what we have been accustomed to, then it is time for the Leader of the Government to give us an explanation so that the Senate will be fully apprised of what it is voting on. It was certainly not fully apprised with respect to the motion it just voted on.

Senator Olson: Honourable senators, I have not come with a prepared text or an explanation of what is being asked for, although I understand what the request is. It is in compliance with the statute referred to as the Access to Information Act and Privacy Act. That act did in fact call for commissioners to be appointed and for those appointments to be confirmed or ratified, or whatever the appropriate term is, by both houses of Parliament.

Hon. Martial Asselin: Has that act been assented to?

Senator Olson: The law has been passed, yes, and indeed proclaimed. I believe the date of proclamation was April 1. I should say that following its proclamation I did point out the requirements of the act to the Leader of the Opposition, and that exchange of information was also made in the other place. I believe I also communicated that information to the members of our own caucus two or three weeks ago.

In response to what is being asked for right now, namely an explanation of the legal requirements, I should mention that the legal requirements were in fact clearly set out in the act that was considered by both houses of Parliament some time ago. What is being now asked is leave to move a motion in the terms that I explained a few minutes ago, which is a ratification of the procedure that I am now going through.

[Senator Olson.]

● (1425)

I am now in a little better position, because I have a script dealing with some of the points that have been raised. The resolutions of the Senate and the House of Commons to approve the appointment of an Information Commissioner and a Privacy Commissioner require this procedure: A resolution of both houses is required under section 54(1) of the Access to Information Act to approve the appointment of an Information Commissioner, and under section 53(1) of the Privacy Act to approve the appointment of a Privacy Commissioner. Rule 45(1)(h) requires that one day's notice be given for a substantive motion. That is why I asked leave.

When the Senate approved the resolution to appoint the Official Languages Commissioner, Max Yalden, it did so under similar provisions of the Official Languages Act, which I understand are the same as the requirements in this act. In that case the Senate gave leave late in the afternoon of August 5, 1977, and passed the motion, the House of Commons passed the same motion either the same day or within a few days.

I could read the rest of this memo, if honourable senators so wish, and try to reply to the rest of the questions.

In response to the questions asked by Senator Donahoe and Senator McElman, that is the procedure, and the requirement for the procedure of moving these resolutions on the floor of the Senate.

That is the situation. The reason it came up today—I think I am correct on this—is that it was desired to move the motion in both houses on the same day, and today was a day that was agreed on for that purpose in the other house. This, by the way, was known to the Leader of the Opposition when I discussed it with him some two weeks ago, perhaps even three or four weeks ago.

Hon. Robert Muir: Honourable senators, I appreciate the explanation given by the Leader of the Government. It seems to me that these phrases are most important—information, access to information, freedom of information. It would appear to me that one of the things we require in this chamber is information. I agree with Senator Donahoe and Senator McElman. When the Speaker asked if we approved the motion, I noticed that the Acting Leader of the Opposition nodded his head. I speak for myself, and for Senator Donahoe who joins me, and apparently Senator McElman, although he is on the other side, I certainly do not think we should go ahead with this, because it is up to the leaders of our parties to advise us what is taking place if they were informed two weeks ago.

Hon. Ernest C. Manning: Honourable senators, I would ask the Leader of the Government for clarification of the procedure he has just outlined. The concept of the two houses of Parliament ratifying appointments is readily understood, I am sure, by all of us, but it would seem to me that the normal procedure when the Senate is asked to ratify an appointment is for the subject to be raised and then referred to some appropriate committee.

Some Hon. Senators: Hear, hear.

Senator Manning: The individual concerned should then come before that committee and be prepared to provide whatever information the members might seek before making a decision. As it stands now, as far as I am concerned—and I assume as far as most other members of this house are concerned—we are asked to ratify the appointment of someone we do not know at all; we have no knowledge of his qualifications, his background or anything else. I suggest that simply turns the Senate into a rubber stamp. I am not quarrelling with the procedure of having the house ratify the appointment. Surely the least honourable senators should expect is an opportunity to question a nominee for a position before they formally vote on the ratification.

• (1430)

Senator McElman: Honourable senators, before the leader responds, I, too, feel strongly that far too often this chamber is accused of being nothing but a rubber stamp. Assumedly, when the legislation to which the Leader of the Government has referred was passed by Parliament, it was supposed to have some significance. Parliament was given the responsibility of confirming the appointment of individuals.

As honourable senators are aware, proposals have been made that the Senate become a body to approve ambassadorial appointments, judicial appointments, and many other appointments, but there is already legislation in effect for that purpose.

Presumably the Senate does not want to be accused of being merely a rubber stamp. I certainly echo the sentiments expressed by Senator Manning that any reference of this kind, unless we are to be foolish not only in the eyes of the public at large but in our own eyes, has to be referred to a committee. The people who are nominated can then appear before the committee, and the ministers responsible for the nominations can appear before the committee, and we can then act as we should act in this chamber, as people who take our responsibilities seriously.

Senator Olson: We can carry this discussion on for some time, but I think it is clear that leave will not be given. The position I take, then, is that I will give notice, and we can debate the matter at the next sitting.

Hon. Duff Roblin (Deputy Leader of the Opposition): No doubt my honourable friend will include an invitation to the first party mentioned today. He should be invited to appear before the committee to be examined.

Senator Olson: I am not sure we have reached that decision. I understand the suggestions that have been made—and I am not discounting them—but I think I should give some further information. I assumed wrongly that the curriculum vitae and background information respecting both of these nominees were indeed known to honourable senators. I give an undertaking now to distribute the curriculum vitae of both nominees tomorrow or, at least, before we meet on Tuesday of next week.

Hon. Hartland de M. Molson: When it comes to ratification of some appointments—this is now the third one—and when names are put forward, I think full notice as provided for in the *Rules of the Senate* should be given. Regardless of whether the procedure is to refer the matter to a committee, I think we should all be given an opportunity to know the names of the nominees so that we can consider them. In confirming nominations, I think it would be a wise policy for this house to have the full notice provided for in the rules.

Senator Olson: What I said a moment ago was in agreement with what Senator Molson has just said.

I apologize to any honourable senator who believes we were moving too rapidly without passing out information, because I was certainly under the impression that every honourable senator had received an indication some time ago that these appointments would be proposed in a motion, and that the curricula vitae had been distributed. If that has not been done, then it will be done before the next sitting.

• (1435)

Rather than ask for leave to move these motions today I shall ask the house to accept them as notices of motions for consideration at the next sitting.

Hon. Senators: Agreed.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday, May 31, 1983, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, we anticipate receiving some bills from the other place next week. One is the bill concerning electoral boundaries in Alberta, which we expect to be available for consideration by this house next Tuesday. We shall also be dealing with the two motions, notice of which I gave earlier today, respecting the appointment of a Privacy Commissioner and an Information Commissioner. We also expect to receive the bill dealing with the salaries of lieutenant governors.

At this time I am not sure whether firm agreement has been reached to pass Bill C-152 on Friday. However, we believe there is a strong possibility of that happening. The bill concerns the organization of the Government of Canada and matters related thereto.

Honourable senators will recall that the legislation originally contained in Bill C-123 was split into three separate bills, those being C-152, C-153 and C-154. Bill C-152 deals with changes to the Department of External Affairs Act, the Department of Regional Industrial Expansion Act, and Spe-

cial Areas Act, transferring some of the previous functions of the Department of Industry, Trade and Commerce, for example, with respect to international trade to the Department of External Affairs, and also the reorganization of what is now called the Department of Regional Industrial Expansion. We expect that bill to reach us next week.

A few days ago, Senator Roblin, acting in his capacity as Deputy Leader of the Opposition, asked for what he termed a solid list of legislation that we could expect to receive for the rest of the session. I am sure honourable senators will understand that I do not want to presume as to what will be coming to us from the other chamber. However, I can indicate that we believe a number of bills will be coming to us, and my honourable friends can put their own interpretation on how soon they will reach us. We believe that those are matters that can and should be dealt with by the end of June.

● (1440)

As I said, first of all we really believe we need to amend Bill C-147, to amend the Fisheries Improvement Loans Act. My understanding is that there is not much by way of amendment to that act other than to extend the time, which expires on June 30. The same is true of Bill C-148, to amend the Farm Improvement Loans Act. Those acts will not be operative after June 30 unless we extend the expiry date.

There is also Bill C-149, to amend the Freshwater Fish Marketing Act, which seeks to increase the borrowing authority of the corporation.

Then there is Bill C-151, which is cited as the Borrowing Authority Act, 1983-84 (No. 2).

There is also Bill C-155, to facilitate the transportation, shipping and handling of western grain.

With respect to Bill C-156, to amend the Unemployment Insurance Act, 1971 (No. 3), I believe there is agreement that it will be passed by 6 o'clock on Thursday, June 2 in the other place. It has some important implications because the act expires on June 4. It contains some important amendments, which I do not want to go into now, regarding leave, unemployment insurance respecting leave during pregnancy, and unemployment insurance for fishermen. In any event, that would come to us by 6 o'clock. I suppose we could have some discussions, through the usual channels, as to whether or not we should sit on Thursday evening after 6 o'clock—perhaps at 8 o'clock—to deal with it. We could sit on Thursday evening to consider it and to refer it to committee, but we would have to sit again on Friday, June 3, in any event, so that we could have Royal Assent at some time during that day while the House of Commons is sitting. My understanding is that this has been worked out with both opposition parties in the other place. In any event, those were the dates mentioned.

Two supply bills have to be introduced and dealt with by the end of June, following the completion of what are referred to as opposition days in the other place.

Then there is an act respecting the Tax Court of Canada and to amend the Federal Court Act, the Judges Act and the Unemployment Insurance Act, 1971. It has not yet been introduced, but notice has been given in the other place.

Then there are two bills, S-31 and S-32, that we should like to deal with, and honourable senators are aware of the earlier discussion.

There is another longer list, including Bills C-85, C-91, C-95 and so on. I fear the opposition may say I am putting out an unrealistic list by listing all of these, but we believe, for example, that Bill C-110, to amend the Export Development Act, increasing the capitalization and so on, is fairly important. Then there are some others I have already dealt with—in particular, Bill C-152.

I think that is a fairly realistic list of the bills that the government hopes to pass by June 30.

[*Translation*]

Hon. Martial Asselin: I wish to thank the Leader of the Government for supplying the list requested by the Deputy Leader of the Opposition. The Leader of the Government must realize that between now and the end of this session—according to the rules that apply this year—we have about thirty-five days left if the session is to end on June 30. The reason why we asked for a list of the bills that the government intends to table in Parliament is that this year, we would like to avoid being caught with a substantial amount of major legislation and having to pass these bills in a dead rush. That is why the Official Opposition preferred to give the government fair warning that if it has any major legislation to submit to the Senate, it should do so as soon as possible to give senators enough time for a thorough study of the bills and not, as happens every year, unload a mass of important bills, thus obliging us to sit day and night in order to rush the bills through. That is why we made this request to the Leader of the Government. Keeping this in mind, we intend to follow the progress of the legislation the government intends to submit to the Senate.

[*English*]

Hon. Henry D. Hicks: Honourable senators, I listened very carefully to the leader's list of legislation that it is hoped will be dealt with by the end of June, but I did not hear him make any reference to Bill C-150, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. Surely, that has some importance respecting the clarification of this government's position prior to the summer recess.

Senator Olson: Honourable senators, that bill is certainly on the list, but I did not get to it. There is also Bill C-153, to amend the Financial Administration Act (Crown Corporations), as well as Bill C-154, to amend the Regional Development Incentives Act (No. 2), and so on. It certainly was not left off the list, but my problem was to lay all of this legislation before the opposition. Senator Roblin made the point the other day that he wants us to give a realistic list of the bills we expect and really have to pass, and not that we hope to pass. Bill C-150 certainly is on the list.

In reply to Senator Asselin, may I say that I was pleased to hear a number of spokesmen for the opposition indicate that we should intensify the use of the so-called prestudy procedure, and we have already begun that, so they will not find themselves in the position at the very end with a large number of bills to deal with. We will certainly try to make use of that procedure, to the greatest extent possible, between now and the appropriate date in June.

• (1450)

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government with respect to Bill C-156, to amend the Unemployment Insurance Act, 1971 (No. 3). Am I right in presuming that he stated that this would be coming to us late in the evening on Thursday? I ask that question for clarification because the provisions of that bill are far-reaching. It has to do with fishermen's eligibility as per the recommendations of the Kirby report. It also applies to veterans who have adoptive children and professionals under contract, and affects maternity benefits. If we receive that bill on Thursday, does the leader really think that one day—namely, Friday—is enough to pass the bill through all stages?

Senator Olson: We could sit on Thursday evening and refer the matter to committee, were there agreement that that would be the major or, indeed, the sole purpose for sitting that evening. In case Senator Marshall does not know, that bill has been referred to committee for prestudy, and I believe that the committee has already had at least one meeting on the matter.

Motion agreed to.

DISTINGUISHED VISITORS IN GALLERY

MEXICAN PARLIAMENTARIANS ACCOMPANIED BY AMBASSADOR OF MEXICO

The Hon. the Speaker: I draw the attention of honourable senators to the presence in the South Gallery of a parliamentary delegation from Mexico which is here at the invitation of Canada, and which is accompanied by His Excellency the Ambassador of Mexico to Canada.

Hon. Senators: Hear, hear.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF FIFTEENTH REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fifteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on Thursday, May 12, 1983.

Hon. John M. Godfrey: Honourable senators, this report of the Standing Joint Committee on Regulations and other Statutory Instruments is concerned with purported proclamations under the Indian Act. The Indian Act has two provisions with which we are concerned today. One is that any individual who is the child of a marriage after 1951, and whose mother was a non-Indian and whose father's mother was a non-Indian, loses his or her Indian status at the age of 21. The second provision in the Indian Act is one which I think most people are familiar with because it has received wider publicity, and it is that if an Indian woman marries a non-Indian she immediately loses her Indian status and, furthermore, her children do not receive Indian status. These provisions, particularly the second, have been widely criticized as being discriminatory.

The government has made an effort to remove part of the discrimination by using a provision in the Indian Act. It is described in the report as follows:

> The proclamations under Report are issued in reliance on Section 4(2) of the Indian Act which provides that the Governor in Council may, by proclamation, declare that the Act or any portion thereof, except Sections 37 to 41, shall not apply to any Indians or any group or band of Indians.

What the government has done is permit local option. It has said that if any Indian band decides it wants either one of those discriminatory provisions revoked, it can petition the Minister of Indian Affairs and Northern Development, and the minister will issue a proclamation. The minister believes—and he has some legal opinion to this effect—that he has the power to do this. As we have said in our report, we do not believe that the minister has this power, although we are not quarrelling with what is behind his actions in attempting to remove this discrimination. In the last paragraph of our report, we say:

> While in full agreement with the need to remove the discriminatory features of the Act, your Committee cannot accept the attempt to do so by means of subordinate law rather than by direct legislative enactment. Your Committee considers that the proclamations under Report infringe on Parliament's sole and undoubted prerogative to make or amend the statute law.

In other words, if they want the law changed, it should be done by Parliament and not by proclamation. I should point out that the Indians themselves do not believe the act should be amended.

Hon. D. G. Steuart: Especially the men.

Senator Godfrey: Particularly the men.

Although the minister has chosen, in effect, this local option to permit any band who so wishes to amend these provisions, it would probably not have met with the agreement of Parliament if he had introduced legislation. Many people believe that these provisions should be eliminated completely and that this option should not be left to the local Indian bands. This is shown by the fact that of 600 Indian bands in Canada, only 41 have exercised the option to remove the discrimination against an Indian woman who marries a non-Indian. Of the 600 bands, 105 have opted out of the double motherhood clause and it is quite obvious from that number that that option is more popular, because usually it is an Indian man whose mother is a non-Indian who sees the prospect, because he is married to a non-Indian, that his children who will be brought up on the

reserve will cease to be Indians at the age of 21. So, out of 600 bands, these options have only been exercised by a total of 146 of them. I suggest that this is not a very satisfactory solution to matters that most people consider highly discriminatory.

I want to emphasize that the committee is not taking exception to the merits of the question. It is only saying that if the act needs to be amended then it should be amended by Parliament, and not by trying to do it in some way which we consider *ultra vires*.

We had correspondence with the Minister of Indian Affairs and Northern Development, the Honourable John Munro, in which we informed him that in our opinion this procedure is *ultra vires*. He replied that his department had an opinion from the Department of Justice to the effect that it was all right. We then asked for the reasons, and indicated that we did not want to hide behind an opinion which we had not seen. We finally insisted that he appear before the committee. In his evidence before the committee on March 24, Mr. Munro stated:

> Now, the doctrine of ministerial responsibility as I know it—and I think we would all agree—is: If legal opinion is challenged, if somehow I have not been using Section 4(2) appropriately, then it is the Minister of Justice who should be challenged and held politically accountable for opinions given by law officers of the Department of Justice, for which he is accountable to people in public life such as people here on this committee.

He reiterated that statement two or three times before the committee. However, he also gave the reasons for the opinion, and since he did not stand firm on the opinion, we have not included any reference to his comments in our report.

I am bringing this matter up because the committee issued a report in January 1977, in which we dealt with this subject. We had had difficulties during 1976 with various departments, and particularly with the Deputy Minister of Justice under whose authority they were acting, saying, "All we will say is that we have a legal opinion. We will not give any reasons; we will not back up the opinion in any way." We were not asking to look at the opinion. We simply pointed out that any other lawyer in acting for a client and giving an opinion, would, if that opinion were challenged, give reasons.

● (1500)

Mr. Basford then appeared before the committee with his deputy minister and, in effect, overruled his deputy minister. We received a letter from Mr. Basford, which appears in the committee's second report presented in the Second Session of the Thirtieth Parliament. I want to read part of paragraph 80 of that report, quoting from Mr. Basford's letter:

> I have proposed that departments and agencies nominate a senior official, perhaps at the deputy-minister level, to whom requests for explanations concerning statutory instruments would be directed. This official would then provide the requested explanations having regard to the department's policy and legal position. Naturally, in many cases there will be consultation between the department concerned and the Department of Justice. It must, however, be understood that the explanations provided, including any explanation as to the legality of the instrument, would be the sole responsibility of the responding department and that legal advice given to those departments by the Department of Justice will not be disclosed. It is my hope that this system will provide for responses that will allow the Committee to perform its important function, while preserving the confidentiality of lawyer-client communications. This proposal has now been approved by my colleagues—

Meaning the cabinet.

> —and steps are being taken to have it implemented in the very near future.

I must say that until Mr. Munro appeared before the committee we had had no problems with the various departments. They did not hide behind a legal opinion; they did not say that it was up to the Minister of Justice. They gave their reasons and we, having heard their reasons, could make up our own minds as to whether a matter was *ultra vires* or not.

As I say, Mr. Munro did appear before the committee and actually gave his reasons when we pressed him, but I want to put it on the record that the position he took before the committee is contrary to the position approved by cabinet back in 1977.

On motion of Senator Macdonald, debate adjourned.

NORTHERN PIPELINE

CONSIDERATION OF FIFTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, April 26, 1983 consideration of the Fifth Report of the Special Committee of the Senate on the Northern Pipeline entitled: "Marching to the Beat of the Same Drum: Transportation of Petroleum and Natural Gas North of 60°", which was tabled on March 30, 1983.

Hon. Joseph-Philippe Guay: Honourable senators, I have the pleasure of speaking to you today on certain aspects of the work of the Special Committee of the Senate on the Northern Pipeline. The special committee was presented with a challenging task, namely, to examine, consider and report on the transportation of petroleum and natural gas in Canada north of the 60th parallel of latitude and any matter related thereto. My remarks will be directed specifically to the question of transportation; other members of the special committee will speak to the social, economic, regulatory and other concerns attending hydrocarbon development in Canada's northern frontier.

In the decade since the Arab oil-exporting countries delivered their potent object lesson on the strategic significance of petroleum, most nations have been striving to make themselves less vulnerable to shocks in the energy arena. World oil production has fallen sharply from its peak in 1979, and last

year stood at its lowest level since 1972. OPEC's share of world oil production has fallen from a high 55 per cent in 1973 to a less dominating 35 per cent in 1982.

Nonetheless, oil remains the single most important element of Canada's energy mix. Internationally, oil replaced coal in the post-war period as the energy commodity in greatest demand and there are good reasons for this rise to prominence, not the least being its formerly low cost. Oil is also comparatively easy, inexpensive and safe to transport and store. Its high energy density and liquid form makes it particularly suitable for fueling the transportation sector, and its complex hydrocarbon chemistry allows it to be tailored in the refining process to meet a broad and demanding range of specifications for end uses. Displacing such a desirable commodity from our energy system, even at today's higher prices, will not be easy. Moreover, the complex energy system of modern industrial nations represents a massive investment in capital, in materiel, in time and also in manpower, an investment whose character can only slowly alter with time.

We can anticipate, therefore, that petroleum will remain an important part of Canada's energy system for many years to come. Consequently, the government has made domestic self-sufficiency in oil a major goal of its energy policy and Canada's frontier petroleum resources are considered a key element in achieving this. With this backdrop to its study, the special committee examined the question of transporting crude oil and natural gas from northern Canada.

The Canadian North is an unforgiving environment in the sense that mistakes—whether they take the form of an oil spill in cold Arctic waters or social problems caused by inappropriate development—cannot be easily rectified. Given this reality and given the uncertainty faced today in world petroleum markets, it is understandable that many of the witnesses who appeared before the special committee foresaw a gradual or phased development of northern hydrocarbon resources. While this may appear to some to be a tentative approach to exploiting an essential resource, the special committee considers it appropriate in light of the uncertainties surrounding petroleum development north of the 60th parallel.

Many considerations are involved in selecting a transportation system. Project economics, markets, questions of safety and reliability, and the need for environmental protection are determining factors. The location and extent of reserves is also central to the decision. In turn, the choice of transportation system affects the timing and rate of delivery of hydrocarbons to southern markets.

There are two basic and not necessarily exclusive approaches to moving crude oil and natural gas in northern regions—marine transport via tankers, or potentially even in submarines, and pipeline transport. Each approach presents advantages and disadvantages; each has its adherents and detractors. Based on the evidence that we have received it appears that either tankers or pipelines, or a combination of the two, are technically feasible and environmentally acceptable for carrying hydrocarbons to market. Under appropriate circumstances, both systems are economically viable.

In the latter part of this decade, oil production could be under way in the Mackenzie Delta-Beaufort Sea region, as could gas production in the Arctic Islands if the Arctic Pilot Project application is successfully reactivated.

• (1510)

Looking at oil production first in the Delta-Beaufort area, a marine-based transportation system would require a lower reserves threshold because the number and size of the tankers employed can be matched to the delivery rate. Dome Petroleum estimates that a reserves threshold of 700 million barrels of oil, coupled with two tankers supporting a production rate of 100,000 barrels per day, is a feasible beginning to oil production. On the other hand, Dome contends that 2.5 billion barrels of oil reserves and a production rate of 350,000 barrels per day are necessary to sustain the economics of a large-diameter pipeline transportation system.

Esso Resources Canada has described a development plan which foresees oil production beginning in 1989, and building up to 400,000 barrels a day by the year 2000, based on a large-diameter pipeline system. Alternatively, Esso proposes a demonstration oil pipeline matching the capacity of and joining with the Norman Wells pipeline, thereby allowing an earlier and more modest start to production.

Gulf Canada Resources does not see output reaching 300,000 barrels a day before the mid-1990s, possibly using a marine system.

The Joint Environmental Impact Statement, which these three companies have prepared for the Beaufort Sea region, includes both the tanker and pipeline options and allows for the probable requirement to commence oil output on a limited scale, utilizing either a smaller version of an ice-breaking tanker or a small-diameter pipeline connecting to the Norman Wells system, as I mentioned before. If marine transport is selected, tanker movement eastward through the Northwest Passage is the preferred route.

For Arctic Islands hydrocarbon development, the Arctic Pilot Project foresees liquefied natural gas or LNG carriers transporting gas from Melville Island also eastward through the Northwest Passage to a terminal in eastern Canada. Two ice-breaking tankers making 16 trips apiece per year could handle production, and the carriers would be capable of entering United States ports on the eastern seaboard as well as an eastern Canadian terminal. Proven reserves of natural gas already exceed the threshold level required for tanker operation, and this mode provides more flexibility than a pipeline in accommodating production levels and delivery points. Ship transport would also allow European markets to be served in this particular manner.

A novel option for the marine transport of gas at a later stage, either from the Beaufort Sea or from the Arctic Islands, is the use of submarines carrying liquefied natural gas. This approach visualizes the design of a submarine, using either nuclear or conventional propulsion, much larger in size than the biggest military submarines of today. Requirements for a safe operating depth and manoeuverability of this huge vessel

impose some constraints on the location of sub-sea loading systems and on the transportation route in shallow Arctic seas. The principal attraction of this transportation option is its lack of surface disruption, but the special committee considers that this technology requires further investigation before its feasibility can be adequately assessed.

Returning to the general question of transport, the problems to be encountered in pipelining are better known because there is the experience of the trans-Alaska pipeline system to draw upon. Marine transport of hydrocarbons through Arctic seas is a new venture, calling for a new class of ice-breaking tanker and its safe operation in a hostile environment. Severe and variable ice and climatic conditions, 24-hour darkness during part of the year and a fragile environment clearly set the Arctic apart from conventional tanker operations.

Both transportation options allow year-round production. At a high rate of throughput, a large-diameter pipeline is more economical than a tanker system, but the high cost makes financing difficult and the uncertainties loom larger. The special committee has concluded that a more flexible system adaptable to lower reserve levels and uncertain market conditions appears to be the prudent approach at this time. Starting with tanker transport seems most logical in this set of circumstances.

There are important associated benefits arising from the marine transport of hydrocarbons. The special committee considers it most desirable that Canada remain in the forefront of cold-ocean technology and, at the same time, that our domestic shipbuilding industry be revitalized. This very important factor has been considered by the committee and should be discussed more fully when the opportunity arises. Tanker transport would provide the vehicle for developing a new capability in Arctic class, ice-breaking ships.

Beyond these technical advantages, marine transport allows development to be phased in such a way that employment and business opportunities are extended, industrial activity is drawn out in time and is therefore less inflationary, and northern communities can adapt to growth in a more measured fashion.

Because the committee saw tanker transport in this light, it made the following recommendation:

> That transport of hydrocarbons from the Arctic region commence by tanker on a small scale and that consideration be given to various combinations of tanker and/or pipeline systems as other factors warrant.

Having said this, the committee recognizes that year-round marine transport of hydrocarbons through Arctic waters requires major advances in navigation, ship safety, ice-breaking, search and rescue, ice-monitoring, weather forecasting, hydrography, communications and measures to handle oil spills, which is very important. At least half a dozen government departments are involved in these activities, and the special committee stresses that action must be taken quickly in each of them to assure safe and reliable transit of tankers on a year-round basis.

[Senator Guay.]

In this regard the special committee has recommended:

> That all support systems relating to such marine services as ice monitoring, weather forecasting, navigation, search and rescue, and marine escort which are necessary to ensure the reliability and the safety of production and transportation systems be in place before production commences.

While the special committee has made other recommendations which pertain to the transportation of hydrocarbons, taken together, they support our view that the production and transport of hydrocarbons in the Canadian North is both feasible and desirable, provided that the necessary precautions are taken and planning is done well in advance.

● (1520)

[*Translation*]

I should like to add that Senator Hastings who chaired our committee should be congratulated for the high quality of his performance within our committee, something for which I, for one, thank him.

[*English*]

Hon. John M. Godfrey: Would the honourable senator permit a question? Several weeks ago I was a member of the Canadian delegation to the Canadian-European parliamentary meeting in St. John's, Newfoundland. The Arctic Pilot Project was one of the items discussed. At that time Greenland made a very strong objection to the whole process. So strong was their objection that a report on it was prepared by one of the Belgian members of the European Parliament.

The nub of their objection seemed to be the noise of the propellers of these ships and how that would affect the whales and their whole fishing industry. They claim that the livelihood of the people of Greenland is at stake. In the report there seems to be no mention of the noise problem or the objection of Greenland. Did the committee consider that question? If so, what did it decide to do about it?

Senator Guay: I cannot speak for the chairman, but I know that the committee did take that problem and objection into consideration. The committee is aware of the problem the project presents to Greenland and other places in the north such as Pond Inlet. The committee was made aware of the noise pollution problem caused by the propelling systems of these ships.

All of those matters were taken into consideration by the committee when it made its report. I am sure that the chairman of the committee could certainly give you a far more detailed explanation, but I can tell you that although we considered those matters we did not find it necessary to include them in this particular report. However, with respect to whether or not there is really a problem in that respect, I can say that the committee has not completed its work, and we will make sure that we take that particular matter into further consideration at future meetings of the committee.

On motion of Senator Hastings, debate adjourned.

QUESTION PERIOD

[*English*]

Leave having been given to revert to Question Period:

NATIONAL DEFENCE

TEMPORARY ENLISTMENT OF YOUNG CANADIANS IN ARMED FORCES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have the answer to a question asked by Senator Marshall on April 28 with respect to the Canadian Forces youth training and employment program. I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

This program will provide full-time training and employment for approximately 5,000 Canadian youths for approximately one year. The program will be conducted in three phases: a recruit training phase of 10 weeks; a trades training phase of three to six months, depending on the trade; and an employment phase for the balance of the term.

The training will be conducted at Canadian Forces schools already established for training. Specifically, the recruit training phase will be conducted at Canadian Forces Bases (CFBs) Cornwallis, Saint-Jean Valcartier, Petawawa, Shilo and Calgary (Wainwright); and the trades training at CFBs Valcartier, Petawawa, Shilo, Calgary, Halifax, Kingston, Borden and Chilliwack. During the employment phase, most Canadian Forces bases and stations will receive some candidates to augment their particular programs.

Although we do not intend to be rigid with regard to specific quotas, we have identified targets for the four regions of Canada. Our plans call for targets of 17 per cent for the Atlantic Provinces, 27 per cent for Quebec, 31 per cent for Ontario and 24 per cent for the West.

FOREIGN AFFAIRS

MIDDLE EAST—CANADIAN PEACE INITIATIVES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have the answer to a question asked by Senator Macquarrie on May 10 concerning discussions of Canadian diplomats with Syria and the PLO with regard to the Reagan peace plan for the Middle East. I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

We are not, of course, a central player in the Middle East and the influence we can bring to bear in trying to reach an accommodation is necessarily limited. Nevertheless, Canada welcomed the Reagan initiative of September 1, 1982, and we have made this position known publicly through government statements and in our discussions with others. Canadian officials who have had contact with the Syrians, both in Damascus and Ottawa, have communicated our point of view on the Reagan initiative and the conflict in general. As to the PLO, officials below the level of ambassador have had contacts with representatives of the PLO in a number of capitals in the Middle East on a broad range of issues, including the Reagan plan. Canada is not, however, involved in any negotiations.

THE BUDGET, 1983

SPECIAL RECOVERY PROGRAM

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have the answer to questions asked by Senator Flynn on April 20 and May 12 concerning the explanation of the Minister of Finance for the addition of $200 million to the Special Recovery Program described in the April 19 budget. I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

On April 19, the Minister of Finance stated:

As most Canadians are now aware, I received a group of photographers in my office yesterday as part of a pre-budget "photo opportunity" session. A copy of the proposed budget speech was on my desk. I held it up and rapidly turned the pages. A cameraman was standing behind me and, unknown to me, photographed several pages of the proposed speech. The cameraman was thereby able to obtain some information about the contents of the proposed budget. This was clearly contrary to the spirit of this "photo opportunity" session, but the fact remains that the event occurred.

Traditionally, a budget leak involves premature disclosure of a tax matter. Fortunately this is not the case. However, in some quarters any matter or fact connected with the budget might be considered to be of this character. To remove any doubt, I have decided to change the portion of the budget which would otherwise have been prematurely in the public domain.

I have decided to increase the Special Recovery Program to $4.8 billion. This additional $200 million will be added to the Special Recovery Capital Projects, details of which I will give in a moment. The monies will be set aside as a special fund to be spent on projects akin to those already contemplated in the Special Recovery Capital Projects.

As a result of this action, the deficit and financial requirements of the Government for 1983-84, 1984-85 and 1985-86 will be increased $100 million, $50 million and $50 million, respectively. Other appropriate adjustments should be made in reading the printed material distributed tonight. This will no doubt cause some confusion, since the printed material distributed across the country and in the House is no longer accurate. For this, I apologize.

There is some irony in all of this. During the past week, I have debated with myself and with my advisors about the precise nature the budget measures should take. My concern has been that in my desire to be fiscally responsible, I would not provide enough stimulus for the economy to secure the recovery and generate employment. Obviously, this is a matter of delicate judgement and there is no absolutely correct answer. Be that as it may, the events of the past 24 hours have led me to follow what my instincts have been urging me to do all along. If I err in this budget, I want to do it on the side of more jobs.

The following day in response to a question from the Opposition, the Minister of Finance stated:

Madam Speaker, I indicated yesterday that the additional $200 million will be provided for special recovery capital projects. This will be spent on projects that will be of benefit to the Canadian economy. This represents projects taking place all across the country that are on the books of the Departments for future years. We are advancing those projects. These projects will mean more employment for Canadians. This will mean fewer people unemployed. The money will be used to employ Canadians who are unemployed at the present time in various regions of the country.

The use of that money will be announced in the next few days and weeks. I invite my hon. friend to wait for the statements to be made by various Ministers in that regard. She will find that there are very worth-while projects to be undertaken that will significantly help those Canadians who are unemployed. Among them I hope there will be quite a number of young people.

INDUSTRY, TRADE AND COMMERCE

MAISLIN INDUSTRIES LIMITED—GOVERNMENT NOMINEE TO BOARD OF DIRECTORS—FINANCIAL ASSISTANCE

Question No. 103 on the Order Paper—**By Hon. Jack Marshall:**

With regard to the conditions of a loan guarantee given by the Government on behalf of Maislin Bros. Limited, (i) has the condition of the election to the board of directors of a nominee of the Crown been fulfilled and who is the nominee (ii) has Maislin submitted a satisfactory loan offer from the lender and on what date was it submitted (iii) what loan disbursement was started on November 30, 1982?

Reply by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion:

Insofar as the Departments of Industry, Trade and Commerce and Regional Economic Expansion are concerned:

The following response is for Maislin Industries Limited, NOT Maislin Bros. Limited:

(i) The Crown has not yet identified a suitable candidate to represent it on the company's Board of Directors.

(ii) The company submitted a loan offer from the Canadian Imperial Bank of Commerce dated August 20, 1982.

(iii) November 30, 1982 was the date on which, having completed all of the legal documents, the government issued its Insurance Agreement to the Canadian Imperial Bank of Commerce, thereby permitting the bank to commence disbursement of the new $15 million (U.S.) working capital loan.

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—MOTION FOR ADOPTION OF REPORT OF COMMITTEE SEEKING FURTHER INSTRUCTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-32, to amend the Penitentiary Act and the Parole Act, which was presented earlier this day.

Hon. Joan Neiman moved the adoption of the report.

She said: Honourable senators, earlier this day I tabled a report of the Standing Senate Committee on Legal and Constitutional Affairs with respect to Bill S-32 which, in effect, recommended to this house that it instruct the committee to consider some further amendments that had been moved before the committee. The reason I have done so is that there is a citation in *Beauchesne*, citation 761, with respect to the extension of the objects of a bill which is before a committee. It states:

An Instruction is necessary to authorize the introduction into a bill of amendments, which extend its provisions to objects not strictly covered by the subject-matter of the bill as agreed to on the second reading, provided that these objects are cognate to its general purposes.

Honourable senators will recall that the Senate approved second reading of Bill S-32, which, in effect, dealt with certain areas of administration of mandatory supervision under the Penitentiary Act and the Parole Act. The effect of those amendments would simply be the revocation of mandatory supervision for any inmate who committed another offence and would make that revocation, in effect, irrevocable so that such inmate would not have a second chance.

The committee has studied, in great detail, the proposals contained in the bill, and I think it would be fair to say that, by and large, both the house and the committee approved the principle of the bill, which had the effect of trying to remove or mitigate what is known as the revolving door syndrome within the corrections system.

During the course of the hearings we heard from a great number of witnesses who were really not happy with the present administration of mandatory supervision. Most of them had other suggestions with respect to how this particular problem might be better addressed. They felt that to a great extent we were not dealing with the problem inherent in these provisions with respect to mandatory supervision, namely, the problem of finding some method of detaining, beyond the time when an inmate would otherwise be entitled to be released on mandatory supervision because of good behaviour, those inmates who the penitentiary officials, or the corrections officials, or the Parole Board, in general, felt were potentially dangerous. We received that message from a number of witnesses, most notably the Attorney General of British Columbia, who appeared before our committee.

I conveyed the essence of these findings to the Solicitor General and we had a number of discussions and meetings on the matter. You will also be aware that, concurrently with our hearing, the National Parole Board had put into operation an innovation known as "gating," by which means it arbitrarily returned to prison those just released inmates it considered potentially dangerous, even though they had been released under mandatory supervision.

The Supreme Court of Canada has ruled that that procedure of the Parole Board was illegal because there was no provision for it in the Penitentiary Act or the Parole Act, and that the Parole Board was thus acting outside the purview of those acts.

On the day the Supreme Court of Canada so found, the Solicitor General placed before the committee further proposed amendments to the Penitentiary Act and the Parole Act which he felt would deal with this very problem. It was hoped that, if we accepted them as amendments to those acts, they would be considered legal and proper and meet the concerns of the public, who felt that we should find some means of detaining potential dangerous offenders to the end of their sentence.

• (1530)

The committee has had hours of discussion on this, because we wanted to ensure that we could properly introduce these further amendments to Bill S-32. As a result of a very long meeting we had yesterday it was decided that the amendments were within the scope of the bill, but perhaps extended it to a point where we were not entirely confident that they could be considered within the subject matter itself. There is a delicate and indefinite line of distinction, apparently, between those two areas in a bill.

The committee therefore instructed me to come back to the house on a matter of procedure, simply to ask the house to empower the committee to consider these further proposed amendments, since in fact we have already considered the problem they propose to address because of testimony put before us by witnesses and, indeed, during our own discussions with the minister and departmental officials.

My report to you today, honourable senators, is really to ask for your instructions to the committee on a procedural point. I emphasize that we are not dealing with the substance of the amendments, which, of course, must be debated, not only in our committee once they are properly before us but again before this house if the committee decides to approve them as they are or in some further amended form.

I stress that this request made to the Senate is on a procedural matter only, and the Senate will have the authority and opportunity to deal with the matter in a substantive way at a later date when the committee reports, which I hope will be within the next week or so.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Tuesday, May 31, 1983, at 8 p.m.

THE SENATE

Tuesday, May 31, 1983

The Senate met at 8 p.m., the Honourable Renaude Lapointe, Speaker *pro tem*, in the Chair.

Prayers.

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker *pro tem:* Honourable senators, I have the honour to inform the Senate that in conformity with rule 112, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1982-83.

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

SALARIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-160, to amend the Salaries Act.

Bill read first time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. H. A. Olson (Leader of the Government) tabled:

Report of the Auditor General of Canada on the Follow-up of the 1980 Comprehensive Audit of the House of Commons.

Document entitled "Information Technology: A Call for a National Dialogue on the Emerging Information Society", dated March 1983.

Report entitled "International Convention on the Elimination of all Forms of Racial Discrimination", dated December 1982, issued by the Secretary of State.

Report entitled "International Convenant on Economic, Social and Cultural Rights", dated December 1982, issued by the Secretary of State.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask my honourable friend a question? As I listened to the tabling of the documents, it struck me that they were not the usual documents we expect in terms of reports and matters of that sort. It seemed to me that they were not related to anything in particular. What reason has he to advance for tabling these particular documents and could he, perhaps, tells us their provenance?

Senator Olson: The honourable senator is quite correct; these are not reports that are required to be tabled by statute, if I may put it that way, but are, indeed, reports and policy statements that have been issued by those whom I have identified. I believe they contain information all senators would like to have. By going through the process of tabling, it follows that copies will be sent to each senator's office.

Senator Roblin: I wonder whether my honourable friend intends to table this evening the communiqué or other statement of the Government of Canada with respect to the summit meeting held in Williamsburg last week.

Senator Olson: No, honourable senators, I do not have that communiqué or other report, as my honourable friend described it, with me this evening, but I will try to obtain one so that it can be tabled in this house. I know that there is in existence a communiqué that was issued following the conference in Williamsburg. There may also be further comments made by either the Prime Minister or one or more of the other ministers who attended that conference. If that is the case, I will also try to obtain copies of those statements to table in this chamber.

Senator Roblin: I should like to warn my honourable friend that he need not be surprised if I ask him a few questions on this topic in Question Period.

Senator Olson: Indeed, honourable senators, I expect that. I hope that I am fully prepared and equipped to answer any questions that my honourable friend might raise, but I am not entirely sure that I will be.

Hon. Jack Marshall: Honourable senators, I am aware that this question was raised last week by Senator Asselin, but I

will ask it again. Why did the Leader of the Government not table a green paper on Senate reform?

Senator Olson: Honourable senators, I do not believe that the green paper on Senate reform has yet been issued to either house of Parliament or to the public. What I said last week was that there was an indication that such a paper was in some state of preparation.

Senator Marshall: In order to help honourable senators find out what is going on in this world, it seems to me that, if the preparation of a green paper is advertised, then that paper ought to be given to all honourable senators so that we can contribute something rather than be left in the dark.

Senator Olson: Perhaps my friend is misinterpreting the reply that I have already given.

Senator Marshall: I am not misinterpreting anything.

Senator Olson: There is no intention of keeping honourable senators in the dark. Indeed, I believe that a number of—perhaps most—honourable senators have expressed some views with respect to Senate reform through various organizations. I would not like to imply—and I do not think my honourable friend would either—that there are any senators left in the dark with respect to this matter.

It was indicated that there are a number of questions which should be taken into consideration by the Special Joint Committee of the Senate and the House of Commons on Senate Reform and that a green paper indicating the parameters of those questions was in a state of preparation.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with the leave of the Senate and notwithstanding Rule 45(1)(*g*), moved:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, June 2, 1983 at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

TRANSPORT

BRITISH COLUMBIA—POSSIBLE STRIKE OF GRAIN HANDLERS

Hon. D. G. Steuart: Honourable senators, I have a question I should like to direct to the Minister of State for the Canadian Wheat Board. For some time now there has been a growing dispute between the unions responsible for the grain handlers on the west coast and the shipping companies. It seems that this dispute is becoming more serious. In fact, lately there has been some talk of a possible strike or lock-out situation.

I wonder if the minister has any information on this matter or whether he could tell us of any steps the government might be considering to put an end to this dispute before it gets too serious.

● (2010)

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, the B.C. Terminal Elevator Operators Association and the Grain Workers' Union, Local 333, have been meeting today. At this time I do not have a report on the results of the meeting; they may still be going on. In any event, they have agreed to meet and have been meeting today. The union has been in a legal position to strike since May 26. A lock-out is also a legal weapon that could be used by the operators. However, there is no indication that a lock-out or strike is imminent: talks are continuing; the workers are on the job and are prepared and are continuing to work overtime.

I might say that the output through Vancouver has been really quite outstanding this year, in spite of the difficulties on the west coast earlier in the year. The shipments out of the west coast are about 3 per cent less than last year, but if all the ports are taken together the shipments are about 17 per cent higher than they were last year.

Labour Canada is ready to resume mediation upon request of the two parties. I think we are fortunate that the Grain Workers' local is led by Henry Kangs, who, in my judgment, is a very responsible labour leader. I believe that the parties should be able to work out their differences on their own.

FOREIGN AFFAIRS

ECONOMIC SUMMIT MEETING, WILLIAMSBURG, VA., U.S.A.—REQUEST FOR STATEMENT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to question the Leader of the Government, if I may, about the proceedings in Williamsburg over the weekend, when the leaders of the seven leading western industrial nations discussed economic policy and other matters.

Perhaps the Leader of the Government would be able to comment on the policies that were presented to that meeting by the Government of Canada, and make a statement on the fate they met when this conference discussed them. I understand that he cannot give a detailed statement, because many of the meetings were held in private among the main participants. However, there are certain thrusts of policy that the government was supporting, and I wonder if he would make a statement on the subject.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Roblin indicated a few minutes ago that he would be asking a question of this kind. I would like to make a statement in this chamber after the Canadian participants—namely, the Prime Minister, the Secretary of State for External Affairs and the Minister of Finance—have returned to

Canada and have made a statement, probably in the other chamber.

In any event, I will take the question and refer it to all three ministers, and tell them that there is some interest in Canada's position, particularly in what has been described as the main thrust of a number of items that were before that conference. Hopefully, within a short time, perhaps by the next sitting of the Senate, we will have that kind of statement on Canada's position, and not only with respect to the main thrust of the agenda items, because one or two items that were at least reported in the press and that were not necessarily on the agenda were also discussed, and there was some consensus expressed at the completion of the conference.

Senator Roblin: I thank the Leader of the Government for his reply. I must say I am disappointed that we do not have a copy of the communiqué before us in this house tonight. It would have been advantageous to discuss the matter when it was relatively new. If the Leader of the Government cannot reply further, I would just ask him to keep in mind that policies that were considered were with respect to inflation, interest rates and national deficits. I think we would require further elucidation of such policies of the Government of Canada, and information on the degree of consensus reached and what consensus means, at least in the mind of the Prime Minister. Perhaps he cannot speak for the others, but he will at least have an idea of what the consensus meant. I am sure that is one of the important aspects of this matter, namely, we try to understand what really was agreed to, what really went on. It is that line of questioning that I would like to pursue. Therefore, I give the minister this notice, and I hope it may help him in framing his replies to questions when we have another opportunity.

• (2015)

In addition to the economic matters that were discussed, the question of defence and certain matters with respect to nuclear armament and disarmament were perhaps piggybacked into the meeting by the President of the United States, but it appears that it resulted in a significant meeting of minds. Again on that topic I would like to know as precisely as possible what we think was actually agreed to, and what we believe the consensus involves.

So I would ask the minister to take those matters into account, because it is questions along those lines as well as others that I wish to pursue with him at an early date.

Senator Olson: Honourable senators, Senator Roblin has put the communiqué and the subsequent questions that he may wish to ask in their proper perspective, because from the vantage point of press reports and other comments that were made at the conclusion of the meeting, I believe it is fair to say that some discussions took place and that some conclusions were reached in the meetings of the leaders that were not fully anticipated before the meeting started. Therefore, it becomes extremely important, when he frames his questions, to inquire not only as to what is in the communiqué but as to an interpretation of what it says and also as to what it means for Canadians. I suggest that is an accurate way of putting it, because I am sure there are some conclusions, however they are interpreted, and there may be some variation of that which came out of the meeting but which was not fully anticipated either before or during the initial stages. Therefore, I appreciate the way the question was put and I will endeavour to have a reply, concerning how the Canadian representatives interpreted all of those developments, by the next sitting, which I believe will be on Thursday.

[Senator Olson.]

TRANSPORT

MANITOBA—CHURCHILL—GRAIN SHIPMENTS

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the minister responsible for the Canadian Wheat Board. When replying to a question earlier he said that taking all the ports together, delivery was 10 per cent above last year. I am sure the minister was not referring to the Port of Churchill, or did not take that port into consideration in making his statement.

My question concerns the Port of Churchill because I know that the port is not yet open—or, if it is, that would be something unusual. I would ask the minister whether any repairs or maintenance have been done, such as dredging, to make the port more usable than it has been in the past. Notwithstanding the fact that last year we had a successful year, I am sure the minister is aware that we in Manitoba would like to see more grain deliveries out of Churchill. Perhaps he could enlighten us in that respect.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, if I recollect correctly, the Wheat Board's program last year was 557,000 tonnes, which was a fairly good year. In my view, the board is to be commended for the use it is able to make of Churchill. It is correct to say that if the port is to be fully efficient and if the environmental standards at the terminal are to be reached, then work has to be done to improve the environment, with the use of dust-removal equipment. It is estimated that to bring the port to full efficiency would entail an investment of up to $35 million. As I understand it, it would cost an additional $15 million to bring the railway up to a standard where it could handle the 3,000-bushel hopper cars.

• (2020)

The position of the Department of Transport has been that if consideration is to be given to such an expenditure there should be an indication of the use that is likely to be made of the Port of Churchill in the years ahead. The Canadian Wheat Board is reluctant to give a firm guarantee that, come what may, a certain target quantity of grain will go through the port and the advisory committee supports the board in that proposition.

I have said before that the Port of Churchill is good for Canada. The Port of Churchill should be supported and I have asked that some target figures be put forward, without providing an ironclad guarantee, on the estimated use of the port in the future. I say that because if there were a crop failure, for example, from heavy frosts, in the areas from which the grain

through the port is drawn, it would be very difficult to meet an absolute guarantee. However, I think it is reasonable to say that the Department of Transport is justified in suggesting that there should be some indication of the use that can be made of Churchill in the years to come so that it will have such information before it makes a commitment to these expenditures.

Senator Guay: Honourable senators, last spring, the minister brought to my attention the fact that the track on the Churchill line was not fit for the big hopper cars and that wooden box cars were used in many instances to deliver the grain to Churchill. My question is: Under the proposed program on the Crow is any consideration being given to improving the track to the Port of Churchill so that more grain can be moved during the navigation season which, in the end, will benefit the western provinces because of the cheaper rate for moving the grain the shorter distance to the Port of Churchill? Is any consideration being given to such a program?

Senator Argue: Honourable senators, I do not believe the Port of Churchill is suffering from any lack of box cars or hoppers cars for the movement to that port of the maximum amount of grain possible. The governing factor, aside from the facilities of the port, is the ability of the Canadian Wheat Board to obtain sales for export of grain through that port. The government's transportation initiative which, as we all know, envisages the expenditure of some $3.7 billion in the years ahead, does not address the improvement of the railway under the currently announced program. But the department, as I have said, going back to my initial response, is asking for an indication of the probable use to be made of the Port of Churchill in the future. Having been given a certain target, the government would be in a position to assess the use that might be made of Churchill and the expenditures that could be provided.

● (2025)

Certainly, Churchill can be used, and will be used in the foreseeable future, but in order to put the port to its optimum use it may be necessary to make the expenditures I have referred to, and the department is considering doing so.

Senator Guay: Honourable senators, this will be my last supplementary. If memory serves me correctly, even though there were considerable shipments through Churchill last year, they had to be made in old wooden cars because the hopper cars were too heavy for the tracks. Because of that problem there were definite restrictions on the movement of grain through Churchill, and some consideration ought to be given to improving the condition of the track to the north, failing which we will be in serious trouble there in a few years. Certainly, it will be impossible to continue delivering these amounts of grain to Churchill without effecting some major improvements to the present track.

Last year I agreed with you, Senator Argue, that there was this problem with the use of hopper cars. Bearing that in mind, would you, on my behalf and on behalf of the people of my province, see that some consideration is given not only to improving the Port of Churchill itself but to improving the track necessary for appropriate deliveries to the port, and possibly even greater deliveries in the future?

Senator Argue: I am pleased to receive the comments of Honourable Senator Guay, and I will draw his remarks to the attention of the appropriate officials.

Senator Guay: Thank you.

NOVA SCOTIA—HALIFAX—CONTAINER TRAFFIC VOLUME

Hon. Richard A. Donahoe: Honourable senators, we have just spent considerable time giving attention to Senator Guay's concern for the Port of Churchill. I will say at once that he has my complete sympathy. I trust that the considerations he has put forward will move the government to take the steps necessary to satisfy him. Although Senator Guay addressed his question to Senator Argue, I should like to address mine to Senator Olson. I rise to speak not from a concern about what is happening in the Port of Churchill but rather about what is happening in the Port of Halifax, Nova Scotia, one of the great ports of the world.

Throughout its history the Port of Halifax has been accustomed to handling substantial volumes of container traffic, but in recent years there has been a gradual lessening of that traffic—not that our facilities have been diminished. To the contrary, they have been increased. We now have two container ports in the city of Halifax. But of what use are container ports in Halifax, if the containers are all shipped up the St. Lawrence River?

Because of its concern about this matter, the government appointed a commission to investigate the future of the container service in the Port of Halifax. That commission has now rendered its report. Although it is interesting, it is nonetheless a distressing report, because, in effect, it says that while there may be some future for Halifax as a container port that future depends entirely upon the attitude of the Canadian National Railways towards the port. According to the commission's report, the Canadian National Railways have not fulfilled their obligations to the Port of Halifax, but rather have abused their monopoly—and they do have a monopoly over the rail freight movements into Halifax. The report argues that consideration should be given to opening the port to competition.

With those few remarks as a background to my question, honourable senators, I wish to ask the Leader of the Government in the Senate if the government would be willing to consider either removing CN's monopoly or telling the crown corporation to increase its use of Halifax.

● (2030)

Hon. H. A. Olson (Leader of the Government): I appreciate the concern that Senator Donahoe has expressed in his interpretation of the recommendations on the commission's report. However, I do not think that we should argue the pros and cons of that report here in Question Period. I shall refer his question to the Minister of Transport for a reply.

[*Translation*]

FISHERIES AND OCEANS

QUEBEC—MAGDALEN ISLANDS—PLIGHT OF FISHING INDUSTRY

Hon. Martial Asselin: Honourable senators, interestingly, the two last questions were concerned with regional problems. I believe this is in line with the objectives described by the Deputy Leader of the Government this afternoon, when he appeared before a Senate Committee and said that it was the role of the Senate to protect regional interests. His message did not go unheeded, since this evening, he received a direct reaction to the suggestions he made to us this afternoon. I would not go so far as to agree with his claims that the Senate must be elective if it is to carry out his proposals. That was certainly not my intention. In turn, however, I would also like to speak about regional interests.

The people in the Magdalen Islands are currently suffering as a result of a silly disagreement between two levels of government, federal and provincial—a quarrel, in fact, between two Ministers. Four hundred fishermen are on the wharves, looking at fifteen fishing vessels that belong to a financial institution that has been seized by the provincial Government. The boats cannot go out to sea, because the federal Minister of Fisheries and Oceans refused to issue an operating permit. As a result, a quarrel between two federal and provincial Ministers is keeping 400 people from going out in their boats to earn a living. Because of the dispute, these people are out of work and must await a decision by the federal and provincial governments. We were even told this weekend that the federal Government was preparing to nationalize the fishing industry in Canada. For the time being, I think it is high time we stopped this bickering about matters that may be important to the Ministers, but in any case, the whole situation is endangering the future economy of the Magdalen Islands and its fishermen. I would like to know whether the Minister could ask the Minister of Fisheries and Oceans to be more flexible and whether he could ask Minister Garon in the Quebec Government to show his good faith so that this problem can be settled as soon as possible. It is a regional problem. I think the Senate should be concerned about it. I would like to know whether the Minister would give me his word that between now and the next session of this House, he will come up with a solution to this serious problem on the Magdalen Islands.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I agree with Senator Asselin that it is one of the highest duties and responsibilities of senators from a region to express the concerns of that region in this chamber, and I commend him for following in the footsteps of his two predecessors in fulfilling what I consider one of the highest priorities of this chamber.

He has referred to the disagreement between the federal minister and the provincial minister responsible with respect to the Magdalen Islands fishing fleet as being a petty argument. I do not know whether this is a true interpretation of the situation.

[Senator Olson.]

• (2035)

I know that the federal Minister of Fisheries and Oceans has a deep and abiding interest in the well-being of the fishermen not only from those islands, but along the Gaspé coast and, indeed, all over Atlantic Canada, because that industry is in a difficult economic position at the present time.

That is not news; everyone knows that. Without going into an examination of the reasons for that, or indeed to agree that it is a petty argument or a more significant argument, I shall give my honourable friend an undertaking to refer his question to the Minister of Fisheries and Oceans, whom I know will reinforce his already great desire to find a solution to the differences outstanding in the interests of the economic well-being of those fishermen.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, I have a supplementary to Senator Asselin's question. I am glad the Senator mentioned the fishermen on the Magdalen Islands, because I originally come from this magnificent region. I would like to ask the Minister whether he could provide this house with some clarification about the allegedly fundamental differences between the Government of Quebec and the Government of Canada.

The Senator referred to bickering, but I am not so sure about that. I would also appreciate it if the Leader of the Government, when he makes his enquiries, could find out and let us know whether Senator Asselin was correct in saying that there were fifteen ships and 400 fishermen. I understood that there were five or six ships and possibly 300 or 400 plant workers who were affected by the dispute.

Once again, I wish to thank Senator Asselin for raising the matter in this house, and I want to ask the Leader of the Government whether he could possibly obtain the additional information I requested.

[*English*]

CONSUMER AND CORPORATE AFFAIRS

DRUG MANUFACTURING—PROPOSED CHANGES IN REGULATIONS

Hon. Jack Marshall: Honourable senators, I have a question of a regional nature. It has to do with the citizens who are living in low-income areas.

As I understand it, the Minister of Consumer and Corporate Affairs has indicated that changes to the regulations are being proposed that allow low-cost generic drugs to be sold in drugstores. This change will cause undue hardship to those people on welfare, and will be of particular disadvantage to those people.

I wonder if the Leader of the Government can tell us that these changes will not take place, and that the minister is not going to rely on the lobbying of the multinational corporations to the effect that they should cut out the generic drugs, or at least part of them.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Marshall's question may be regional, but it is

certainly not regional in geographic terms. I think it is a matter of national concern to people who do, in fact, have to spend a significant portion of their income on some of those medications, drugs, or whatever other name is attached to them.

I think he also made the argument on one side of that question that is before the Minister of Consumer and Corporate Affairs, but I shall attempt to obtain an up-date as to how this is going. I understand that some representations are being made on both sides of that question and that the minister probably has those representations under consideration.

HEALTH, WELFARE AND SCIENCE

CONSUMER PROTECTION—PROPOSED ESTABLISHMENT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE

Hon. Jack Marshall: Honourable senators, there has been speculation in the press that one of the large supermarket chains has been increasing its prices by 20 per cent. There have also been reports in today's newspaper that Air Canada and CP Air will be asking for further increases of 5 per cent to their fares.

Why are these things being allowed to happen when there are so many millions of people in Canada who are unemployed and who cannot afford to buy groceries, buy drugs, or to travel as families?

Is it not time that this chamber appointed a consumer protection committee under the umbrella of the Standing Senate Committee on Health, Welfare and Science in order to look into some of this unfair disadvantage to the poor people of Canada?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there are always problems when prices change insofar as the supermarkets are concerned. I do not have any comment to make on that other than to the effect that a number of them claim, according to the press reports—and I am sure they are the same ones to which my honourable friend referred—that due to a price war that has been going on for some time, significant discounts have been given lower than the total cost of the service, taking into account a number of things, and there has been some indication that that price war may be coming to an end.

● (2040)

That is one thing, but I have to tell Senator Marshall frankly and honestly that we do not have in place in Canada—and probably it is undesirable—a system of price control that would by decree force these companies not to carry on these pricing practices while, at the same time, claiming they are losing money. I do not think that that is a particularly viable solution to what the press speculation has been up until now.

Senator Marshall: Is the Leader of the Government saying that the Department of Consumer and Corporate Affairs has no authority to investigate false advertising or price gouging?

Senator Olson: No, I am not saying that. Senator Marshall referred to a change or press speculation. Perhaps I took it for granted, and should not have, that what he was referring to was some recent press speculation that the severe price war that has been going on between a number of supermarket chains in this country may be coming to an end.

Senator Marshall: Can the Leader of the Government reconcile the facts that the particular supermarket in question is offering a 5 per cent discount on prices and, at the same time, raising prices by 20 per cent?

Senator Olson: An investigation along that line may have some value. I did not understand that that was what my honourable friend was suggesting in the first place.

LABOUR RELATIONS

NOVA SCOTIA—PRINCE MINE, CAPE BRETON ISLAND—REPORTED LOCK-OUT OF MINERS

Hon. Robert Muir: Honourable senators, over the years in the other place I have raised questions of a regional nature as I have done in this house. There is an article in today's *Chronicle-Herald* reporting that the Cape Breton Development Corporation has more or less locked out roughly 500 coal miners at the Prince Mine in Cape Breton. The corporation closed the mine for an indefinite period last week—

Hon. Martial Asselin: That is definitely a regional problem.

Senator Muir: It is definitely a regional problem, as some people are very apt to refer to such matters in this chamber. The newspaper account states that they have closed the mine because of the fourth illegal walk-out in seven days. Coal miners are pretty responsible people. The corporation president described the action of the miners as "irresponsible" and also criticized the union leaders for their lack of responsibility.

On the other hand, the union contends that the corporation refused to respond to repeated concerns regarding mine safety. I would think it is somewhat more hazardous and dangerous working in coal mines than it is in Williamsburg or in either of the chambers on Parliament Hill.

Senior officials of the Cape Breton Development Corporation and representatives of the mine workers union were to meet this morning, and as the minister mentioned a few moments ago that he is well equipped to answer many questions this evening, perhaps he has an answer to this question. Have any new developments taken place so that the miners could return to work? There is no doubt that they certainly need the work.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the simple answer is that I do not have any new information that I could give Senator Muir this evening about that particular dispute. However, I can refer his question to the Ministry of Labour in order to see if they have any up-to-date information that I could bring to this chamber shortly. Experience has taught both him and me that it takes two to make a dispute. No doubt, there are some considerations. The newspaper report indicates that there are differing views, but we will try to get an analysis of the positions taken on both sides so that we can assess them.

Senator Muir: Honourable senators, I have a supplementary. I thank the honourable gentleman for his response. It is a very profound statement that it takes two to make a dispute. I am really excited about that one because I am well aware of it.

Senator Olson: That has been said before.

Senator Muir: I understand that the United Mine Workers of America district executive sent a letter to the executive director of the Canadian Labour Relations Board asking that the corporation be ordered to end the lock-out. The union also wants the board to hold a hearing to deal with the charges made by the Cape Breton Development Corporation.

Would the leader be good enough to go into that aspect of the situation as well? I realize that sometimes there are faults on both sides. Indeed, I have been involved in negotiations, in unions, in coal mines and so on. The company is not always right, whatever company it may be, whether it is an offspring of this government or a private corporation, and the union is not always right. The most important thing, and I am sure the minister will agree with me, is to get these men back to work under safe conditions.

Senator Olson: I will take the extension of the inquiry into account when I relay it to the Ministry of Labour.

[*Later:*]

Senator Muir: Honourable senators, if I may return to the previous questions I posed to the Leader of the Government, since we are not meeting until Thursday could he make inquiries tomorrow in order to ascertain if any progress is being made regarding the meetings that supposedly were held today, or are continuing to be held, and just how soon we can get an answer?

Senator Olson: Honourable senators, an inquiry will go over to the minister's office as soon as it is open in the morning.

FOREIGN AFFAIRS

NORTH ATLANTIC SALMON AGREEMENT—RATIFICATION BY CANADA

Hon. Hartland de M. Molson: Honourable senators, I should like to address a question, which consists of three parts, to the Leader of the Government.

First, could he tell us if the government proposes to ratify the Convention for the Conservation of Salmon in the North Atlantic Ocean? This treaty has been under consideration since the end of 1978 and deals with a very important renewable resource of this country. While other governments ratified the treaty some time ago, Canada refrained, at first possibly because of our differences with the United States over the fisheries treaty and, later, perhaps in the absence of an assurance from the European Economic Community that the Greenland salmon quota would be maintained this year and in the future.

Secondly, if the answer is in the affirmative if we are going to sign the treaty when may this ratification be expected to take place?

[Senator Olson.]

Thirdly, if it is not proposed to ratify the treaty, what reasons are given for that?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I certainly will take that question as notice. I am sure that Senator Molson understands that I did not come prepared for that question this evening since I did not receive notice of it. The third part of the question is perhaps the most important one because those reasons obviously are behind the first and second parts of the question,—that is, as to whether the North Atlantic Salmon Agreement is to be ratified, and, if so, when. I think the reasons will probably indicate that, and I will try to get as complete an answer as possible.

• (2050)

TRANSPORT

PORTS OF SAINT JOHN, NEW BRUNSWICK, AND ST. JOHN'S, NEWFOUNDLAND

Hon. Cyril B. Sherwood: Honourable senators, earlier this evening Senator Donahoe alluded to one of the great ports of the world. I should like to suggest to the Leader of the Government, when he does make inquiries of his colleague in the other place about port utilization, that he also consider one of the other great ports of the world, namely, Saint John, New Brunswick, and inquire as to what extent the important facilities there are being utilized and whether the government has plans for increasing the utilization of the Port of Saint John now or in the near future.

Senator Olson: Yes, honourable senators, I will take that question as notice.

Hon. Jack Marshall: St. John's, Newfoundland, too.

CANADIAN WHEAT BOARD

GRAIN AND OILSEED PRODUCTION—GOVERNMENT POLICY

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. In connection with planted acreage, he is reported as having said:

> If producers in all exporting countries reduce their acreage and production, it will lead to a significant improvement in the world grain situation.

He went on to praise United States farmers for the apparent success of their crop reduction program and, at that time, suggested that Canadian farmers reduce the seeded acreage of spring wheat by about 5 per cent; barley by 15 per cent; and flax by 22 per cent.

Meanwhile, the Honourable Eugene Whelan, Minister of Agriculture, has said that it is "unprincipled" and "unChristian" for the federal government to tell farmers to cut grain production, and he added, "I haven't talked to Senator Argue about it."

My question is: What is the government's policy concerning the desirability of Canadian farmers' increasing, decreasing or sustaining their current seeded acreage?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, the policy of the government is that announced by the minister responsible for the Canadian Wheat Board, and that policy was adopted by Cabinet.

Hon. Lowell Murray: Take that, Eugene Whelan.

Senator Argue: It is my responsibility.

Senator Murray: How right you are.

Senator Argue: Minister Whelan happened to be out of the country at the time this policy was put together.

The Government of Canada has been a long-time supporter of exporter co-operation, as have members of the Progressive Conservative Party. A lot of discussions have gone on and are going on between Canada and the United States in this regard. A good many discussions were held in recent months between leaders of agricultural organizations in western Canada, grain producers' organizations and leaders of the wheat growers' organizations in the United States. They have felt that there should be some common policies and some agreement on exporter co-operation.

The Payment in Kind Program, the PIK Program, in the United States, will, it is estimated, result in a cutback in American acreage seeded to wheat and to durum of between 20 per cent and 30 per cent. This will not result in a reduction in stocks of 20 to 30 per cent for a number of reasons, but it is estimated it will bring about a reduction in stocks.

Canada was faced with the question: Do we endeavour to co-operate with the United States and with other exporting countries in a system whereby we would do what we felt was practical to bring about some management of our stocks in relation to the world supply of grain which is very large? It seemed to me and it seemed to the government—and, I might say, to a number of farm leaders in western Canada at any rate—that this was a reasonable thing to do.

The initial price for spring wheat was reduced by 12 cents per bushel, and the farmers accepted that, I believe, as being a rather modest reduction. The recommendation I then made was to have a relatively small but nevertheless significant reduction in wheat acres. I think that was a responsible position to take. I do not see how you can have exporter co-operation and be supportive of it unless you are prepared to co-operate, and this was the method we used and are using to indicate that we are prepared to co-operate with the United States.

I believe the effect on the market of the announced programs has been positive. Grain prices have gone up. The price for wheat is running higher than it was a year ago. I believe this was the right thing to have done. I believe it is responsible. I do not think it is imposing a burden on Canadian grain producers.

If we had gone the opposite way and had held the initial prices or had even increased them by 12 cents a bushel and at the same time had told our producers to go out and produce all of the grain possible from every single acre with every modern technique, the Americans would have taken that as a stand by Canada to meet them in the marketplace with increased severe competition, and with what has been a program of blended credits used by the United States in a few selected markets—and we expressed the hope that they would not use blended credit—it may well have turned into a much more aggressive stance.

I believe the position that has been announced on behalf of the grain producers of western Canada has resulted, is resulting and will result in a higher income than any other policy I can think of in relation to initial prices and recommended grain acreages for seeding.

Senator Sherwood: Honourable senators, I should like to ask the minister what he has told his American counterpart about Canadian policy in regard to the suggestion of reducing planted acreage, particularly in the light of Mr. Whelan's contradictory advice.

Senator Argue: Honourable senators, the comments I have heard from the United States have been appreciative of the policy that Canada has been following and indicate that they are pleased with our efforts to co-operate with them in policies which will help preserve the incomes of western grain producers. To the best of my memory, the statement of my colleague in the cabinet was not referred to in any of the despatches.

Senator Murray: Honourable senators, since there appears to be a difference in perspective, if not in policy, between the Minister of Agriculture and the Minister of State for the Canadian Wheat Board in this matter, perhaps the minister could assist us by indicating the delineation of responsibility as between these two ministers when it comes to grains. Where does the responsibility of the Minister of Agriculture end and that of the Minister of State for the Canadian Wheat Board begin?

Hon. H. A. Olson (Leader of the Government): It does not; they are both together all the time.

Senator Argue: My responsibility has to do with the Canadian Wheat Board; the responsibilities of the Canadian Wheat Board in western Canada and the authority which flows from that. The delineation of Mr. Whelan's portfolio is, obviously, outside of that area.

Hon. Duff Roblin (Deputy Leader of the Opposition): I would ask the minister to expand a little bit on the government's policy with respect to acreage of grains in western Canada because, like many others, I noted his statement that he would like to see certain reductions. I also noted the statement of the Minister of Agriculture that this was a very wrong thing to do. Some of us are, perhaps chuckling a little because the minister in charge of the Canadian Wheat Board seems to have come across this problem more than once—that is, trying to get his act to coincide with that of his colleague. We will let him worry about that.

The point I am getting at is: The minister has made a statement about the reduction of acreage, but I do not think anyone has paid much attention to it. He may be able to correct me on this, but my impression is that acreage for most of these crops has not been reduced in line with the minister's

suggestion. What is the policy? It is all very well to make a suggestion. In the United States there is a policy that has substantially reduced its production of wheat. It is a policy that provides for financial compensation—in a roundabout way through trade of goods in kind—to those who adopt the government's policy, and that works.

● (2100)

My problem is that I hear the minister make the statement, but with what armour is he clothing his policy? He knows as well as I do that, if a farmer has to have a cash flow of so many dollars, he wants to have his production up even though he is not very happy about the price, because volume times price equals increased cash flow. If the farmer is told that he is to reduce his volume but that nothing will be done about price, then that will reduce his cash flow, bringing about the difficulties that follow.

It seems to me that the government does not have a particularly consistent approach to this matter, apart from that of exhortation. If the policy is exhortation, that satisfies me; I know where we stand. If, however, the policy is serious about acreage reduction, it seems to me that it will probably not be successful unless some other inducements are provided to make it practical for the farmer to pay some attention to what the minister is saying to him.

Senator Argue: Honourable senators, the recommendations that I have made and the policy that has been followed do not endeavour to manage what is done on each individual farm in this country. The farmer is completely free, without any coercion or undue pressure, to seed on his farm whatever he wishes to. The farmer is at liberty to take this freely given advice or to ignore it. I will not say that the Honourable Senator Roblin is wrong. I simply think it is too early to tell whether he is right in saying that the farmers are likely to ignore this policy and perhaps will even increase their acreage generally.

We have had a pretty difficult spring. I do not know about the province of Manitoba, but certain parts of Saskatchewan are very late in seeding. It may well be that some change in wheat acreage will come about because of weather factors or other elements that affect the individual farmer.

We in Canada have not followed the policy of the United States, which is to provide certain substantial sums of money to those producers who will cut back their acreage. There is not, however, a definite or absolute correlation between reduced acreage and reduced production. Farmers in the United States are good farmers. On their farms they will probably reduce that acreage which is the least productive. They take their poorest acres out of production. I suppose that they then take the balance of acres and use all of the inputs they think are economically wise in order to bring about the optimum production on the acreage they are seeding.

Nonetheless, it is expected that this policy will have an important effect in reducing the carry-over stocks for another year. Our system is different from that of the United States. The Canadian Wheat Board, through its quota system, through its export sales and policies and through the authority it has been given, has control over our grain system. the Canadian Wheat Board stands in a fairly good position to co-operate with others whenever co-operation seems to be in the interests of the Canadian grain producers.

Exports today are running ahead of those of a year ago, and that is a fairly good commendation to the Canadian Wheat Board. Prices are marginally above those of a year ago, although in the public mind many think they are lower. Last year those who condemned the Canadian Wheat Board's system of operation said that there would be no final payment or that the final payment would be extremely low. The Wheat Board was able to come through with a final payment of between 68 and 70 cents a bushel. It was unanimously agreed that the board had done a very good job.

Our exports to date in this crop year are running somewhat ahead of those of last year. Reductions in the initial prices have been, I think, rather modest. It has been recommended that there should be some modest reduction in acreage as part of our method of co-operating with the United States. I think that kind of co-operation is important. I think, as well, that the total package suggested by the Canadian Wheat Board and the government is very much in the interests of our grain producers.

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, I thank the minister for giving us his usual explanation as to the differences between the American and the Canadian systems. Some of us got the message some time ago, but we are glad to hear it again.

I do think, however, that the minister is quite right in saying that he made his statement in order to mollify the Americans. That is why he made his statement, not because he had any—well, I must not interpret what the minister thinks. In my view, however, it is entirely unlikely that his observation about reducing acreage is going to have much effect. It really is a policy of exhortation more than anything else.

Hon. Richard A. Donahoe: You can fool some of the people some of the time.

Senator Roblin: Honourable senators, what needs to be clarified—and this has not yet been done in a public forum, although perhaps tonight may do the trick—is this: What advice is the government really tendering the farmers? Is it the advice of the honourable senator I am speaking to or is it the advice of his colleague? Both of those statements, to the best of my knowledge, stand side by side on the public record without any reconciliation or statement. It seems to me that the farming public is getting two sets of advice from the same government, and that ought not to be the case. Will the minister give his assurance that he will take an early opportunity to clarify this matter and to see that one piece of advice is tendered to the farmers of the nation?

Senator Argue: Honourable senators, I have been endeavouring to clarify it. I suppose I have not done so to the satisfaction of Senator Roblin.

My responsibilities have to do with the Canadian Wheat Board and its operations. My responsibilities have to do with making an announcement about initial prices that are under the jurisdiction of the Canadian Wheat Board, sending out a report each year before seeding, and making recommendations as to the seeded acreage. I have made that announcement. That is the policy of the government.

Senator Roblin: The minister seems to think that the public is not entitled to hear the government speak with one voice in this matter. There is such a thing as collective cabinet responsibility. There is such a thing as the government speaking with one voice and not with several, especially when it is affecting the livelihood and the activities of a substantial portion of the population.

I understand the minister's difficulty and I do not want to rub it in, but I do think he owes the farmers a clear statement as to what the advice of the government is.

Senator Argue: I have just given that advice, and I gave it some weeks ago. Senator Roblin has taken some time in raising the matter in the Senate.

Senator Roblin: Honourable senators will remember that I have been trying to get my honourable friend in front of me in order to ask him the question for the past three weeks.

Senator Murray: Hear, hear.

Senator Roblin: When Senator Guay got on to the question of Churchill—and I may come back to that before I am through tonight—he anticipated a question which has been lying on my desk here for three weeks. I did not have an opportunity to put that question to my honourable friend because he has not been here to answer it; he was out in western Canada distributing goodies on behalf of the government. I want to tell him that it will not do him the slightest bit of good when the votes are counted.

Some Hon. Senators: Hear, hear.

Senator Argue: Honourable senators, I was away on public business. I had some very important announcements to make, and I was glad to make them. *Hansard* will show that recently I have been in this chamber when Senator Roblin has also been here and has not taken the opportunity to raise those questions. I do not object to that.

Senator Roblin: Honourable senators, I do not think that my honourable friend, who lives in a very large glass house at the moment, should throw so many bricks.

AGRICULTURE

MARKETING BOARDS AND AGENCIES—STATEMENT BY MINISTER

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. The Minister of Agriculture has been threatening to disband certain marketing agencies or boards because of a lack of discipline. Is the Canadian Wheat Board among those agencies that the Minister of Agriculture is threatening to disband?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I saw the news report. I suppose that I know what the honourable senator knows, by way of a news report, about what was said to have taken place.

The Canadian Wheat Board does a great job. There is no thought of reducing its powers. The pressure is all the other way.

Senator Phillips: Honourable senators, I note that the minister refers to a news report. I am rather surprised that the rest of us received a copy of the speech of the Minister of Agriculture, yet the Minister of State for the Canadian Wheat Board is reading a press release. Perhaps he is not on that mailing list any more.

Would the minister indicate to us what type of discipline the Minister of Agriculture had in mind when he said that these boards had to have more discipline?

Senator Argue: Honourable senators, I have not read the minister's prepared statement. I get a lot of them. I am the first to admit that I do not read everything that comes across my desk. I did happen to read the press report. It may or may not have been different from the text of the minister's statement. I am certainly not going to try to interpret for this chamber, or for anybody else, the intention of the Minister of Agriculture and what he had in mind. I should be very happy to bring the remarks of Senator Phillips to the attention of Mr. Whelan and ask him if he cares to make a comment that I might deliver in the Senate.

• (2110)

THE SENATE

DEPUTY LEADER OF THE GOVERNMENT—RUMOURED JUDICIAL APPOINTMENT

Hon. David Walker: Honourable senators, I appreciate that the Deputy Leader of the Government is in favour of having an elective Senate, with which I think many of us are in entire accord. However, is it a fact that he is also making representations to the Prime Minister to have himself appointed as a judge of the County Court for the County of York?

Hon. Martial Asselin: You will not run?

Hon. Royce Frith (Deputy Leader of the Government): No.

Honourable senators, I am making no such representations. I have never had any intention of doing so, and I have no intention now. Just so that there is no doubt, let me say that neither the Prime Minister nor anyone else intends to make such an appointment.

Senator Walker: That is very reassuring.

Senator Frith: I do not know whether I like that, since the honourable senator is not practising any more.

Hon. Jack Marshall: I wonder if the Deputy Leader of the Government has made representations that he become Canadian ambassador to Australia.

Senator Walker: Leave out the "amb" in "ambassador".

Senator Frith: Senator Marshall's suggestion is different. I had not thought of that, but I will think about it.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is to the Leader of the Government. There was a very important delegation that, on Tuesday and Wednesday of last week, was in Washington, D.C. They went to make representations on the Garrison, which is so important for the people of the west, particularly southern Saskatchewan and Manitoba. I understand that the delegation, which was formed of members of the Government of Canada and members of the Government of Manitoba, amongst others, made representations on a personal basis to senators and members of Congress in Washington.

Hon. David Walker: What is the question?

Senator Guay: My question is in two parts. First, was the Senate requested to send a delegate as a member of that important delegation? Secondly, could we have a report from the delegation outlining, I hope, the success they achieved while they were there?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the answer to the first part of the question is: No, not to my knowledge. To the second part of the question I will attempt to obtain an answer, although it was not a delegation made up of the federal government—and I believe that is a fair statement—and it would be at the option of the other people whether or not they want to give us a report, whether we ask for it or not.

Senator Guay: Would it be possible for the Leader of the Government to make representations on our behalf to have an appropriate delegation make representations to the appropriate place in Washington about our concerns with respect to the Garrison? In other words, if this was not a real delegation there may not be a report, so why does the federal government not appoint an official delegation to represent the views of Manitoba, and to make an appropriate report?

Senator Olson: Honourable senators, a representation by Canada, through the Department of External Affairs and others, has been going on for a long while, and I have advised Senator Guay of that. I have some information that he may wish to have, which is that a delegation of federal and Manitoban legislators, comprising the three major political parties, met with members of the U.S. Congress and with officials of the Departments of State and the Interior on May 24 and May 25 in Washington to express Canada's continuing concern regarding the Garrison diversion project. The delegation put forward Canada's position that, in view of the harmful effect the authorized Garrison project could have on Canada, the development of any features potentially affecting Canada should be deferred until agreement has been reached between Canada and the United States on modifications to the project design which would satisfactorily protect Canadian interests and fulfil previously acknowledged U.S. transboundary obligations to Canada.

Discussions with members of Congress provided an excellent opportunity to communicate Canadian views on various aspects of the Garrison diversion project. Canadian parliamentarians received assurances that such representations are effective and helpful in ensuring that Canadian views and concerns on Garrison are conveyed to the relevant law-making bodies in the United States.

Senator Guay: The Leader of the Government said that when he makes the appropriate answer to my first question he will try to attempt to get a report. Would he also then outline to me which minister represented that group in Washington?

Senator Olson: Yes, I will.

HEALTH AND WELFARE

MEDICARE—FEDERAL CONTRIBUTION

Hon. Richard A. Donahoe: Honourable senators, on a previous occasion I rose to my feet and addressed a question to Senator Austin concerning changes that may have been made in the method of meeting the expenses of the medical care and hospital programs. At that time he expressed a lack of knowledge and a lack of information concerning that point and said that he would bow to my superior experience and wisdom. If I remember correctly, I think his words were something to that effect.

I take it that on such an important subject the Minister of State for Social Development would have taken an immediate opportunity to investigate the truth of the matter, and that he is now apprised of the exact nature of the argument that was under discussion in this house.

I therefore ask the minister: Has he anything to add on the question I asked him the other day respecting the manner of sharing the costs of medicare and hospital insurance, or is he still as uninformed as he was on that occasion?

Hon. Jack Austin (Minister of State for Social Development): That not being a very pleasant question, honourable senators, I do not propose to give an unpleasant answer.

CONSTITUTION ACT, 1982

SECTION 54—PROCLAMATION BY GOVERNOR GENERAL

Hon. H. A. Olson (Leader of the Government): Honourable sentors, I have a delayed answer for Senator Tremblay, who on May 12 asked for information concerning the eventual proclamation by the Governor General under the provisions of section 54 of the Constitution Act, 1982. Since it is a fairly long reply, I ask that it be taken as read.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The 1983 Constitutional Accord on Aboriginal Rights, passed by the Government of Canada and the provincial governments with the exception of Quebec, stipulates that the First Ministers table, or have tabled, before December 31, 1983, a resolution authorizing the Governor General to amend the Constitution on certain particular points.

Under the provisions of this resolution, the Constitution Act, 1982 would be amended by the insertion after section 37 of a new Part IV.I containing a new section 37.1 which would obligate the Prime Minister of Canada to call two more constitutional conferences according to certain modalities. A new section 54.1 would be equally added foreseeing that Part IV.I and section 54.1 itself will be abrogated on April 18, 1987.

In all probability, there is therefore reason to shortly expect new temporary amendments to the Constitution Act, 1982 according to a text which has already been agreed upon.

In principle, the Governor General would issue the proclamation authorized under section 54 and would renumber the sections of the Constitution Act.

SALARIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-160, to amend the Salaries Act.

He said: Honourable senators, Bill C-160 is an act to amend the Salaries Act respecting the lieutenant governors of the provinces. Before reviewing the specific provisions of the bill I should like to offer a few words about the office of lieutenant governor of a province.

In our constitutional system, as honourable senators know, the lieutenant governor is Her Majesty's representative in the province and plays somewhat the same role, if not exactly the same role, as the Governor General plays in the federal Parliament for the enactment into law of provincial legislation. The lieutenant governor is the representative of Her Majesty in right of his or her particular province, but because of the constitutional provisions appointments are made at the federal level, and the salaries are provided by the Parliament of Canada, as stipulated in our Constitution.

Most honourable senators will know from their personal experience that Canadians of diverse backgrounds have occupied or are serving with distinction in the offices of lieutenant governor in the provinces. Both men and women have fulfilled the constitutional requirement of these offices, and each in their own way brought the office closer to the citizens of their provinces.

● (2120)

Hon. Jack Marshall: Ditto for senators.

Senator Frith: Senator Marshall says, "Ditto for senators". I agree. The salary of a lieutenant governor is currently $35,000, which is not a handsome sum by today's averages, considering the responsibilities of the office and the demands that it makes on the incumbent. I doubt that anyone would seek the job for the money. The salary has been increased only three times since Confederation, the last occasion being in 1975. In that context, Canadians in all provinces have been fortunate that public-spirited men and women have accepted these vital duties and performed them to the credit of their provinces and themselves.

Honourable senators, Bill C-160 is before you. There is an amendment to section 3 and the new subsection 3(1) increases the salary of a lieutenant governor from $35,000 to $37,100 effective January 1, 1982. That is an increase of 6 per cent. The new subsection 3(2) increases the salary by a further 5 per cent effective January 1, 1983, to $38,950.

Subsections 3.1(1), (2) and (3) are important in that they introduce, effective January 1, 1984, an automatic annual adjustment formula for the salaries of lieutenant governors, using the formula now in place for federally appointed judges. Namely, salaries are to be increased on January 1, 1984, and annually thereafter by the lesser of (1) the percentage increase in the industrial wage composite; or (2) 7 per cent.

Hon. David Walker: What about county court judges?

Senator Frith: This bill has nothing to do with county court judges. Would you take an appointment?

Senator Walker: Very profound, but go ahead.

Senator Frith: The result is rounded down to $100.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are you authorized to make any offers?

Senator Frith: No, but I could carry it to the Prime Minister. It is a subject I have not yet discussed with him. The bill also provides required definitions for the operation of the formula.

The industrial composite, as honourable senators will know, is the average weekly wages and salaries of the industrial composite in Canada as published by Statistics Canada.

Clause 2(1) provides for retroactivity of these pay increases, including the purpose of pension calculation; and clause 2(2) provides for any retroactive salary increase to be paid to the estate of a deceased lieutenant governor where applicable.

So Parliament is being asked to consider the salary increases of 6 per cent effective January 1, 1982, and 5 per cent effective January 1, 1983. The amendment also proposes an annual adjustment formula beginning in 1984, based on the lesser of the growth in the industrial wage composite or 7 per cent. The formula is the one used also to adjust the salaries of federally appointed judges.

Many offices for which the salaries are fixed by Parliament have received infrequent increases in salary, including senators, MPs and judges. During periods of low inflation, the necessity to provide an automatic adjustment mechanism did not exist. Recent experience has demonstrated that increases are necessary if incumbents are to keep up with the demands of their offices. Other officials have been provided with the

automatic adjustment mechanism for salaries and it is felt that the office of lieutenant governor deserves no less.

It could be argued that considering the amount that is presently paid, the increase based on 6 per cent and 5 per cent should be higher, but all Canadians have been asked to accept less in this period while we work on economic recovery. The government has been mindful of both sets of circumstances in this question. It is taking action to provide an increase in salary for lieutenant governors while not forgetting the need to show restraint. I believe that the distinguished Canadians now serving in the various provinces will accept that view, knowing also that positive steps are being taken to ensure that those salaries will not fall out of date again, as a result of the formula being introduced to provide for automatic annual adjustment in the future.

Finally, it should be noted that the provinces have been most supportive in providing financial and other assistance to lieutenant governors, though not uniformly. The amount of such assistance varies from province to province. Nevertheless, in addition to the assistance provided by the federal government, the provinces have ensured that representatives of Her Majesty are able to discharge their duties with the dignity that the office merits and requires.

I ask honourable senators to support this bill on second reading.

Hon. Peter Bosa: Honourable senators, I should like to ask a question of the Deputy Leader of the Government. Are lieutenant governors provided also with a residence, such as the Governor General is, and also with a staff?

Senator Frith: That varies from province to province. In most cases a residence is provided, and in some cases staff is provided. In some cases services such as transportation, and so on, are provided.

An Hon. Senator: And food.

Senator Frith: Yes, and in most cases a budget. Newfoundland, for instance, is quite generous with its budget. The situation varies from place to place. Each province makes its own decision in this respect.

Hon. Edward M. Lawson: Honourable senators, the Deputy Leader of the Government referred to lieutenant governors performing functions similar to that of the Governor General, and I have no hesitation in supporting the bill or the proposal to increase the salaries of lieutenant governors. I believe we should seize the opportunity to correct these inequities. As indicated, there have been increases only three times since Confederation.

I understand that with regard to the Governor General, no adjustment has taken place during the past 25 or 30 years. Does the government have any plans to correct that inequity? It is usually assumed that the Governor General is a person of independent means or independent wealth, which is not always the case. I do not know the financial status of the present incumbent, but it is highly unlikely that he is a man of independent means.

The office should not be on that basis. Canadians with lesser incomes should be candidates for that high office, and a proper salary, commensurate with the duties and responsibilities, should apply. So I am asking the Deputy Leader of the Government whether the government has any intention of correcting that inequity, or has that been overlooked?

Senator Frith: No. I am sure that the government wishes in due course to correct the inequity that still exists, it seems to me, even with lieutenant governors; but in the opinion of the government this is not the time to do it. I believe that the base amount here is so low that it deserves to be revised, and then increases applied in accordance with uniform principles. With regard to the Governor General, to my knowledge his or her salary has never been increased since Confederation, and I am sure that is also being looked into by the government.

On motion of Senator Asselin, debate adjourned.

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—REPORT OF COMMITTEE SEEKING FURTHER INSTRUCTION ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Neiman, seconded by the Honourable Senator Steuart, for the adoption of the Report of the Standing Senate Committee on Legal and Constitutional Affairs respecting its examination of the Bill S-32, intituled: "An Act to amend the Penitentiary Act and the Parole Act".—(*Honourable Senator Macdonald*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, with the consent of the Senate, Senator Nurgitz will speak to this order.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Nathan Nurgitz: Honourable senators, I propose to be brief and to limit my remarks to those matters dealing with the procedural aspect of what the chairman is now seeking, namely, further instructions from the Senate to enable the Standing Senate Committee on Legal and Constitutional Affairs to deal with proposed amendments that are now before the committee. I shall not deal with the merits of the amendments, but I wish to say briefly that the new amendments deal with some of the real and severe problems that exist in this country, including the few obvious and extreme cases where an inmate is to be detained until expiry of the warrant period.

• (2130)

To suggest, as some have, that the committee had this question before it is to stretch a point. As Senator Neiman has very capably pointed out, the original bill dealt only with the revolving door syndrome and did not touch at all on the problem which subsequently became known as the gating problem. In fact, at the time Senator Hastings introduced Bill

S-32, that word was not in the English vocabulary. "Gating" became a term used to describe the detention of an inmate about to be released under legally entitled mandatory supervision for a certain period, roughly the last one-third of the sentence faced by the inmate which is required by law to be served outside the institution. Inmates were being detained because in the opinion of the National Parole Board they were a danger, either to themselves or to the public at large.

The procedure of gating as adopted by the National Parole Board received, as they say in show business, mixed reviews by the courts and ultimately ended up before the Supreme Court of Canada, where it received short shrift and was declared to be illegal. I was not at the court hearing, but for those who did not follow the proceedings I will say that following argument by the Crown, which was reasonably short, the court, then and there, pronounced its judgement that the National Parole Board had no right to be gating inmates and, indeed, that the procedure was totally illegal.

I believe that the National Parole Board, notwithstanding that illegality, deserves whatever credit one can give to such a board which has done something illegal. The board was somewhat courageous in its stand and made an attempt—I was going to say an "honest attempt", but the court did not think it was so honest—to deal with this serious situation.

We are not here, honourable senators, to deal with the question of those inmates who might or might not present some kind of danger. As has been explained by the Solicitor General and the Deputy Solicitor General, we are dealing here with people who have not only a record that indicates that they are potential problems but who very obviously, from their behaviour in an institution, indicate an inability to control themselves, or in some other way demonstrate that it is virtually a sure thing that once released society will have a problem on its hands in terms of another violent offence.

As I say, when Senator Hastings introduced and explained Bill S-32 in the Senate, we were not dealing with dangerous offenders. Bill S-32 was merely attempting to deal with an inmate following his release on mandatory supervision and subsequently returned for either a new offence or for a breach of one of the conditions of his release, when it is the view of the department that the individual should be returned and should not be entitled to further remission, for once the inmate is returned the clock starts ticking again and at a certain point following his return the inmate is entitled by law to be released again. That is the present law.

The department's view on the matter is that if the inmate, once given a chance, does not want to take advantage of it, then he should have to serve the rest of his sentence within the institution.

The referral of the bill back to the Senate for further instructions was brought about because of a ruling of the Chairman of the Legal and Constitutional Affairs Committee, Senator Neiman. That ruling was, of course, upheld by the committee. To demonstrate the correctness of her position, one need only look at the words of the minister when he first appeared before the committee on this very question of whether we should stop obviously dangerous people from getting out of prison. The first words the minister spoke to the committee were:

> Our conviction is that if mandatory supervision were taken away from this group and they were held behind bars until warrant expiry, their crime statistics would be worse because society would lose the opportunity to impose supervision at a time of greatest vulnerability—the moment when they first return to the street, usually without money, without a job, without a place to live and without honest friends.
>
> Mandatory supervision helps to keep them away from liquor and drugs, a problem for a significant number of offenders; to keep them away from the friends who got them into trouble, known criminals, or people who carry weapons; and to direct their choice of neighbourhood to live in and to help them find an honest job.
>
> Surely it is better, considering the inevitability of eventual release for this group, to free them under control rather than to wait until the end and free them "cold turkey".

I congratulate the Solicitor General for seeing the light of day and for coming full circle because that quote no longer represents his view or his conviction. He now holds the view that these inmates should be released "cold turkey" at the expiry of the warrant period.

Before leaving this matter I want to comment on the work of the committee chairman, Senator Neiman, and the committee itself. I congratulate Senator Neiman for navigating the committee through some pretty treacherous waters. I cannot imagine a broader cross-section of interested Canadians having an opportunity to be heard before any parliamentary committee. These people were not just heard but were given an opportunity to express their opinions and views, and the committee, in fact, incorporated a consensus of all these various views into a solidified position. The committee reached a consensus which it was able to convey to the minister and persuade him of the necessity of introducing a different type of bill to deal with a problem which is far greater than the revolving door problem, and a problem with a far greater danger factor.

Much is written these days about Senate reform and about the ineffectiveness of the Senate. Every time I read an article on the subject that suggests that the measure of the Senate is how many bills it has turned back or how many amendments it has made I think of the workings of Bill S-32 as a shining example of the work of the Senate. First, we had a government sponsored bill. The committee went about hearing at least a good sampling of the people from all across Canada who have a vital interest in this question. The committee then communicated to the minister that the bill was not satisfactory in its form and that it wanted a different type of bill with some other features. The minister saw our view and came forward with these suggested amendments. The committee has taken the view that it must act in a correct procedural manner.

• (2140)

Honourable senators, I was one of a number on the committee who were in favour of the amendments but who believed that it was not proper procedure to come in with new matters of a rather substantial nature which had not been considered at the time second reading was given in this chamber, and who consequently felt it was necessary to follow the present procedure, that of coming back to this chamber and seeking further instructions.

We are proposing to bring in a law that will substantially alter the civil rights of certain persons. The first method used to effect that alteration was "gating," and we all know what the Supreme Court of Canada has said about that. Surely, we ought not to be caught out in an attempt to legalize another procedure in some questionable manner—and there is no doubt that it is questionable because, quite apart from the arguments of many of the senators, including Senator Hastings, the committee had the opinion of our Law Clerk and Parliamentary Counsel, who indicated to us that one way of avoiding any questionable procedure was to do what in fact we are doing tonight. At least, that was one of the routes we could take.

Certainly, in my opinion it would be a grave mistake to remove the rights of individuals—albeit we are not pleased with those sorts of citizens—without first ascertaining that we were doing so procedurally correctly so that we would know that both in procedure and in substance we had done the right thing. We must be sure that justice will not only be done but that it will appear to be done.

In terms of the opportunity to debate these amendments, honourable senators, I do not propose to debate them now, nor do I think others should; but I see no reason why the Senate should not give these instructions tonight to permit early consideration of the amendments and, ultimately, to allow the committee to report back, at which time comments and discussion can take place and we can proceed with consideration of this bill.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, I would like to say a few words, to give my interpretation of events that took place at the Committee on Legal and Constitutional Affairs, but first I would like to join in the words of praise addressed to the Chairman of our Committee, Senator Neiman. Briefly, after several meetings during consideration of Bill S-32, at some time Committee members developed a consensus which went beyond and was contrary to the original provisions of Bill S-32 sponsored by Senator Hastings. After obtaining this consensus, we asked officials of the Department of Justice to prepare amendments for submission to the Committee. After reading the amendments, we found that they went well beyond what we had asked for and had no relevance at all, for instance, to the presentation Senator Hastings made originally on Bill S-32. One member of the Committee, and I am referring to Senator Hastings, who worked very conscientiously, had submitted that the amendments were out of order because they went beyond the framework of the original Bill.

The question was: can the Committee examine and approve amendments that go beyond the original Bill, without first asking the Senate's permission? Personally, I might have been prepared to give my consent. In any case, the Committee Chairman advised us to ask our Senate legal adviser to examine the legal side of the matter. He examined the question and consulted May and Bourinot and other authors. He sent us a report and said that it was not advisable for the Committee to continue consideration and approval of these amendments without obtaining the permission of the Senate. He submitted all this in the form of a reasonable doubt that we were exceeding the mandate we received from the Senate. As far as I am concerned, I did not want to set aside a well-ordered opinion given by our legal adviser, Mr. du Plessis. Since he raised this doubt and told us in his report that according to him, because of precedent, it would be preferable for us to go back to the Senate to ask our colleagues for permission to go ahead with Bill S-32. That is why this report was tabled. I think there is a consensus among all members to that effect. If the Senate gives us permission, we shall go back to work. If a consensus is obtained today, I think we will be able to come back here shortly with a Bill that is vastly improved over the original S-32. I believe that the Senate will then have done remarkable work, as Senator Nurgitz said.

[*English*]

Hon. Richard A. Donahoe: Honourable senators, I wish to add my views to those already expressed. I will do so briefly. I am anxious to see the motion before this house carried, and I have a rather substantial reason for that anxiety.

I agree with what Senator Deschatelets has said. I hope you will forgive me if I appear to be somewhat personal in what I say, but in the Nova Scotia legislature in recent days a bill was presented which was given second reading and was given to the Law Amendments Committee. That committee made certain amendments to that bill. When the bill was sent back to the house, those amendments were found to be, in effect, new material, because they dealt with matters that had not been contemplated in the original bill. The matter was raised as a question in the legislature, and the Speaker—who happens to be my own son—was faced with the requirement of deciding whether or not the committee had acted within its rights. He came to the conclusion that the committee had exceeded its jurisdiction and had, in effect, written law of a kind not contemplated when the bill was sent to the committee. Accordingly, that problem in the legislature was settled by the simple expedient of the government of the day accepting the Speaker's ruling and agreeing that the committee had exceeded its authority. But the government decided that since what the committee had done was right and was what the government wanted to have happen, the government would withdraw the entire bill and substitute a new bill which would include within it those things which the committee had decided.

• (2150)

That is exactly the situation the motion now before us is attempting to avoid. Certain amendments have been proposed by the Department of Justice. They go beyond what was

requested, even by the committee. In effect, it has been said to us by the Law Clerk and by others that there is a grave danger that, if those amendments are adopted in committee, they will, in effect, import new and different material into the act and that the whole act might therefore be invalid and subject to challenge. What is being said is that the amendments, which all appear to desire to add to the bill, should in fact be approved and that you, in this chamber tonight, should direct the committee to add them. In this way they would be added at the direction of this house, and it could not then be said that the committee had exceeded its authority.

That, in a nutshell, is the essence of what is being discussed here tonight. I, for one, propose to support the procedure, and I urge all other senators to follow my action in that respect.

Hon. Earl A. Hastings: Honourable senators, I had not intended to speak tonight but, in view of the remarks made by the three senators who have preceded me, I feel it only right that, as the one who sponsored the bill in the Senate and then raised the point of order in the committee, I should respond briefly to some of the remarks that have been made. All of the other senators who have spoken have, I believe, accurately and faithfully set out the views of the committee.

I wish to make it categorically clear that I make no apology for having raised the point of order because, as honourable senators have correctly remarked, I felt very sincerely that the amendments presented to the committee by Senator Frith went far beyond the bill I had presented to you for consideration. Also, I felt that if we, as a committee, were entering into the uncertain waters of legislation to imprison people for something they might do, the Senate had the right to express its view before we, as a committee, proceeded.

The original bill contained six clauses and dealt primarily with an offender on mandatory supervision and what would happen in the case of its revocation; nothing more. We then had presented to us eight pages of amendments which dealt with the procedure by which an inmate would be held in custody who "could become, who might be, whom we hope will not become violent." If we are going to commence that journey, we are going to need bigger goals.

I felt sincerely then, as I do now, that senators should have the opportunity to express their views on that principle, and for that reason I thought it should have been dealt with by a separate bill. However, I respect the decision of my chairman and I congratulate her for guiding us through some very difficult and troubled waters. Honourable senators have had an opportunity to express themselves, and I now fully accept her decision.

I cannot share the enthusiasm of Senator Nurgitz with respect to the procedure that has been suggested in the amendments, but I commend the Solicitor General for at least listening to the views of honourable senators. I believe that if we are going to hold in custody inmates who "might be, could be, we hope will not be violent," then that decision will be made by a court of competent jurisdiction and not by a "national gating board."

I therefore support the reference that has been made to this chamber regarding the instructions that we are asking of you. In the days ahead, I intend to put forward views with respect to improving the original Bill S-32, and I also intend to continue to express my total misgivings about society's adopting the procedure of holding a man in custody to the end of his warrant expiry after he has earned his remission. I thank God for the Charter of Rights and Freedoms that deals with cruel and unusual punishment, and I am quite confident that, if it is passed, this bill will receive the same fate before a court of competent jurisdiction as did this insidious gating that was instituted by the "national gating board." I cannot share the enthusiasm of Senator Nurgitz in commending the National Parole Board for honestly breaking the law and illegally withholding freedom from twelve citizens of Canada.

Hon. Peter Bosa: They did not think they were breaking the law; they thought they were proceeding legally.

Senator Hastings: A defendant in any court could use that defence, that they thought they were proceeding legally. The National Parole Board has the resources of the entire Department of Justice, and the decision was made on no better advice than that of one bureaucrat to another.

I shall continue to bring these views to the attention of the committee as we proceed with our work, in an attempt to give the people of Canada enlightened legislation on corrections which will be of benefit to society in the realm of public protection and to the offender.

Motion agreed to and report adopted.

● (2200)

INFORMATION COMMISSIONER

APPOINTMENT OF INGER HANSEN, Q.C.

Hon. H. A. Olson (Leader of the Government), pursuant to notice of Thursday, May 26, 1983, moved:

> That, in accordance with Section 54 of Schedule 1 of An Act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other Acts in consequence thereof, Chapter 111 of the Statutes of Canada for the present session of Parliament, this House approves the appointment of Inger Hansen, Q.C., as Information Commissioner.

He said: Honourable senators, I am at the pleasure of the Senate at this time. On Thursday of last week an attempt was made to have this motion dealt with during that sitting. I accept full responsibility for that. Leave is not now being asked because notice has been given. Since then, it is correct to say—and I hope it is correct—that every senator on both sides of the house has received the *curriculum vitae* of Inger Hansen, Q.C.

The House of Commons dealt with this motion last Friday, and the Minister of Justice and spokesmen for the official opposition and the New Democratic Party are recorded in *Hansard* with respect to the ratification of this appointment.

I am prepared to make a short speech, a medium speech or a long speech putting on the record of the Senate the background information concerning the person named in this motion. My suggestion is that it be a short speech covering some of the essential background that I think ought to form part of the record of this house. I intend to do the same with the next motion standing in my name.

If that is agreeable, honourable senators, I shall start by saying that section 54 of the Access to Information Act passed last July by Parliament provides for the appointment of an Information Commissioner by the Governor in Council—

Hon. Martial Asselin: Are you reading from the *House of Commons Debates*?

Senator Olson: Just some parts of that record.

Senator Asselin: I have already read it.

Senator Olson: I understand that, and that is why I tried to explain to my honourable friend that I will be very brief, but if senators do not wish me to do that, I am prepared to forgo this interesting speech, but I think the background information should be put on the record of this house. However, if honourable senators opposite wish to pass this motion without any speech in support of it, I am prepared to accept that.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are you asking for advice? If so, I may not be competent to give it, but I am prepared to do so. I think the leader had better give us his medium speech, because it seems to me that the members of the Senate who intervened in the discussion last week, namely, Senators McElman, Donahoe, Asselin, Muir, Manning and Molson, were really performing a valuable service to the Senate in bringing to our attention the necessity of dealing with this matter in a more than perfunctory manner.

While I appreciate the willingness of my honourable friend opposite to accept the responsibility for that contretemps, I have to admit that I did not object when he asked for leave, so the responsibility must be shared.

I do wish to say that I am glad the other honourable senators spoke, because I think they hit the nail on the head by saying that we should not deal with these appointments in such an off-hand way. So, I suggest to my honourable friend that he give us his medium speech, and then other honourable senators may have an opportunity to make observations, if they so wish.

Senator Olson: Honourable senators, I accept that invitation and I shall proceed with my speech as rapidly as possible.

In addition to what I have already said, the Information Commissioner holds office during good behaviour for a term of seven years, but may be removed by the Governor in Council at any time on the address of the Senate and the House of Commons.

Referring more specifically to the person named in the motion, Inger Hansen, Q.C., she is a native of Denmark who graduated from the University of British Columbia Law School. She is a member of the British Columbia Bar, and spent eight years in the general practice of law in Vancouver.

[Senator Olson.]

She came to Ottawa in 1969 as a lawyer with the Department of Justice attached to the Ministry of the Solicitor General. One of her primary responsibilities there was to review the Juvenile Delinquents Act and prepare proposals to replace that act.

Some honourable senators may recall her appearances before the committee of the other place and the Standing Senate Committee on Legal and Constitutional Affairs.

In 1973 the Department of Justice lost a good lawyer and the inmates of our penitentiaries gained an outspoken and effective ombudsman when Miss Hansen became Canada's first correctional investigator.

In this position she gained her initial experience in the art of being an ombudsman, an art she has mastered well.

She took her ombudsman's skills to the Canadian Human Rights Commission in 1977 when she was appointed a Commissioner of the Canadian Human Rights Commission, and the first Privacy Commissioner under Part IV of the Canadian Human Rights Act.

Today Ms. Hansen has earned the right to call herself Canada's senior ombudsman, having been in the field for 10 years. In addition, she has built up a solid international reputation for herself and, indeed, for Canada in the ombudsman and data production fields.

Over the past several years, she has been active in the International Ombudsmans' Association as a member of its planning committee.

I should also like to say that the Minister of Justice has said that he personally knew a great deal about her activities and had admired her work. He went on to say that he met her while he was a member of the Standing Committee on Justice and Legal Affairs, when she began her work in Ottawa, and when he was subsequently chairman of that committee and also Chairman of the Subcommittee on Penitentiaries.

So, with all this experience I think it is clear that Ms. Hansen is the ideal person to take up this challenge and set another precedent as being the first Information Commissioner in Canada. The Commission will have extensive powers of investigations and will allow it to look fully into problems and try to find solutions.

The minister went on to say:

> I believe that this will happen in most cases and that no longer being required to institute an action at law will save Canadians both time and money. It will always be possible to appeal to the Federal Court in those cases where the problem has not been solved.

That covers it very briefly, I might say even more briefly than was the case in the other place.

So that those people who read *Hansard*, and senators who are not already aware, the spokesman for the official opposition in the other place had this to say, and I quote—

Hon. David Walker: What page?

Senator Olson: This is from page 25797 of the *House of Commons Debates*.

Senator Asselin: Why are you reading that?

Senator Olson: So that we have this on our record.

Senator Asselin: We have already read that.

Senator Olson: I explained that a couple of times.

Senator Asselin: Why are you doing that?

Senator Olson: I am prepared to do that; I offered to do that. In any event, I am almost finished. For our record, the spokesman for the official opposition said:

> I think the Government has made a good choice. It is important that the new ombudsman or Information Commissioner start her role, not just with the approval of the Government, but with the approval of all Parties in the House of Commons to which she will report from time to time during her tenure in office.

There is much more that can be said, but I will only cite one other quotation from that speech, which states:

> The reporting to Parliament is important. She becomes a servant of Parliament. She also becomes a very important instrument in the ultimate parliamentary review that will take place in a few years down the road in the operation of that statute.
>
> I said at the beginning that I think her appointment is a good one and a sound one. On behalf of all my colleagues in this Party, I wish her well.

I see that Senator Asselin is not anxious that I quote any more from those who supported this appointment. The spokesman for the other opposition party in the House of Commons had equally glowing and supportive comments to make in the debate that ratified—

• (2210)

Hon. Lowell Murray: May I ask the minister then whether members of the Senate and House of Commons will have recourse to the new Information Commissioner when we find it impossible to obtain information from ministers of the Crown?

Senator Olson: I cannot give a flat yes or no answer to that question. I am sure that the Information Commissioner will ensure that the provisions of the Access to Information Act are adhered to. No doubt, there could be a set of circumstances in which my honourable friend would not agree with the government's interpretation of that statute. I think it is reasonable to assume that this house will have not only the right but perhaps the obligation to call the Information Commissioner before a committee if there is disagreement over what information may be available. From what I can tell of her activities, and the very good reputation she has built up over the years, she will be helpful to this chamber and, indeed, to Parliament generally in the pursuit of what is provided in the statute.

Hon. Richard A. Donahoe: Honourable senators, I should like to ask a question of the Leader of the Government. The resolution that is before us uses the phrase "this House approves the appointment." I have no intention and no desire to take exception to the appointment, or to object to it, or to hinder it in any way, but I do not see why I should be called upon to say that I approve of it. It seems to me to be an appropriate procedure to bring it before this house and to give us the opportunity to say whether or not we will consent to the appointment. I am quite prepared to consent to it, and I do not hesitate to say so, but I object to the word "approves" in the resolution that is put before us.

My question is really this: Can you read to us a section of the act under which we are proceeding which uses the word "approves" to indicate that you had no choice in using that word in the motion that you have put before us? If you have no choice, I will accept it, but if there is a choice I would much prefer that we have a more moderate word than the word "approves".

Senator Olson: Honourable senators, I can do that. Perhaps I have a problem of fully comprehending the difference between the word "consent"—that is perhaps not the word he used—and "approves", but the fact is that section 54 of the Information Act that was passed some time last year provides for the appointment of an Information Commissioner by the Governor in Council, and I shall quote the sentence that is important to answer Senator Donahoe's question:

> —after approval of the appointment by resolution of the Senate and House of Commons.

I am sorry, there seems to be some misunderstanding. It cannot be ratified according to the act by the Governor in Council until a motion approving it has gone through both houses.

Senator Murray: Is the same procedure followed in the appointment of the Commissioner of Official Languages?

Senator Olson: Yes.

[*Translation*]

Hon. Jean-Paul Deschatelets: When we discussed this matter a few days ago, Senator Manning made a suggestion which seems to have been well received by a number of senators, namely, that if we were asked to give our approval, it would be wise to consider a mechanism that would enable us to meet with this person, as a Committee, or otherwise. The person could then give his views on the work he will be doing. What I am interested in is not really the two appointments as such, but future events. It is a matter of principle. Have you completely set aside the suggestion made by Senator Manning to have a Committee meet people who are to become servants of Parliament?

[*English*]

Senator Olson: Honourable senators, I am glad that Senator Deschatelets has mentioned that. I certainly have not set those comments completely aside. I listened to them very carefully and there will probably be some circumstance, as he pointed out, for future consideration and that procedure may be highly desirable and useful. I will certainly take that into account and will be prepared for it, but in the circumstances respecting this particular appointment and the other one where there is a very high or, at least, what appears to be a very high level or

consensus of approval for all of it, I would hope that the Senate would see fit to pass these two motions.

Hon. Hartland de M. Molson: Honourable senators, I should like to ask a further question before the motion is put. I noticed that one of the quotations of the Leader of the Government stated that the commissioner reported to the House of Commons. Does that mean that the appointment does not call for a report to both houses?

Senator Olson: If I said only the House of Commons—

Hon. Royce Frith (Deputy Leader of the Government): That was in a quotation from Walter Baker's speech.

Senator Olson: Perhaps I should read the entire section and not just part of it and that perhaps will clarify it. The quotation is from Bill C-43, to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof. Section 54(1) reads as follows:

> The Governor in Council shall, by commission, under the Great Seal, appoint an Information Commissioner after approval of the appointment by resolution of the Senate and House of Commons.

I think it will take me a few more minutes to find the exact quotation, but I am certain that that report has got to come to both houses.

Senator Roblin: Honourable senators, this is perhaps a niggling point, but I want to be assured that Ms. Hansen is a Canadian citizen. Her *curriculum vitae* it does not indicate that, although it indicates that she was born in Denmark. I presume she is a Canadian citizen and perhaps the minister could confirm that.

Senator Olson: I think that is a requirement of some of the positions. I do not see that in the *curriculum vitae* that I have either, but I will give an undertaking to find out if that is so.

Senator Frith: I believe that all the law societies in Canada require citizenship before admission to the bar, so that would be some evidence that she is a Canadian.

Hon. Jack Marshall: I would not take that for a fact.

Senator Frith: You are not required to.

Senator Olson: I think I can answer more precisely Senator Molson's question about the report now, and I want to thank Senator McElman for finding the information for me so rapidly. The marginal note to Section 72 of the act that I identified a few minutes ago is "Report to Parliament", and the section reads:

● (2220)

> (1) The head of every government institution shall prepare for submission to Parliament an annual report on the administration of this Act within the institution during each financial year.
>
> Every report prepared under subsection (1) shall be laid before the Senate and the House of Commons within three months after the financial year in respect of which it is made or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

That is a standard phrase which is used. Then, finally, subsection (3) states:

> Every report prepared under subsection (1) shall, after it is laid before the Senate and the House of Commons, under subsection (2), be referred to the committee designated or established by Parliament for the purpose of subsection 73(1).

Senator Molson: Thank you.

Motion agreed to.

PRIVACY COMMISSIONER

APPOINTMENT OF JOHN W. GRACE

Hon. H. A. Olson (Leader of the Government), pursuant to notice of Thursday, May 23, 1983, moved:

> That, in accordance with section 53 of Schedule II of An Act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof, Chapter 111 of the Statutes of Canada for the present session of Parliament, this house approves the appointment of John W. Grace, Esquire, as Privacy Commissioner.

He said: Honourable senators, I do not think there was unanimity, although there was a consensus, on the manner in which I proceeded on the previous motion. Since I have before me the *curriculum vitae* of John W. Grace, perhaps it could be taken as read. If, however, honourable senators prefer that I read it into the record, adding some highly desirable or deserved complimentary remarks about this gentleman's record, I will do so. However, my suggestion is that it be taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): We are running into the same problem as we had earlier. I would suggest to my honourable friend that he restrict himself to the *curriculum vitae* of this man and let us make up our own minds as to whether it is a good one. We do not really need to hear the comments of character witnesses, but, for the sake of the record, we would like to hear this man's *curriculum vitae*.

Senator Olson: Honourable senators, John W. Grace was vice-president and editor-in-chief of the Ottawa *Journal* from June 1978 to August 1980, when the newspaper ceased publication.

He joined the *Journal* in 1959 as a member of the newspaper's editorial board. He was named an associate editor in 1962, and from 1972 was responsible for the editorial policy of the *Journal*. His editorials won two National Newspaper Awards competitions, in 1975 and 1977, and one citation for merit in 1974.

He was born in Ottawa on January 6, 1927, where he received his early education. He was graduated from St. Patrick's College in 1949. He received a Master of Arts in

English literature from the Catholic University of America in Washington, D.C., and a Ph.D. in the same subject from the University of Michigan, Ann Arbor, where he was a teaching fellow and a Rackham fellowship winner.

He was a full-time member of the faculty of English Language and Literature at the University of Michigan until returning to Canada and the *Journal* in 1959.

He has lectured on a part-time basis in the graduate school of the University of Ottawa.

Mr. Grace has been a radio and television commentator on public affairs. He also wrote scripts for CBC Ottawa public affairs programs and for the CBC network program, *The Seventies*.

He was a member of the Canada Council for two terms.

His community activities have included four terms as member of the Board of Governors of the University of Ottawa; four years as chairman of the board's executive committee; two years as chairman of the first co-ordinating committee for the Ottawa Health Sciences Centre, Alta Vista; six years as member of the Collegiate Institute Board of Ottawa, having served as chairman in 1967; and director of the Welfare Council of Ottawa.

He is married to the former Ruth E. Herbert of Baltimore, Maryland, and is the father of six children.

Senator Roblin: Thank you.

Hon. Charles McElman: Honourable senators, I do not think the CV is complete. It is my understanding that Dr. Grace has been a member of the CRTC since 1980 and that he still occupies a position on that commission, which, of course, he would relinquish if this appointment were made.

Recently I had the opportunity of seeing Dr. Grace in action in Fredericton, New Brunswick, when the CRTC was holding hearings there on certain broadcast licences. I think that should also be part of the record.

Senator Olson: Honourable senators, I am aware of that, and I thank Senator McElman for making mention of it so that it is included in the record. Dr. Grace is certainly well known in that capacity as well.

Hon. Martial Asselin: Could he hold two jobs at the same time?

Senator Olson: No.

Motion agreed to.

ORDER PAPER

WRITTEN QUESTION NO. 59—REQUEST FOR ANSWER

Hon. Jack Marshall: Honourable senators, before the adjournment I should like to refer to questions on the Order Paper, and in particular to Question No. 59 which has been on the Order Paper since April 1, 1981.

Some Hon. Senators: Shame.

Senator Marshall: It is a shame and it is embarrassing. It is an insult that it could not be answered in over a year. It is ridiculous. Take it off the Order Paper and get rid of it if you don't intend to answer it.

Hon. Lowell Murray: Send it to the Information Commissioner.

Hon. H. A. Olson (Leader of the Government): What number is it?

Senator Marshall: It is No. 59. Every time I ask the question all I hear are tales of woe. It is becoming embarrassing. Take it off the Order Paper.

Hon. Martial Asselin: You need more staff.

Senator Marshall: It is insulting to anyone with an ounce of intelligence. I did not get an answer.

Hon. Royce Frith (Deputy Leader of the Government): I thought you said, "Take it off the Order Paper."

Senator Marshall: Say yes or no.

Senator Frith: If it were a matter to be dealt with by me, I would agree to its being taken off the Order Paper.

Senator Marshall: Why is there no courteous rapport between the two sides? Senators should be considered as human beings and not insulted at every chance. You are railroading everything through this place.

Senator Frith: I am not trying to insult or to railroad anything; I would like to propose the adjournment. I do not want to propose the adjournment if Senator Marshall wants to say anything else.

Senator Marshall: Abolish the Senate. Go to the Prime Minister and abolish the Senate. Get it over with.

Senator Frith: I want to wait until everyone is finished.

Hon. Duff Roblin (Deputy Leader of the Opposition): He wants to wait to get that judgeship.

Senator Frith: What?

Senator Roblin: I am teasing you.

The Senate adjourned until Thursday, June 2, 1983, at 2 p.m.

THE SENATE

Thursday, June 2, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

ECONOMIC SUMMIT MEETING, WILLIAMSBURG, VA., U.S.A.—RESPONSE TO REQUEST FOR STATEMENT

Hon. H. A. Olson (Leader of the Government) tabled:

Response of the Government of Canada to the Report of the Royal Commission on Conditions of Foreign Service, dated May 1983.

Report on the operations of the Exchange Fund Account, together with the Auditor General's report on the audit of the Account, for the year ended December 31, 1982, pursuant to sections 17 and 18(2) of the Currency and Exchange Act, Chapter C-39, R.S.C., 1970.

He said: Honourable senators, at this point I should like to suggest to the Acting Leader of the Opposition that it may be useful if I table what really may be described as a response to his question of May 31 concerning the fulfilment of Canadian objectives at the Williamsburg conference.

In response to his question, I have, and am prepared to table, the following documents:

1. A statement of the Canadian objectives prepared by the Department of External Affairs;

2. The communiqué that was agreed to by the seven leaders attending the conference;

3. An assessment of the conference by the Prime Minister; and

4. An assessment of the conference by the Secretary of State for External Affairs.

Honourable senators, I have a limited number of copies of these documents that I would make available to senators who wish to have them. As honourable senators will note from the scroll, it may be some time between now and the beginning of Question Period; so, in order to be helpful to members of the opposition, I ask that these documents be tabled now. If that is unacceptable, I can put them forward in the regular fashion as a response to a question. Even in that instance, I would not ask that they be printed as if they had been read, but that they be tabled at that time.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have no objection to the procedure suggested by the Leader of the Government. He did me the kindness of giving me a copy of these documents as I came into the chamber. However, I would warn him that there is not much chance of my being able to make head or tail of them or digesting them in the course of this afternoon's proceedings. If I have an opportunity perhaps tomorrow or next week, I may be able to give some consideration to them at that time.

However, as he also proposes, as I understand it, to make some observations himself on the issues later on in the day's proceedings, I may have some questions that arise out of those comments.

Senator Olson: Honourable senators, I do not have with me a prepared comment on any part of these documents. However, I will follow the suggestion made by the Acting Leader of the Opposition and pass around the few copies I have with me. Certainly, later today, or by next week, all senators will have the complete text. Perhaps that would be the time to get into the discussion.

• (1405)

Senator Roblin: I have no objection to that. However, I would have preferred the Leader of the Government to have made some comments during Question Period. Perhaps he will still give some consideration to that, because some of the matters that were at issue when this matter was raised yesterday lend themselves, I think, to an oral statement without reference to the papers concerned.

Senator Olson: Honourable senators, that is perhaps correct. I have no argument with it. However, what has transpired since the question was first put last Tuesday is that we have assembled this background information which I undertook to get. In addition to that, the Minister of Finance appeared before one of the committees. The transcript of the proceedings of that meeting will be available for honourable senators by next Tuesday. Further, there is some possibility that we may have another opportunity, both in committee and on the floor next week, for further discussion about, at least, the borrowing authority. I believe there is a good possibility that the bill will come to us later, which will also give us an opportunity at some future time to discuss these matters.

Senator Roblin: Honourable senators, I do not disagree with what the Leader of the Government has said. I point out to him, however, that at the committee meeting this morning the comments offered by the Minister of Finance were, from my point of view, hardly encouraging, because in effect he said that what had transpired at Williamsburg would in no way affect the policy of the Government of Canada with respect to its deficit policy, with respect to its interest rate policy, or with respect to its attitude toward trade barriers and protection. I got the clear impression from his testimony this morning that that part of the policy of the government was not in any way changed by what was going on in Williamsburg.

I, for one, take this opportunity to express my distress that that happens to be the gist of his statement.

Senator Olson: Honourable senators, I find myself in the difficult position where I must try to devise an interpretation that is more satisfactory to the honourable senator than that which he got directly from the Minister of Finance. I am not sure whether he wants me to say it in language that is more acceptable to him, but it seems to me that, if he wanted information on the interpretation of government policy, he had an opportunity this morning to go into that.

I am aware of the limitations that are involved in that kind of situation, but I am not sure that he would expect me to give an interpretation that would indicate a different policy.

It seems to me that we have two opportunities to have some discussion in this regard. It may be that I will be able to clarify the situation more substantially than what Senator Roblin now claims is an unsatisfactory response.

Senator Roblin: Honourable senators, I appreciate the good will of the Leader of the Government. I leave it to him to take whatever steps he wishes to take in enunciating government policy. I offer the observation, however, that, in my mind, it is always a little questionable as to whether we should consider a statement made in committee as being sufficient. There were five members of the house present at the committee meeting this morning, six when my honourable friend arrived, and seven when his seatmate arrived.

Hon. Royce Frith (Deputy Leader of the Government): It was up to eight at one point.

Senator Roblin: Was it, indeed? There you are, honourable senators, eight out of a possible 82. It seems to me that, if statements of policy are to be made, it is better to make them in this chamber. That is as far as I want to go this afternoon.

Senator Olson: Honourable senators, I would then ask that this reply and the documents that I identified a few moments ago be tabled at this time.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, June 2, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill S-32, intituled: "An Act to amend the Penitentiary Act and the Parole Act", has, in obedience to its Order of Reference of November 23, 1982 and to its instruction of May 31, 1983, examined the said Bill and the amendments referred to in the said instruction and now reports the Bill with the following amendments:

1. *Page 1, clause 1:* Strike out line 7 and substitute the following:

   "23. Subject to subsection 24(5) and 24.11(2) the Com-"

2. *Page 1, clause 2:* Strike out lines 16 to 19 and substitute the following:

   "2. (1) Subsection 24(1) of the said Act is repealed and the following substituted therefor:

   "24. (1) Subject to this section and sections 24.11 and"

3. *Page 2 new subsection (2):* Add, immediately after line 4, the following:

   "(2) Section 24 of the said Act is further amended by adding thereto the following subsections:

   "(3) An inmate is not entitled to be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission,

   (*a*) where a court directs pursuant to section 14.7 of the *Parole Act* that the inmate not be so released, or

   (b) prior to the completion of

   (i) the hearing and determination by the court of the application in respect of the inmate pursuant to sections 14.1 to 14.7 of that Act to determine whether a direction referred to in paragraph (*a*) should be made, or

   (ii) an appeal by the Attorney General of Canada pursuant to subsection 14.8(2) against the dismissal of the application referred to in subparagraph (i).

   (4) When a direction referred to in subsection (3) is made in respect of an inmate, the inmate

   (*a*) shall forfeit all statutory and earned remission standing to his credit, whether accrued before or after the coming into force of this section; and

   (*b*) is not entitled to be credited with earned remission in respect of the sentence he is serving at that time.

   (5) Any remission of sentence forfeited pursuant to subsection (4) shall not thereafter be remitted or recredited pursuant to section 23 of this Act or subsection 20(3) of the *Parole Act*."

4. *Page 2, clause 3:* Strike out line 10 and substitute the following:

   "and the mandatory supervision is revoked as a result of a conviction for an offence,

5. *Page 2, new clause 3.1:* Add, immediately after the heading "PAROLE ACT" that follows line 29, the following:

"3.1 Subsection 9(1) of the *Parole Act* is amended by adding thereto, immediately after paragraph (*a*) thereof, the following paragraph:

"(*a*.1) prescribing the times when and the manner in which a review of cases of inmates pursuant to section 14.1 is to take place;"

6. *Page 2, new clause 3.2:* Add, immediately before line 30, the following:

"3.2 The said Act is further amended by adding thereto, immediately after section 14 thereof, the following heading and sections:

"DIRECTION NOT TO RELEASE INMATE ON MANDATORY SUPERVISION

14.1 (1) In this section and sections 14.2 to 14.9,

"court" means a superior court of criminal jurisdiction;

"court of appeal" means

(*a*) in the Provinces of Quebec, Ontario, New Brunswick, Newfoundland, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon Territory and the Northwest Territories, the Court of Appeal, and

(*b*) in the Provinces of Nova Scotia and Prince Edward Island, the Appeal Division of the Supreme Court;

"prosecutor" means the Attorney General of Canada and includes counsel acting on behalf of the Attorney General of Canada;

"superior court of criminal jurisdiction" means

(*a*) in the Province of Quebec, the Superior Court,

(*b*) in the Provinces of Ontario, Nova Scotia, Prince Edward Island, Newfoundland, the Yukon Territory and the Northwest Territories, the Supreme Court,

(*c*) in the Province of British Columbia, the Supreme Court or the Court of Appeal, and

(*d*) in the Provinces of Manitoba, Saskatchewan, Alberta and New Brunswick, the Court of Appeal or the Court of Queen's Bench.

(2) The Chairman or a division of the Board shall, at the time and in the manner prescribed by the regulations, review the case of every inmate who is sentenced to imprisonment in or transferred to a penitentiary and is serving a sentence imposed in respect of a serious personal injury offence within the meaning of section 687 of the *Criminal Code*.

(3) Where, after reviewing the case of an inmate as required by subsection (2), the Chairman or members who conducted the review are of the opinion that the inmate should not be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission, on the grounds set out in paragraph 14.7(*a*) or (*b*), they shall refer the case to the Attorney General of Canada,

(*a*) except in the circumstances described in paragraph (*b*), not later than ninety days prior to the earliest day on which the inmate may be entitled to be released from imprisonment; and

(*b*) where the Chairman or members who conducted the review form the opinion less than ninety days prior to such day on the basis of

(i) behaviour by the inmate that occurs within those ninety days, or

(ii) information provided to the Chairman or members within those ninety days that could not reasonably have been provided earlier,

as soon as practicable after the opinion is formed.

(4) Where the case of an inmate has been referred to the Attorney General of Canada pursuant to subsection (2), an application for a direction under section 14.7 that the inmate shall not be released from imprisonment may be made, within fourteen days of the referral, to the court having jurisdiction in the place in which the inmate is in custody.

(5) An inmate is not entitled to be released from imprisonment prior to the completion of

(*a*) the hearing and determination by the court of the application in respect of the inmate pursuant to this section and sections 14.2 to 14.7, or

(*b*) an appeal by the Attorney General of Canada pursuant to subsection 14.8(2) against the dismissal of the application referred to in paragraph (*a*).

(6) An inmate who is in custody by virtue of subsection (5) shall be deemed to be serving his sentence.

(7) This section and sections 14.2 to 14.9 apply in respect of persons who were sentenced to imprisonment in or transferred to any class of penitentiary before or after the coming into force of this section.

14.2 (1) Where an application in respect of an inmate has been made pursuant to subsection 14.1(4), the Court shall hear and determine the application except that no such application shall be heard unless

(*a*) at least fourteen days notice has been given to the inmate by the prosecutor, following the making of the application, outlining the basis on which it is intended to found the application; and

(*b*) a copy of the notice has been filed with the clerk of the court.

[Senator Neiman.]

(2) An application made pursuant to subsection 14.1 (4) shall be heard and determined by the court without a jury.

(3) For the purposes of an application made pursuant to subsection 14.1(4), where an inmate admits any allegations contained in the notice referred to in paragraph (1)(a), no proof of those allegations is required.

(4) The production of a document purporting to contain any nomination that may be made or given by the Attorney General of Canada under sections 14.1 to 14.9 and purporting to be signed by the Attorney General of Canada is, in the absence of any evidence to the contrary, proof of that nomination without proof of the signature or the official character of the person appearing to have signed the document.

14.3 (1) On the hearing of an application made pursuant to subsection 14.1(4), the court shall hear the evidence of at least two psychiatrists and all other evidence that, in its opinion, is relevant, including the evidence of any psychologist or criminologist called as a witness by the prosecution or the inmate.

(2) One of the psychiatrists referred to in subsection (1) shall be nominated by the prosecution and one shall be nominated by the inmate.

(3) If the inmate fails or refuses to nominate a psychiatrist pursuant to this section, the court shall nominate a psychiatrist on behalf of the inmate.

(4) Nothing in this section shall be construed to enlarge the number of expert witnesses that may be called without the leave of the court or judge under section 7 of the *Canada Evidence Act*.

14.4 (1) A court to which an application is made pursuant to subsection 14.1(4) may, by order in writing,

(a) direct the inmate in relation to whom the application is made to attend at a place or before a person specified in the order and within a time specified therein, for observation, or

(*b*) remand the inmate in such custody as the court directs, for a period not exceeding thirty days, for observation,

where in its opinion, supported by the evidence of, or where the prosecutor and the inmate consent, supported by the report in writing of, at least one duly qualified medical practitioner, there is reason to believe that evidence might be obtained as a result of such observation that would be relevant to the application.

(2) Notwithstanding subsection (1), a court to which an application is made pursuant to subsection 14.1(4) may remand the inmate to which that application relates in accordance with that subsection

(*a*) for a period not exceeding thirty days without having heard the evidence or considered the report of a duly qualified medical practitioner where compelling circumstances exist for so doing and where a medical practitioner is not readily available to examine the offender and give evidence or submit a report; and

(*b*) for a period of more than thirty but not more than sixty days where it is satisfied that observation for such a period is required in all the circumstances of the case and its opinion is supported by the evidence of, or where the prosecutor and the inmate consent, by the report in writing of, at least one duly qualified medical practitioner.

14.5 Without prejudice to the right of an inmate to tender evidence as to his character and repute, evidence of the character and repute of the inmate may, if the court thinks fit, be admitted on the question whether the inmate should be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission.

14.6 (1) The inmate shall be present at the hearing of an application made pursuant to subsection 14.1(4) and the court shall order, in writing, the person having the custody of the inmate to bring the inmate before the court.

(2) Notwithstanding subsection (1), the court may

(*a*) cause the inmate to be removed and to be kept out of court, where he misconducts himself by interrupting the proceedings so that to continue the proceedings in his presence would not be feasible; or

(*b*) permit the inmate to be out of court during the whole or any part of the hearing on such conditions as the court considers proper.

14.7 Where, on an application made pursuant to subsection 14.1(4), it is established to the satisfaction of the court,

(*a*) that the inmate is serving a sentence imposed in respect of a serious personal injury offence described in paragraph (*a*) of the definition of that expression in section 687 of the *Criminal Code* and the inmate constitutes a threat to the life, safety or physical or mental well-being of other persons on the basis of evidence establishing

(i) a pattern of repetitive behaviour by the inmate, of which that offence forms a part, showing a failure to restrain his behaviour and a likelihood of his causing death or injury to other persons, or inflicting severe psychological damage on other persons, through failure in the future to restrain his behaviour,

(ii) a pattern of persistent aggressive behaviour by the inmate, of which that offence forms a

part, showing a substantial degree of indifference on the part of the inmate as to the reasonably foreseeable consequences to other persons of his behaviour, or

(iii) any behaviour by the inmate, associated with that offence, that is of such a brutal nature as to compel the conclusion that his behaviour in the future is unlikely to be inhibited by normal standards of behavioural restraint, or

(*b*) that the inmate is serving a sentence imposed in respect of a serious personal injury offence described in paragraph (b) of the definition of that expression in section 687 of the *Criminal Code* and the inmate, by his conduct in any sexual matter including that involved in the commission of that offence, has shown a failure to control his sexual impulses and a likelihood of his causing injury, pain or other evil to other persons through failure in the future to control his sexual impulses,

the court may, by order, direct that the inmate shall not be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission.

14.8 (1) Where a court directs under section 14.7 that an inmate shall not be released from imprisonment, the inmate may appeal to the court of appeal against the direction on any ground of law or fact or mixed law and fact.

(2) The Attorney General of Canada may appeal to the court of appeal against the dismissal of an application for a direction under section 14.7 on any ground of law.

(3) On an appeal against a direction made under section 14.7, the court of appeal may

(*a*) quash such direction or order a new hearing; or

(*b*) dismiss the appeal.

(4) On an appeal against the dismissal of an application for a direction under section 14.7, the court of appeal may

(*a*) allow the appeal, and

(i) by order, direct that the inmate shall not be released from imprisonment prior to the expiration of his sentence according to law, solely as a result of remission, including earned remission, or

(ii) order a new hearing; or

(*b*) dismiss the appeal.

(5) A judgment of the court of appeal allowing an appeal pursuant to paragraph 4(*a*) and directing that the inmate shall not be released from imprisonment has the same force and effect as if it were a direction of the court pursuant to section 14.7.

(6) The provisions of Part XVIII of the *Criminal Code* with respect to procedure on appeals apply *mutatis mutandis* to appeals under this section.

14.9 Where a court, pursuant to section 14.7, directs that an inmate not be released from imprisonment, the court shall order that a copy of all reports or testimony given by psychiatrists, psychologists or criminologists and any observations of the court with respect to the reasons for the direction together with a transcript of the trial of the dangerous offender be forwarded to the Solicitor General of Canada for his information."

7. *Page 2, clause 4:* Strike out line 30 and substitute the following:

"4. Subsection 15(2) of the said Act is"

8. *Page 4, new clause 8:* Immediately after line 9 add the following heading and section:

8. Subsections 24(3) to (5) of the *Penitentiary Act*, as enacted by subsection 2(2) of this Act and paragraph 9(*a*.1) and sections 14.1 to 14.9 of the *Parole Act*, as enacted by sections 3.1 and 3.2, respectively, of this Act shall cease to be in force three years after the coming into force of this Act."

Respectfully submitted,

JOAN NEIMAN,
Chairman

● (1410)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Neiman: I move, with leave of the Senate and notwithstanding rule 45(1)(f), that the report be taken into consideration later this day.

Honourable senators, I should advise you that two of my colleagues would like to speak to this report later this day. It is not a question of adopting it today; that would not be appropriate at all.

Hon. Duff Roblin (Deputy Leader of the Opposition): We on this side have no objection to leave being given to consider the report later today. I agree with Senator Neiman that it is advisable that we not attempt to conclude the matter today, and that she may expect the item to be adjourned for further consideration on another occasion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on Supplementary Estimates (A), laid before Parliament for the fiscal year ending March 31, 1984. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 5708*).

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that the report be taken into consideration on Tuesday next, June 7, 1983.

Motion agreed to.

● (1415)

UNEMPLOYMENT INSURANCE

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE ON SUBJECT MATTER OF BILL C-156

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Thursday, June 2, 1983

The Standing Senate Committee on Health, Welfare, and Science to which was referred the subject-matter of Bill C-156, intituled, "An Act to amend the Unemployment Insurance Act, 1971 (No. 3)", has, in obedience to the Order of Reference of Tuesday, May 24, 1983, examined the said subject-matter along with the proposed amendments as outlined by the Minister of Employment and Immigration, and now reports that it agrees with the said Bill and with the proposed amendments.

Respectfully submitted,

M. LORNE BONNELL,
Chairman.

Hon. Duff Roblin (Deputy Leader of the Opposition:) Honourable senators, there are some points I should like to raise in connection with Bill C-156, the subject matter of which has just been reported to the house.

The chairman of the committee reported that the bill had been considered together with certain amendments introduced by the minister. I presume that those amendments have already been presented to the House of Commons and have received the approval of that chamber. If not, perhaps the chairman could enlighten me.

My second point is addressed to the Leader of the Government. Can he tell us what progress this bill is making in the other place and whether it is anticipated that we will receive it before the Senate rises this afternoon?

Senator Bonnell: Honourable senators, in reply to the first question, it is my understanding that the amendments will be proposed in the other place this afternoon. They are the amendments that were proposed in our committee this week, and it is anticipated that they will receive unanimous support, as one deals with maternity benefits and the other with adoption benefits. I believe that all parties in the other place have agreed to them, and it is expected that the bill will reach us later this day.

Hon. H. A. Olson (Leader of the Government): Honourable senators, in response to the second part of Senator Roblin's question, we have good reason to believe that the bill will be voted on in the other place and finally disposed of later this afternoon, possibly some time after 5 o'clock but before 6 o'clock. We believe that is likely to happen, although there is no House rule to that effect. We may suggest that the Senate meet again this evening at 8 o'clock to receive the bill, and then to discuss the disposition of it either later today or tomorrow morning, with the hope that we can have Royal Assent at some time in the middle of the day tomorrow.

Senator Roblin: If we do not receive the bill this afternoon, what is the government leader's contingency plan?

Senator Olson: Honourable senators, I am not sure that we have a contingency plan if we do not receive the bill this afternoon, other than to follow the regular procedure. That raises the question as to whether, in that event, we should meet tomorrow. However, there are high hopes that there is agreement between all parties in the other place to dispose of the bill this afternoon and to send it to us by 6 p.m.

● (1420)

Senator Roblin: So I suppose the minister's advice to the senators present is, "Be prepared to meet again at 8 o'clock this evening".

Senator Olson: That is correct.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets and/or supplementary budgets of the following committees:

Foreign Affairs, Subcommittee on National Defence

Special Joint Committee on Senate Reform.

(*For text of reports, see today's* Minutes of the Proceedings of the Senate.)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the chairman of the committee and ask him whether the report respecting the Special Joint Committee on Senate Reform includes the question of financing that committee? If it does, is provision being made for the proceedings of that committee to be published in some manner so that they might be available to members of this house and anyone else who might have an interest in the topic?

Senator Graham: Honourable senators, the answer to both questions is in the affirmative.

QUESTION PERIOD

[*English*]

FARM CREDIT CORPORATION

ASSISTANCE TO FARMERS—AVAILABILITY OF ADDITIONAL FUNDS

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board, but I do not see him in the chamber.

Hon. Jack Marshall: He was here one day this week.

Hon. Richard A. Donahoe: He is in a grain elevator somewhere.

Senator Sherwood: In any event, I should like to direct my question to the Leader of the Government in the Senate. In just two months the Farm Credit Corporation has used up the $150 million it had expected would be sufficient for the year to help farmers in financial difficulty. Given that there is still a strong demand for loans, is the government intending to make additional funds available to the Farm Credit Corporation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, when the government is ready to make further commitments to the Farm Credit Corporation for that purpose—and I guess I am giving the usual reply—it will make the announcement. What I do know is that the government initially allocated $50 million to the fund.

Senator Sherwood: $150 million.

Senator Olson: I do not believe so. I believe there was a further commitment, of $100 million, at a later stage. I do not question the honourable senator's assessment that the money has been used up in two months, but I would have to check it out to determine the state of that fund.

I shall transmit the message to the Minister of Agriculture, the Minister of Finance and others that there may be an additional demand or a request for a further amount. The ministers involved will have to determine whether or not they will allocate further funding for the purpose the honourable senator has described.

[Senator Graham,]

Senator Sherwood: Honourable senators, it is my information that there is still a strong demand for additional credit. I would appreciate it if the minister would bring back to this chamber, after having discussed the matter with his colleagues in the other place, an announcement concerning the government's intention.

Senator Olson: Honourable senators, I think I have already given that undertaking. I shall also ask the Minister of Agriculture, who is the minister responsible for the Farm Credit Corporation, to give us an assessment of the very useful service this fund has provided, along with the criteria for accepting loan applications. Obviously, when you change the criteria as to the qualifications for applicants, it increases the demand significantly.

● (1425)

[*Translation*]

FOREIGN AFFAIRS

POSSIBILITY OF FRANCOPHONE SUMMIT WITH QUEBEC PARTICIPATION

Hon. Martial Asselin: My question is for the Leader of the Government. At the Williamsburg economic summit, the Prime Minister of Canada met with French President Mitterrand. It would seem that they have decided to agree on the way to hold a summit conference for all French-speaking countries similar to that of British Commonwealth countries.

Yesterday, apparently, the Prime Minister and the Secretary of State for External Affairs said that Quebec's participation in that summit would not be necessary since it might be an economic summit. Now then, we know full well that, at a summit of French-speaking countries, French issues will be the order of the day—that is crystal clear.

Is that underhanded way of excluding Quebec a final decision on the part of the government and, if there is to be such a summit, will Quebec be excluded in advance? Why not look at it as we did when we were in office and decided that Quebec would be a participating government in any summit of French-speaking countries, just as it is with respect to the Cultural and Technical Co-operation Agency? In other words, the Quebec government may take the floor but, if a vote is called, the federal delegation alone may vote.

Has the cabinet decided in advance that Quebec would not attend that francophone summit?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will have to take that question as notice, although I think Senator Asselin has partly answered it with respect to the terms and conditions under which governments would formally be in attendance and represented. However, to add to what he has said, it seems obvious that a number of French Canadians or francophones from the province of Quebec would also be there as Canadians.

Senator Asselin: Is this a commitment of your government?

Senator Olson: I am not sure of the commitment. As I indicated, I will make the reference, because I wish to ensure, in answering some of the arguments which were advanced along with the questions of Senator Asselin, that I am as precise and accurate as I am in the habit of being.

Senator Asselin: As this is a rather important question for the French-speaking population of Canada, especially those in Quebec, and because it is a regional problem, as Senator Frith would agree, would it be possible for the minister to make a statement on behalf of the government on this important question perhaps next week?

Senator Olson: In making the reference, I will indicate that Senator Asselin would like to have a reply next week, and that might add some urgency to getting the reply back.

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. Jack Marshall: As a supplementary, can the leader tell me whether, in the discussions between the Prime Minister of Canada and the Prime Minister of France, there was any furthering of the negotiations between the two countries respecting the effect of the 200-mile fishing limit on St. Pierre and Miquelon and Newfoundland, Canada? Does he know what, if any, progress has been made in those negotiations?

Hon. H. A. Olson (Leader of the Government): I will take that question as notice, too, and refer it to the Prime Minister's office. In looking over the documents I tabled earlier today I do not see any reference to that matter, but I believe Senator Marshall's question would be included in that, and to that extent I will take it as notice.

Senator Marshall: Just as an addendum, has there been any development concerning the boundary line between the Province of Newfoundland, as part of Canada, and the Islands of St. Pierre and Miquelon? That has been a bone of contention between the two countries.

Senator Olson: I will take that into account, too.

● (1430)

THE BUDGET, 1983

ESTIMATED GOVERNMENT EXPENDITURES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have six delayed answers. All of them are fairly long, and if they could be taken as read I would be happy to proceed in what has almost become the usual manner. I am asking permission to do that today, in any event, and if that is agreed, I will proceed in that manner.

The first is in reply to a question asked by Senator Murray on April 20 last concerning the government's commitment to restrain the trend growth in total outlays to the trend growth in nominal GNP. I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

It is unclear what measure of expenditures was being referred to by the honourable senator. However as shown in the April 19, 1983 budget, total outlays are projected to rise 12.7 per cent in the current fiscal year. Total outlays are a relatively comprehensive measure of government spending and the government's commitment to expenditure restraint has focused on this measure of expenditures for many years. The commitment to expenditure restraint has been to restrain the trend growth in total outlays to no more than the trend growth in nominal GNP. The policy has not sought to maintain expenditure growth below GNP growth on a year-to-year basis as this would have the effect of increasing cyclical fluctuations in economic activity. Thus, while total outlays are expected to rise to 23.6 per cent of GNP in the current fiscal year compared to 23.1 per cent in 1982-83, it is recognized that this is related to the weak cyclical situation and high unemployment that currently exist. Over a longer-term perspective, total outlays are expected to decline as a percentage of GNP. Specifically, by 1986-87 total outlays are projected to have dropped to 21.3 per cent of GNP.

SPECIAL RECOVERY PROGRAM

Hon. H. A. Olson (Leader of the Government): The next is in response to a question asked by Senator Flynn on April 20 concerning projects which will be served by the additional $200 million for the special recovery capital projects. I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Prior to the budget a lengthy list of possible projects was considered for this program. The additional $200 million allocation increases the number of projects that can be funded from this list. The projects for consideration under this program are being thoroughly evaluated prior to approval: Some have subsequently been added, some have been dropped and some have had their original cost estimates refined. A large number of projects have already been announced. It would not be possible to identify separately which specific projects will be funded by the additional $200 million and which will be funded by the other $2.2 billion.

Hon. H. A. Olson (Leader of the Government): The third delayed answer is in response to a question from Senator Tremblay on April 20 last respecting the revised budget tables. These are rather lengthy, and perhaps they should be printed as an appendix.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of answer, see appendix "B", p 5710*)

INFORMATION COMMISSIONER

INGER HANSEN, Q.C.—CITIZENSHIP

Hon. H. A. Olson (Leader of the Government): The next delayed answer is in response to a question asked by Senator Roblin on May 31, 1983 concerning the citizenship of Ms. Inger Hansen.

Hon. Duff Roblin (Deputy Leader of the Opposition): Is it yes or no?

Senator Olson: The answer is: Yes. Ms. Inger Hansen became a Canadian citizen on January 11, 1960—twenty-three years ago.

Senator Roblin: Thank you.

LABOUR RELATIONS

NOVA SCOTIA—PRINCE MINE, CAPE BRETON ISLAND—REPORTED LOCK-OUT OF MINERS

Hon. H. A. Olson (Leader of the Government): Honourable senators, the next delayed answer is in response to a question asked by Senator Muir on May 31, 1983 concerning the lock-out of miners at the Prince Mine on Cape Breton Island.

I am pleased to report that the dispute was settled during the meeting between officials of the Cape Breton Development Corporation and representatives of the mine workers' union during the morning of Tuesday, May 31, 1983. The miners went back to work at 11:00 p.m. the same day.

CONSUMER AND CORPORATE AFFAIRS

DRUG MANUFACTURING—PROPOSED CHANGES IN REGULATIONS

Hon. H. A. Olson (Leader of the Government): The next delayed answer, honourable senators, is in reply to a question asked by Senator Marshall on May 31, 1983 concerning proposed changes in the compulsory licensing of pharmaceuticals. This document is also rather lengthy, and perhaps it should also be printed as an appendix.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of answer, see appendix "C", p 5717*)

● (1435)

Hon. Robert Muir: Honourable senators, there is an old saying, "When you are right, no one remembers; when you are wrong, no one forgets."

I want to express my thanks to the Leader of the Government. When I think he is wrong I tell him so; when he is right, I tell him so.

Very early the morning after I raised my questions his staff was on the telephone to me with a complete response to the questions I had posed, and they were most co-operative. Again, I express my thanks to him.

Senator Olson: I thank Senator Muir for the commendation of the work done. Although it was done by my staff, it is helpful to know that someone appreciates it.

[*Translation*]

SALARIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from May 31 the debate on the motion of Senator Frith for second reading of Bill C-160, to amend the Salaries Act.

Hon. Martial Asselin: Honourable senators, I only want to say a few words on behalf of the official opposition to point out that we have no objection at all to Bill C-160 now under consideration. We are all aware of the importance of the office of lieutenant governor in every province of Canada. However, we often forget the real role played by lieutenant governors. Of course, the young generation does not view the representative of the sovereign as we did in the past. It still remains that the lieutenant governor has important constitutional responsibilities. It might be advisable to restate them occasionally so that the Canadian people will know about them.

Some of these duties were listed in the other place and I think we should do the same here:

> In his capacity, a Lieutenant Governor possesses the formal powers necessary for the working of the Cabinet or parliamentary Government. Moreover, the Lieutenant Governor has broad discretionary powers which may on occasion be exercised and, indeed, have been exercised. He alone has the responsibility, whatever the circumstances, of finding a Minister who can form a Government. He must be consulted on the summoning and the prorogration of the legislature of each of the Provinces. He must agree to the dissolution of the legislature and the date of an election. He can question and discuss Government policy. He has the power to dismiss a Government for unlawful or unconstitutional actions. He can, in short, refuse to follow the advice of his Ministers if, in his opinion, the public interest requires it. These powers cannot be defined, and while their exercise has been and must necessarily be infrequent, their existence provides the ultimate safeguard of the Constitution.

Lieutenant governors sometimes carry out their responsibilities under difficult circumstances. I can assure you that it is no secret in Quebec that the lieutenant governor, the Honourable Jean-Pierre Côté, has gone through difficult times in fulfilling his duties, since he does not share the ideology of the provincial government. Let me recall very briefly that there was almost a constitutional crisis because Quebec was to be represented at the signing ceremony when our Constitution was patriated. The Lieutenant Governor was given final and specific instructions by the Premier to refrain from attending that event. It will be remembered that the Lieutenant Governor had after consultation, to attend the ceremony in his capacity as member of the Privy Council.

In some circumstances, there will be confrontation between the Lieutenant Governor and the Government of a given Province. We know that Lieutenant Governors are called upon to sign all Orders in Council, which must be examined as to their legal and constitutional validity. It sometimes happens that the Lieutenant Governor is in duty bound to send back to the Executive Council the Orders in Council that do not comply with certain constitutional requirements or do not serve, in the Lieutenant Governor's opinion, the public interest. It often happens that Orders in Council that have been sent back are amended and changed, and then returned to the Lieutenant Governor.

We could discuss at length the responsibilities of Lieutenant Governors. However, the Bill is concerned with the salaries of Lieutenant Governors. One does not have to be an accountant to realize that current salaries for Lieutenant Governors fall far short of any Klondike. Senator Frith has indicated that there have been but two raises over the last 20 years. At one time, it was $20,000. In 1975, salaries were hiked to $35,000. Recently, I had an opportunity to speak with Quebec's Lieutenant Governor, the Honourable Mr. Côté. He was not impressed by the 6 per cent increase offered by Parliament, however he appreciated that gesture coming from the Canadian Parliament.

I would like to add, since I have quite often met with Mr. Côté in Quebec during his term of office, that he has represented the Governor General in a most dignified fashion. He is very dedicated. He has attended a number of social and cultural ceremonies, and has taken part in artistic and literary meetings. He even discovered new personal talents when he came to Quebec: he has become a knowledgeable painter. Naturally, on several occasions he has visited my region of Charlevoix, one of the most beautiful in the province. He has seen the splendid natural environment and has even exhibited his own paintings, which Quebec art connoisseurs fully appreciate.

Honourable senators, the Official Opposition thinks that this Bill is needed and it has our full support. There is no need to refer it to committee. We are prepared to adopt it this afternoon if the Leader of the Government wants to move third reading. Of course, my comments on the role of the Lieutenant Governor were meant for all lieutenant governors now in office in Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: If Senator Frith takes the floor now, he will close the debate.

Senator Frith: Honourable senators, I fully agree with the remarks of Senator Asselin, particularly as they relate to our former colleague, the Honourable Jean-Pierre Côté. In light of my own experience and observations, I echo as well the remarks of Senator Asselin concerning the salaries of the lieutenant governors. Since that is all I have to say, I move second reading.

Motion agreed to and bill read the second time.

• (1440)

[*English*]

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—MOTION FOR ADOPTION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-32, to amend the Penitentiary Act and the Parole Act, which was presented earlier this day.

Hon. John M. Godfrey moved the adoption of the report.

He said: Honourable senators, when Bill S-32 was introduced in this house it involved what is known as the "revolving door syndrome." Under the Penitentiary Act and the Parole Act an inmate is released if he has behaved himself and has served two-thirds of his sentence.

In 1971 the act was amended to provide that the last third of a sentence would be served under mandatory supervision—that is, the released inmate had to report to a parole officer. If he breached any of the conditions of that mandatory supervision, or the parole officer decided he was in breach of his parole, he was returned to the penitentiary to serve the balance of his sentence. It used to be that he could earn the automatic remission of one-third of his sentence still remaining after his return.

Concern has been expressed by the public about offenders who commit other crimes after being released from jail because they have earned automatic remission of part of their sentence after their return because of a breach of a condition of their mandatory supervision.

When this bill was introduced in the Senate it provided that if anyone released under mandatory supervision committed a technical breach of a condition of his mandatory supervision he would be returned to the penitentiary and not allowed to earn any more remission. He would have to serve the balance of his sentence. It was the opinion of the committee that this was rather harsh treatment for someone who was sent back for a mere technical breach of the law, and that in order to be deprived of the right to earn remission he should have commit-

ted more than a technical breach of the term of his mandatory supervision; that there should be the commission of an offence and a conviction. The amendment proposed by the committee means that in order for an inmate to be returned to jail without the right to earn further remission he must be convicted of an offence.

While the committee was considering Bill S-32 in its original form, the Supreme Court of Canada rendered its decision that the so-called "gating" was illegal. The government immediately proposed amendments to the committee which gave the National Parole Board the power to gate, which would mean that an inmate who had earned release under mandatory supervision would be, in effect, greeted at the front gate of the penitentiary, wheeled around and put back in again, and would lose his right to be released until he completed the remainder of his sentence.

Here again, the committee felt that the National Parole Board should not have this power because it resulted, in effect, in an extension of the original sentence, the inmate losing the right to a one-third remission on mandatory supervision. They felt that if the inmate had to return and serve the full sentence, it should be by an order of the court. The committee members expressed this opinion rather forcefully and conveyed that message to the minister.

As a result, the minister came back before the committee and changed some of the amendments that he had unofficially approved, to the effect, that if the National Parole Board wanted to gate somebody who is a dangerous offender—and they are the only ones we are concerned with here—then the Parole Board must make the decision that that person is a dangerous offender approximately 90 days before he is to complete his sentence. They then go to the Attorney General, and he has a couple of weeks to decide whether he wants to proceed with an application before the court. They then follow procedure they would have followed if they had, at the time of his conviction, labelled him a dangerous offender. That is one of the amendments now before this house.

● (1450)

Honourable senators, both of the amendments proposed by the committee involve the question of human rights. As I have said before, and as Senator Frith pointed out in the speech he gave on the Senate, the question of human rights should be of particular interest to us, and every bill should be examined with the thought in mind that, if it transgresses human rights, then we should take action. In this case the committee has taken action, as is reflected in the amendments to this bill.

Hon. Senators: Hear, hear.

Hon. Earl A. Hastings: Honourable senators, as the mover of second reading of this bill, may I, on behalf of all the committee members, express the appreciation of the committee to the chairman, Senator Neiman, who guided us through, as I have said before, some troubled waters in reaching a conclusion as to the final presentation of Bill S-32, as amended, to the Senate.

[Senator Godfrey.]

I should also like to extend my congratulations to all members of the committee for the worthwhile work they have performed over the past five months. The committee covered the whole spectrum of philosophical views with respect to corrections, from the far right, the stern disciplinary view of Senator Robichaud, to the very wise Nova Scotian counsel of Senator Donahoe, to the probably very far left wing view of corrections as expressed by myself.

We heard many witnesses, again covering the whole spectrum of corrections. We heard from the after-care agencies, the Solicitor General and the police associations. The only segment of corrections we did not consult were the inmates themselves, but I suspect they had counsel at the table by the intervention of Honorary Inmate 006 from Saskatchewan penitentiary. In any event, as a result of our discussions and debate, it seems to me that we can now send the House of Commons a very much improved and acceptable bill. As Senator Godfrey has said, the Senate has performed a very worthwhile service.

Essentially, honourable senators, Bill S-32 and the amendments thereto is a legitimate response by a government to the legitimate concern of society about the prevailing acts of violence that seem to be occurring within society.

I digress for just a moment to say that I too am concerned. I detest and abhor violence. I detest it when it is by an individual offender against society; but I detest and reject it even more when it is used by society against the individual offender. That may explain to honourable senators my reaction to the procedure of "gating." You will be happy to know that that is the last word I will have to say on the subject of "gating."

Hon. Royce Frith (Deputy Leader of the Government): Never say "never."

Senator Hastings: Honourable senators, what we have is a response to violence in society.

As I said, I am concerned. I was concerned in 1970 when I served under Senator Goldenberg on this same committee when it undertook an extensive review of conditional release from penitentiaries. At that time we made very worthwhile recommendations with respect to dangerous offender legislation. Those recommendations, which subsequently became part of the Criminal Code, provided, under certain circumstances and conditions, for the holding in custody for a long period of time, an indeterminate sentence, anyone judged to be a dangerous offender. Quite frankly, honourable senators, when you have a violent offender on your hands, you have a grave, violent problem which is not likely to be solved in any short period of time.

I participated in those discussions and agreed with the recommendations of the committee. There is now power within the Criminal Code to hold violent offenders, as judged by the courts, for indeterminate periods.

It seems to me that the concern of society might be directed to the attorneys general of the provinces who seem to be so reluctant to invoke this section of the Criminal Code. The committee questioned the Attorney General of British

Columbia on this, and his reply was that it was very difficult to get a conviction. It is difficult for a very good reason. Safeguards in the legislation provide that, before a citizen is committed to an indeterminate sentence, the court must be satisfied beyond a reasonable doubt that he is in fact a dangerous offender.

In 1970 the committee took the action it did with safeguards because it found that under previous legislation—the dangerous sexual offender legislation and the Habitual Criminal Act—many people were being held in custody who were, in fact, not dangerous sexual offenders or habitual criminals. These safeguards are in the code. However, not to seek a conviction because it is a difficult procedure seems to beg the question.

If we are concerned and if society is concerned about the dangerous offender, perhaps that concern should be and could be directed to the attorneys general of the provinces.

The committee also heard evidence with respect to a practice of the legal profession called "plea bargaining." Perhaps our concerns in this regard could be expressed to the crown prosecutors. Faced with the alternative of a 10-, 12- or 15-year sentence for a guilty plea, or a 10- or 12-year sentence plus an indeterminate term as a dangerous offender if found guilty on a not guilty plea, any self-respecting accused would certainly choose to plead guilty. That, however, is the easiest way to do it. That is the quickest means to get the file out of the way: to permit the dangerous offender to plead guilty and get him out of sight for seven, eight or ten years. That is a practice about which we could express our concern.

● (1500)

I think it regrettable that our concern does not extend to what is happening behind the door. We seem to have this idea that all we need do is shut the door and lock it and everything will be fine. We do not seem to have any concern about the prison staff and the conditions under which they are working. In 1978 there were 33 violent attacks on prison staff. Last year there were 114 such attacks, all the result of overcrowding and other intolerable conditions we are asking these dedicated people to work under.

If we are concerned about violent offenders, then perhaps we should be looking behind the door instead of simply buying a bigger lock or, if that does not work, putting on a bigger door.

It is regrettable also that our concern does not extend to the treatment of the violent offender and to what happens behind that door. There is no program for a violent offender. He serves his time in the totally negative, violent environment of maximum security. There is no day parole; there is no temporary absence, because the Parole Board and the custodial officials are reluctant to institute those measures. The dangerous offender is the forgotten man in those institutions. The officials are reluctant to utilize any worthwhile programs because of the risk involved. There is always a risk when dealing with these individuals.

What concerns me more, honourable senators, is the fact that when we have violence in our society we seem to think that all we have to do for an explanation of it is turn to the offenders who are in custody. When there is an act of violence in the community, normally members of the community cannot comprehend it. We cannot understand murder or rape, they are so abhorrent to us. Being unable to understand such crimes, we then seek irrational solutions. Invariably members of the community will say that if the offenders had only been kept locked away, everything would be fine. That view, however, completely overlooks the fact that most of the violence is committed by other than former inmates. Many of the general public do not recognize potential violence when it is among them. How many times have we witnessed violence committed by a respectable neighbour? My point is that not all violence in society is committed by men on mandatory supervision or by former inmates. Yet when we come to seek a solution, we turn to the penitentiary and build bigger doors and bigger locks.

I invite honourable senators to check the statistics on murder. Not all murders are committed by former inmates or by men on mandatory supervision. Our committee was given statistics indicating that in a five-year period 42 murders were committed by men on mandatory supervision. There was a knee-jerk reaction to that in committee, and there was probably a knee-jerk reaction to it in society in general. There were 42 murders committed by men on mandatory supervision, but when those 42 murders are compared to the number of men who have been released on mandatory supervision over the same period—that is, 25,000—and then compared to the number of murders committed in Canada over that same period of time and correlated to the male population of Canada, it can be seen that there is not much difference. Therefore, the problem is really not only one of mandatory supervision inmates.

I should now like to quote from a study on conditional release which was prepared by the officials of the Solicitor General's ministry, the National Parole Board and the Correctional Service of Canada. One of the most comprehensive studies ever carried out in this country, it was completed after many hours of work over a period of two years. At page 100 it states:

> We conclude, therefore, that the prevailing impression of a high incidence of violent recidivism by federal releases, especially mandatory supervision cases, is a distorted one, and the actual rates of successful completion, and of non-violent but unsuccessful completion of supervision, are often overlooked.

If we are so concerned about violence in society, it is regrettable indeed that we can only express our concern by finding new forms of punishment, ignoring the accumulated knowledge of history which shows that there is no correlation whatever between the extent and severity of punishment and criminal activity in society. I can think of no better example to offer honourable senators than that of the death penalty. We abolished the death penalty—that insidious procedure—and what happened? The murder rate went down. What happened to all those murders that were going to be committed if we were to abolish the death penalty? Punishment meted out to

the offender has no correlation whatsoever to anti-social behaviour in society.

If we are concerned about violence in society, perhaps—as uncomfortable as it might be—we should look at ourselves. There just might be a correlation between the divorce rate and violence in society. There just might be a correlation between alcohol consumption and violent behaviour. As we seem to have decided to pay the social cost of alcohol, perhaps we might resign ourselves to paying the social cost of the permissive society, which price might be violent behaviour on the part of those members of society who are incapable of adapting to and coping with the permissiveness in which we live.

As I have said, Bill S-32 is a legitimate response to a legitimate concern. But I implore honourable senators not to expect it to have any real effect on violence.

We received this bill on November 4. As Senator Godfrey has outlined, it contained the simple amendment to provide that any inmate released on mandatory supervision who later had that mandatory supervision revoked, either by the commission of an offence or by a decision of the supervising authority, would no longer be able to earn remission and would remain in custody to warrant expiry.

● (1510)

The bill has now received extensive amendment. Honourable senators in their wisdom—and I agree with them—decided that someone on mandatory supervision who does not commit an offence should be permitted to continue to earn remission. The door will not revolve quite as fast. However, someone on mandatory supervision who commits an offence will be unable to earn remission on the unexpired term on which he was serving mandatory supervision.

I wish to say a few words about revocation in defence of parole officers and parole supervision. It is directed to those who are or will be on mandatory supervision or parole. The National Parole Board and paroling officers do not arrive at work on Monday mornings to find ways to sign suspension warrants. When an inmate is released from custody on parole or mandatory supervision, it is not the practice to find ways and means of getting him back in prison. That decision is taken only after a great deal of serious consideration. I have had occasion to investigate many revocations, and I can assure honourable senators that when all the facts were known the revocation was for good and sufficient reasons. I have found the problem to be that the person revoked or suspended does not tell you all the facts.

I remember the case of a young lad who left Calgary and went to Vancouver and was suspended. I thought this was a rather heavy penalty. He had been out of custody for eight months and was doing very well at the University of Calgary. Then suddenly he was found in Vancouver on a weekend and he was suspended. I agreed at the time with the inmate that it seemed quite a severe penalty. I discussed it with the authorities and found out more about it. The young man did not tell me he had bought drugs in Edmonton, or that he had acquired $500 to rent a car and a further sum of money to go on a jaunt to Vancouver. Originally I understood that all he was suspended for was being out of Calgary, but there were many more circumstances that led to the revocation. The step of revocation was taken only after a great deal of consideration by the paroling authority. I have talked to judges, and the most difficult task they have to perform is that of sentencing. Those who think revocation is undertaken easily or quickly are just not living with the facts.

I commend the Solicitor General for the amendments he proposed on behalf of the government, but, with respect to holding an inmate to the end of his sentence, I have to be quite honest and sincere in telling you that I have misgivings about this procedure. I think we should all have misgivings when we consider what happened in Halifax, Nova Scotia, where young Donald Marshall served 11 years for an offence he did not commit. It is repugnant to me to be committing people to custody for an offence they might commit. It is more repugnant to me when I think of our inability to predict violence. I should like to quote again from the Solicitor General's study on conditional release. It states at page 106:

> From an analysis only of violent failures on release, it may seem appropriate to conclude that violence is easily predicted—
>
> Past violence does indeed often appear in the records of persons who commit "spectacular incidents". But not all offenders with records of past violence will commit any violation, let alone a violent one, after release. Further, persons involved in violence do not always have a violent past. Past violence is not, therefore, a reliable sign of approaching violence . . . nor is the lack of a violent past a reliable sign that one will be non-violent in the future. However, greater incidence of violence in the past is associated with higher probabilities of violence in the future, though the certainty or virtual certainty of violence in future is never assured.
>
> There is no very accurate system for predicting violence which has yet to be developed.

I should like to make one further quotation, which is from Mr. Outerbridge, who appeared before our committee on December 20, 1982:

> In addition to this, we are not unmindful of the current state of the behavioural sciences which makes it very difficult for any body made up of human beings to predict with a high degree of accuracy which out of a group of dangerous inmates will be the ones who will commit, in fact, another offence outside.

So we have that uncertainty. We can be certain, from all the knowledge we have available, that we will overpredict, that there will be more men in custody than need be there. I have that concern.

Another concern I have is over the treatment of an offender, which we always say must be fair and equitable. I am wondering what is fair and equitable about an inmate entering an institution, serving two-thirds of his sentence according to the rules society has laid down, and, he having done his part, after

two-thirds of the sentence has been served the rules are changed and he is held in custody. I am not certain, but I rather suspect that procedure will be challenged under the Bill of Rights under the heading of cruel and unusual treatment.

Finally I ask what useful purpose is being served by keeping the individual in custody. I remind honourable senators that we are now speaking of a relatively short period. For the 11 inmates who were "gated" the average term would be 20 months. Some of them were as short as three months, some 12 months, eight months or 20 months. That is all you are going to hold him for. What useful purpose is served in holding him there when nothing has been accomplished in the past four, six or eight years? I am in distinguished company when I pose that question. I refer to the Solicitor General and Mr. Outerbridge. On December 20, 1982, Mr. Outerbridge told the committee:

● (1520)

> We also suspended that individual inmate at the gate because we were aware of his known and extensive criminal record. We also were aware, of course, that most of the violence that is committed in the community is committed by people who do not have a record of previous violence, and as a result we are well aware that the action we are taking is not going to have long-term or, to answer Hasting's question, substantial impact on the incidence of violent crime in the community.

The minister, when he appeared before the committee—I need not repeat the quotation placed on the record by Senator Nurgitz—said it was his conviction that the crime statistics would be even worse if we hold men in custody and release them without supervision. It is his conviction that if we hold men in custody and release them cold turkey, the crime statistics will be worse. That is exactly what we do: hold them for the full term until warrant expiry. With respect to what will happen, the minister said, at page 32:14:

> It is, of course, a postponement. It may also be a worsening, in my view, of the chances that the community will be safe from him.

He said it was a postponement, that in his view the likelihood of the community being safe from him were diminished. At page 32:16 he said:

> Nor do I have a lot of faith in the effect of incarceration on a person's behaviour. I am not convinced that the inmate behind bars who wants to get out and make trouble again will be cured by keeping him there longer.

That is exactly what is proposed by the amendment. On the same day, as reported at page 32:20, he said:

> I would be concerned about a policy that would result in more incarceration. I would not mind if I had more confidence in incarceration as a correction.

I share that view. A further 20 months in custody will not provide society with any great protection. To paraphrase a great Canadian, it is short-term gain for a more long-term acute pain. It really is not a worthwhile contribution to public safety.

Despite those misgivings, honourable senators, I will, notwithstanding, support the bill for two reasons: First, as a result of the Solicitor General's amendments with respect to a decision regarding the potential violent offender, there are adequate safeguards that they will not be indiscriminately used, and there is adequate protection of the rights of the individual. First, it has to be a decision by five members of the National Parole Board, and, notwithstanding some of the things I have said about the National Parole Board, I have great respect for the board. The matter is then referred to the Solicitor General of Canada, who has to confirm a referral to the provincial court. It is then appealable to the Court of Appeal in that province on fact and law, and finally it is appealable with leave to the Supreme Court of Canada on law. So there are adequate safeguards.

Secondly, there is the three-year sunset clause. In that time I can think of no better project for me—whether it will be the committee's project, I do not know—than to continue to monitor the information of what has happened to those gated individuals and anyone who may come under this amendment in order to show society exactly what has been accomplished. I suspect, honourable senators, that in three years' time I shall be able to prove beyond any doubt that it matters not whether we release a man after one-sixth of his sentence, one-third of his sentence, three-quarters of his sentence, or at the end of his sentence, because there will be little difference with respect to violence in society; and also that, really, the whole process has not represented a great contribution to public safety.

I hope, honourable senators, that the work of the committee has just begun. Through our hearings we have simply had a small, quick glimpse of the complex and confused process of corrections. I hope that the committee will continue its work when the report of the Criminal Law Committee comes down. Another reason why I will support the bill is that shortly we shall be receiving from the Minister of Justice a complete report on Criminal Law in Canada which will include a whole section on the conditional release of inmates.

In conclusion, I simply wish to say a word with regard to those who work in the field of corrections in our institutions. I wish to express my appreciation to all those people who work in the Canadian Corrections Service, the National Parole Board, the after-care agencies. They work under very difficult, if not impossible, conditions. Our penitentiaries are overcrowded. Classification officers have intolerable caseloads. They are attempting to do an impossible job, of performing a useful service both for us and for the inmate. To the inmates I would say, "Those of you who are working hard and as best you can under difficult circumstances to effect change, you need have no concern or anxiety about Bill S-32". To those who are planning to perform again, I would simply say "Simply take notice and don't bother me in the future".

With those remarks, honourable senators, and with those misgivings with regard to holding a man until the warrant expiry date, I commend the bill for third reading.

Hon. Richard A. Donahoe: Honourable senators, by force of circumstances I was not able to hear everything that Senator

Hastings had to say. He was speaking when I left the chamber, and he was still speaking when I returned; and in the main I found no difficulty in agreeing with that I heard. I believe that I understand Senator Hastings' views because I sat with him in the committee hearings and I heard his views vigorously and forcefully expressed during the time that the bill was under discussion. In some respects I go a long distance with the honourable senator. I agree that it is our duty as a Senate committee to take advantage of every opportunity to see that human rights are guarded and protected. I think that when we deal with legislation concerning prisoners in penitentiaries we must do so in such a way that when we are finished we have not in any way done something to make it more difficult and more dangerous for those charged with the conduct of the institutions. I believe that we should develop a system which serves not only the best interests of the prisoner but the best interests of those who are charged with running the institutions, because to them the matter of remission and the various other things we were dealing with are tools in their effort to control the prison population.

● (1530)

I do not think I am a pessimist, as Senator Hastings gives evidence of being. He says that it will make no difference in three years' time whether a man has served one third of his sentence, half of his sentence or all of his sentence. One cannot help but think, as one sits here and listens to Senator Hastings, that he would be just as pleased if nobody were put in jail. As a young man I had the opportunity of travelling in India. In India, persons who are mentally afflicted are left at large. They are left to walk the streets. There are no sanitariums, asylums or hospitals for such people. The result is that very little of the country's budget is spent on caring for the mentally ill. At least, that was the case then. Later on, some visitors from India came to Canada. Reciprocating the kindness they had shown me while in India, I invited them to come and talk to me. At the time I was the Minister of Health for Nova Scotia, and I spoke to them about the provisions we made for the care of our mentally afflicted and how much was spent on what used to be called asylums—I think they now have a more genteel name for those institutions. The visitors were amazed and suggested that we must have a very high incidence of mental illness in Canada to require setting up these establishments to look after these people. The fact is that we have a very much lower incidence of mental illness, but we take the matter seriously and try to assist these poor unfortunate people. In India this problem is so rife that the easiest way to deal with it is to ignore it. One gets the same sort of impression from listening to Senator Hastings here today.

I know that Senator Hastings is deeply concerned about penitentiary inmates and he is very anxious that they be dealt with in a proper way. I know that he is prepared to fight vigorously to see that their human rights are protected. However, in a matter of this kind there is always a happy medium, and in my opinion we have come as close as possible to striking that happy medium. Widely divergent points of view were expressed on this matter in committee. Some were well over on one side, while others were on the far side. Gradually, they converged. I want you all to feel that the bill we are now recommending represents a very real compromise by many persons who gave very close, earnest, and learned attention to it. Therefore, I am very much in favour of the passage of this bill in its present form.

It was not I who decided that there had to be a bill. That was decided by someone else somewhere else. It was dictated not by us here in the opposition but by another source. It is perfectly clear that if there is to be a bill of this nature, this one is as good a bill as you are likely to get on the subject at this time. I therefore urge all honourable senators to support the bill vigorously, and I now move that the debate be adjourned.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I may ask Senator Donahoe, who has just adjourned the debate, whether he anticipates that he will continue to speak on the motion when it is called again?

Senator Donahoe: Honourable senators, my purpose in moving the adjournment is to preserve the opportunity for another honourable senator who may wish to speak.

On motion of Senator Donahoe, debate adjourned.

THE BUDGET SPEECH, 1983

PROPOSALS BY MINISTER OF FINANCE—DEBATE CONTINUED

The Senate resumed from Tuesday, April 26, 1983, the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on April 19, 1983.

Hon. Lowell Murray: Honourable senators, first of all, let me congratulate the Leader of the Government for taking the initiative of putting this inquiry on the order paper so that honourable senators might have the opportunity to address themselves in a more formal way to the budgetary policy of the government. The previous budgets and economic statements of this government have been savaged by the media and by just about everybody else, so it was understandable that the Leader of the Government would take some pleasure and time in quoting to us relatively complimentary headlines from the nation's press with reference to Mr. Lalonde's budget.

Hon. Royce Frith (Deputy Leader of the Government): Hear, hear.

Senator Murray: I have no objection to his doing so; it is perfectly understandable. It would be cruel and heartless to deny Senator Olson the pleasure and sensation he no doubt feels when people stop pounding him about the head and ears about the economic policy of the government. But the most telling and, I believe, most typical headline on the Lalonde budget that the Leader of the Government quoted to us, because it summed up the reaction of so many Canadians, was the headline he quoted from the *Financial Post* which read, "Return to Sanity". It used to be that governmental sanity was

a given in these matters. Now it seems that it is unusual enough to warrant a headline in the newspapers, which the minister considers significant enough to echo in debates in this chamber.

● (1540)

I do say, however, that the minister and other apologists for the government do not help their case and do not help the already shaky credibility of this government, when they make claims for the budget that cannot be substantiated and that will not be realized in the medium or long term.

We have heard it said by Mr. Lalonde, as we heard it said by the Leader of the Government when he opened this debate, that this is "a recovery budget," that this is a "stimulative budget," but the bottom line for thousands of Canadians is the availability of jobs.

There were 10.9 million people at work in 1981; 1982 saw a decline of 359,000 jobs. This year, 1983, according to Mr. Lalonde's own forecasts there will be a decline of 63,000 jobs. While there will be a small increase, according to Mr. Lalonde's projections, next year, the fact is that Mr. Lalonde projects that in 1984 there will be 55,000 fewer jobs than there were in 1981. Some recovery!

You will find employment increasing ever so slowly, according to Mr. Lalonde's own projections, in 1984, 1985, 1986 and 1987, to the point where it will be some time yet before we can regain the ground we have lost since this recession began in 1981.

If you look at the unemployment figures tabled by Mr. Lalonde—and I refer in particular to table 7 on page 19 of the document entitled *The Economic Outlook for Canada*—you will find that the Minister of Finance projects an unemployment rate of 12.4 per cent on the average this year, 11.4 per cent in 1984, and 10.7 per cent in 1985. It will not be until 1986 that unemployment will drop ever so slightly below 10 per cent, to 9.8 per cent in 1986 and to 8.8 per cent in 1987. So we have an average rate of unemployment, predicted by the Minister of Finance from 1983 to 1987 of 10.6 per cent. Again I say: Some recovery heralded by this budget!

But I want to point out, honourable senators, that these projections which I have just quoted from Mr. Lalonde's budget represent a best-case scenario, because the employment figures and the unemployment figures assume, as Mr. Lalonde does, real growth averaging over 4 per cent per year to 1987. I know of no other forecasters, nor have I seen any other forecasts, that are as optimistic as the forecast of the Minister of Finance.

[*Translation*]

All analysts, whether they are from the Conference Board of Canada or Informetrica or Chase Econometrics, are agreed on one major point, namely, that the increment of economic growth due to budgetary measures will be minimal. For instance, Informetrica expects that so-called expansionist measures in the Lalonde budget will increase the gross national product in 1983-84 by an increment of 0.4 per cent. In 1984-85, these measures will increase the GNP by 0.3 per cent. In subsequent years, the fiscal measures in the Lalonde budget will have a negative impact on economic growth, according to analysts at Informetrica.

[*English*]

The increases in taxation Mr. Lalonde has brought in start to bite, start to take effect in 1985-86 and, therefore, Informetrica projects that the Lalonde budget will actually have a negative effect on the economic growth of those years of minus 0.2 per cent in 1985-86 and of minus 0.3 per cent in 1986-87.

In summary, over the period 1983 to 1987 we will have an increment to economic growth of 0.7 per cent as a result of the Lalonde budget and a reduction in economic growth of 0.5 per cent, for a net gain as a result of the so-called stimulative measures in this budget of 0.2 per cent.

Hon. Richard A. Donahoe: It sounds like "put and take".

Hon. Duff Roblin (Deputy Leader of the Opposition): Mostly "take".

Senator Murray: As I have said: Some recovery! Some stimulus this is!

Honourable senators, these projections we have listened to give considerable cause for concern, because while analysts are announcing the end of the recession the question on their minds is, "How long will the recovery last?" By Mr. Lalonde's own projections, it will be the third quarter of 1984 before we have recovered the economic growth that we have lost since the second quarter of 1981. So what will happen then?

I would like to place on record a brief quotation from Mr. Tom Maxwell, the economist with the Conference Board of Canada. These remarks are taken from an interview Mr. Maxwell gave on April 27 on CKO Radio. Speaking of the long-term economic outlook Mr. Maxwell said:

> Essentially, what we see is enough momentum generated to keep us growing into 1984. The question is what happens towards the end of 1984 and into 1985. That I think is where our forecast—

That is, the Conference Board's forecast.

> —and Lalonde's forecast start to part company. Because in our forecast the economy sort of comes to a screeching halt in 1985 and 1986 as the very high interest rates combined with the tax increases associated with the later years of the budget start to put a constraint on growth. So we are looking at growth rates of about 2½ per cent in 1985.

That is a far cry from the much more optimistic scenario painted by the Minister of Finance in his budget.

Honourable senators, if I may, I should like to focus for a moment on the deficit. In his opening remarks in this debate, the Leader of the Government in the Senate, as reported at page 5595 of Senate *Hansard*, made the following statement:

> The deficit is not a problem in the short term but it could become a problem in the medium term if it is not reduced. The point made by the Minister of Finance—and I am sure that members opposite will agree that it is a valid one—is that when the industrial and commercial

sectors have backed out of the financial markets to some extent—and there is evidence that that is so—

SENATOR MURRAY: No wonder.

SENATOR OLSON: —not only last year but in their investment intentions for 1983—then it is appropriate for the government to move in and make . . . those kinds of capital investments now. What it means is that we accelerate and bring forward some of the capital investments which the federal government was planning for later in this decade in any event.

● (1550)

Honourable senators, what the Leader of the Government was trying to do was rationalize, on the basis of some kind of counter-cyclical policy, the obscene deficits that we have had and that are projected into the medium-term future by Mr. Lalonde. That is a lot of nonsense, and the Leader of the Government really must know it. Mr. Lalonde, or his predecessor, came into this recession a couple of years ago with a $10 billion deficit. Unemployment, far from going down, has gone up and, by Mr. Lalonde's own forecast, when we are three years into the recovery we will still be running deficits in the order of $25 billion per year. When the Leader of the Government in the Senate says that the deficit is not a problem in the short term, I must say I wonder what it would take to persuade him that it is a problem.

In 1982-83 we are to have a deficit of $25 billion; in 1983-84, a deficit of $31 billion; in 1984-85, a deficit of $29 billion; in 1985-86, a deficit of $27 billion; in 1986-87, a deficit of $26 billion. The public debt is now at approximately $120 billion. The government says that the country will add $113 billion to that national debt between now and the fiscal year 1986-87. The interest on the public debt at $17.9 billion is the largest single item in the budget. It counts for almost 20 per cent of federal government expenditures and it is perfectly obvious that the government is choking on its deficit and on the cost of servicing the public debt.

They may cook the books this year, and in fact I think most experts feel that Mr. Lalonde has deliberately over-estimated his deficit this year so that he can engage in an orgy of self-congratulation when it is over, or allow himself a fund for some election-year goodies without any apparent increase in the deficit, but the bottom line, as I have said, even accepting Mr. Lalonde's assumptions to 1986-87, is that three years after this projected recovery is supposed to have started and after almost $6 billion in new tax increases have taken effect, the federal government will still have a deficit of more than $25 billion a year.

Once again, these forecasts may turn out to have been optimistic, first of all because Mr. Lalonde's deficit projections assume an average annual increase in government spending of little more than five per cent every year until 1986-87. Anybody who has looked, even cursorily, at the record of this government in controlling costs over its whole life will know that for Mr. Lalonde or anybody else to say that he can keep spending increases to five per cent per year is a pipe-dream.

[Senator Murray.]

In 1982-83 there was an increase of 18 per cent in federal government expenditures. Mr. Lalonde and Mr. Gray say that in 1983-84, the current fiscal year, the increase will be 12 per cent. Even the gullible who believe that he will keep it to 12 per cent will not believe that Mr. Lalonde can cut it in half for each of the next three years.

The second reason why Mr. Lalonde's deficit forecasts in the next three or four years may be low is that his deficit projections are based on an assumption of real economic growth in each of the next three years of more than four per cent. That, as I have pointed out, is a highly optimistic scenario.

The fact that we have to realize is that these huge deficits and the crippling burden of servicing the debt are deeply embedded in our system, and for the Leader of the Government in the Senate to rationalize them as part of some planned, counter-cyclical strategy on the part of the government, and for Mr. Lalonde and his department to go through the contortions that they have gone through to lead us to the same conclusion in this document entitled *The Federal Deficit in Perspective* is really a lot of nonsense, because the government is choking on the deficits. The deficits are embedded in the system and they are the result of 12 or 15 years of fiscal irresponsibility which the government has no plans to correct.

This is a very serious situation that the next government of Canada will be facing. I hope and expect that that next government will be a Progressive Conservative government.

Senator Frith: The subject of pipe-dreams.

Senator Roblin: You do not have to hope; you can be sure.

Senator Murray: It is obvious that the problem cannot be solved by levying more taxes. Mr. Lalonde has just introduced tax increases of approximately $6 billion to take effect over the next three years. There is general agreement among sensible people that taxes have gone as high as they can go.

There is, of course, the so-called underground economy where, if one can take the examples in the United States and believe what one reads here, there are perhaps billions of dollars that go unreported and untaxed, whereas the average wage earner in this country has his taxes deducted from his pay envelope. This might be an area of inquiry that the two levels of government ought to pursue, and pursue publicly.

It is an old chestnut and may sound simplistic, but I think we should look more seriously at this problem of federal-provincial duplication of services and, therefore, of costs. The question is often asked: Why do we have to have 11 departments of everything? And the answer is probably: Political reality, in a great many cases. However, it is a fact that it is the combined deficits of Ottawa and the provinces that really put pressure on interest rates.

I have a quotation here, that I think is worth reading into the record, from Mr. R. E. Harrison, Chairman and Chief Executive Officer of the Canadian Imperial Bank of Commerce who says:

> Our governments collectively are headed for enormous deficits this year. According to current forecasts, the

federal government will need to borrow about $25 billion in 1983, while the ten provinces together will need to raise some $15 billion in financial markets. That collective public sector requirement of some $40 billion represents about 82 per cent of the total savings available in Canada for investment. To understand the magnitude of that demand, by comparison, two years ago governments collectively claimed 39 per cent of available domestic savings to finance their needs.

It should be noted, for accuracy's sake, that not all of this government financing is done in Canada; some is raised in international markets as is some private Canadian borrowing.

These unusually large borrowing requirements by our governments could work against lower interest rates in a number of ways.

The more governments claim of available financial resources, the more they risk "crowding out" other borrowers and pushing up the cost of whatever funds are left to service these other needs, be they corporations, consumers, home buyers or farmers. While it is true that the current recession has severely weakened private demand for funds and thus reduced the short-term risk of "crowding out," the sheer size of collective government demands this year leave minimal room for other borrowers, even in a depressed economy. Should private demand pick up as the economy recovers, there could be renewed pressure on rates.

● (1600)

But beyond this basic issue of supply and demand, there is a very real question of how such large government requirements will affect the psychology of financial markets, so important in determining the direction of interest rates. One important determinant of rates is the confidence—or lack of it—the financial marketplace has in the commitment of authorities to resist inflation and, thus, protect the value of the currency. Having just suffered through a bout of unprecedented high inflation, that confidence has yet to be restored and that is why "real" interest rates—the difference between nominal rates and current inflation—are as high as five per cent, virtually twice their traditional level.

Honourable senators, the Leader of the Government in the Senate also took some credit on behalf of the government for pre-budget consultations which took place, and particularly with the private sector—

Senator Donahoe: With a zoom lens.

Senator Murray: With a zoom lens, as Senator Donahoe has pointed out.

The fact of the matter is that this is good, but it seems to me that the need for consultation and co-operation on this subject that I have tried to touch on is greater in the area of federal-provincial relations because the burden of government deficits is a major impediment to economic progress, and it will take unprecedented intergovernmental co-operation to lighten the burden permanently. When I say "lighten the burden permanently" I mean just that, because that is what it will take to bring interest rates down and to keep them down so as to permit economic recovery, and to avoid the scenario that was painted for us and that I quoted a few minutes ago from the economist at the Conference Board who predicts that, in a year or 18 months, interest rates will rise again because of the constraints on the financial markets, the size of the deficit, and so forth.

To lighten the burden of these deficits permanently is what is needed in order to give governments fiscal room so that they can meet new needs and carry out their programs, whether they be in the social, environmental or economic fields.

With those few comments in response to the initiative of the Leader of the Government, I propose the adjournment of the debate on behalf of some other senator who may wish to participate at some time in the near future.

On motion of Senator Murray, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Neiman:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the *Canadian Charter of Rights and Freedoms*; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.—(*Honourable Senator Frith*).

Hon. John M. Godfrey: Honourable senators, on April 28 I asked permission to withdraw this motion because it was to be replaced by a motion which would be moved by Senator Neiman.

The effect of my proposal was that the committee was to consider whether there may be an infringement of the *Charter of Rights and Freedoms* in a bill.

A new motion, which we have since been given notice of by Senator Neiman, refers this matter to the Standing Senate Committee on Legal and Constitutional Affairs.

I just noticed that this was on the Order Paper. When I asked permission to withdraw the motion on April 28, Senator Flynn stated:

Honourable senators, since the deputy leader is the one in charge of saying yes or no to these questions, if we can

get his assurance that he will support the motion by Senator Neiman, I think I will give leave right away. Otherwise, I think we should wait and see what the position of the government will be on Senator Neiman's motion.

Actually he received no assurances at that time.

I might say that I do not know what the position of the government is with regard to Senator Neiman's motion. I have had an opportunity to discuss this with the Minister of Justice, and while he has reserved his final decision, he is more enthusiastic about Senator Neiman's motion than he is about mine.

I think it is ridiculous to have both motions on the Order Paper at the same time, so I again ask for leave to withdraw my motion so that we can concentrate on Senator Neiman's motion.

Hon. Duff Roblin (Deputy Leader of the Opposition): I am not altogether sure that I feel easy about agreeing to this, in view of the fact that my leader made a specific request with respect to it.

If it would not inconvenience Senator Godfrey too much, I would suggest that we let the matter stand until Senator Flynn has had an opportunity to give the leave that is required.

Order stands.

VETERANS AFFAIRS

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE ENTITLED "THEY SERVED—WE CARE"—ADVISABILITY OF IMPLEMENTATION OF RECOMMENDATION NO. 7—DEBATE ADJOURNED

Hon. Jack Marshall rose, pursuant to notice of Tuesday, May 10, 1983:

> That he will call the attention of the Senate to the motion moved in the other place on 27th April, 1983, requesting the government to consider the advisability of implementing Recommendation Number 7 of the Standing Senate Committee on Health, Welfare and Science's Report entitled "They Served—We Care", and to certain observations regarding the proceedings of the Standing Committee of the House of Commons on Veterans Affairs as they pertain to the aforementioned report.

He said: Honourable senators, I apologize for keeping you a little late, but I should like to get this item off the Order Paper, and I think it timely to do so now.

The inquiry which I introduced on May 10 was prompted by a motion moved in the other place by the member for Red Deer, the basis of which centred around the report of the Standing Senate Committee on Health, Welfare and Science entitled: *They Served—We Care*.

That motion was specifically directed to Recommendation No. 7 of that report, which called on the government to "appoint a committee composed of officials from both the government"—the Department of Veterans Affairs—"and veterans' associations to review and update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors."

Although there were other recommendations in the report, I shall deal only with that one because its implementation would be most useful at this moment in time when our veterans are reaching their twilight years. This also gives me an opportunity to focus attention on one of the more serious inequities in the Veterans' Charter at the present time, that inequity having to do with the widows.

Apart from the fact that the motion indicates recognition of the Senate report—for which I commend that member—two years after the report was tabled certain parts of it are still applicable. I think we should commend the member for Red Deer for introducing the motion and those who spoke in its favour.

I want to comment on the particular merits of the recommendation, coupled with some observations on the debate itself, and while I am sure one can count on the fingers of one hand the number who paid attention to the debate, it was unfortunate that the motion was talked out. That indicates the complacency which exists in too many areas of concern in Parliament—and I shall not refer to the rhetoric of those members whose objective it was to talk out the motion.

For those who may not be aware, the Woods Committee was established in 1965 to survey the work and organization of the Canadian Pension Commission. That committee made 148 recommendations after three years of extensive study, many of which were implemented by the government and which resulted in an improved charter for the benefit of veterans and their dependants. However, some of the recommendations were not accepted by the government of the day, for whatever reasons supposedly justified at the time.

What I want to explain is that all the motion requested was that this committee be established to review the few Woods Committee recommendations that were unacceptable at the time but that perhaps could apply now in light of the countless changes that have been made over the years to veterans' legislation. Indeed, the six recommendations which I am going to refer to apply now.

• (1610)

Naturally, I am one of those who supported the recommendations of the report. What I find so strange about the contribution to the debate from the government side in the other place, who opposed the motion, is that it had the full support of their colleagues in this chamber. Under the very capable chairmanship of Senator Bonnell, and the deputy chairman, Senator Florence Bird, who has now retired, all members of the committee on the government side, and I as a member of the opposition, supported recommendation No. 7. Why they objected to it and "talked it out" in the other place is beyond me.

Furthermore, the Royal Canadian Legion supports the idea, and it stated so both in our committee and in the committee of

the other place. The National Council of Veterans Associations, which comprises almost every recognized veterans organization in Canada, also supported it.

Incidentally, other than the Minister of Veterans Affairs and his staff, we only had three witnesses appear before the committee, one being Mr. Cliff Chadderton, the Secretary General of the National Council of Veterans Associations, who is probably the most knowledgeable man on veterans affairs in Canada today. He was the one who supported the idea wholeheartedly and, indeed, worked with the Woods Committee on the report of 1965. Mr. Ed Slater, the service officer of the Dominion Command of the Legion, also testified before the committee, as well as George Giguère, representing an important segment of the ex-prisoner of war population. On the basis of their evidence, the report to the Senate stated:

> In the course of our research and the examination of witnesses your Committee was impressed by the many references to the Report of the Committee to Survey the Organization and Work of the Canadian Pension Commission. This task force, set up in 1965, was chaired by Mervyn Woods and submitted its Report in 1968. A great many of its recommendations were later incorporated in the 1970-1971 amendments to the Pension Act and since then have been credited with having a major and beneficial effect on the treatment of veterans, ex-Prisoners of War and their dependents. On the other hand, many of its recommendations were not implemented. Our witnesses do not think that a massive study of all the legislation and bureaucratic structures dealing with veterans is necessary. They suggest, however, that the Woods report should be reviewed because a number of anomalies and inequities still exist in veterans' legislation and regulations. We agree with this suggestion.

If those who were too ready to be purposely oblivious to the real facts had been sincere enough to find out just what those facts were and the simplicity of the motion, they would have realized that there are only 6 of the 148 recommendations that, in the opinion of everyone concerned with veterans' welfare other than the department itself, should be seriously considered for implementation at this late date in the lives of our fast-dwindling veteran population.

Honourable senators, I know it is the right of members of the government to talk out a motion, but I find it impossible to believe the words that I read in the *Debates* of the other place. It would be too embarrassing to pick out some of the misconceptions uttered by some members who took part in the debate, except to say that if they had known what they were talking about they would have realized that to accept this motion would only comply with what the veterans want themselves, and for which their representatives stated their support in committee. In my opinion, it would take less than one day to prepare and explain the justification for the implementation of the six recommendations concerned. Cliff Chadderton and Allan Solomon, the former chairman of the Pension Commission, were begging to help us with veterans' problems.

These are the recommendations that were not adopted and should be considered: Recommendation 23 deals with the presumption that a veteran would be physically fit on enlistment. Recommendations 52 and 53 deal with authority to hasten the processing and adjudication of applications. Recommendation 63 deals with the basic rate of pension, which we hear about in both houses almost daily or, at least, in committee, and which the Department of Veterans Affairs is trying to deal with. Recommendation 109 deals with the continuation of a pension for widows following the death of their husbands.

Hon. George J. McIlraith: Honourable senators, I wonder if Senator Marshall would put on the record Recommendation No. 7 of the report of the Standing Senate Committee on Health, Welfare and Science? I do not believe he quoted it verbatim in his remarks.

Senator Marshall: I believe I did, but for the benefit of Senator McIlraith, I will repeat it. Recommendation No. 7 calls on the government to:

> —appoint a Committee composed of officials from both government and veterans' associations to review and update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;—

To return to Recommendation No. 109, it was dealt with quite extensively in the report by Mr. Chadderton. That recommendation deals with the continuation of a pension for a widow after the death of her husband. At the present time, if a married veteran who is receiving a 50 per cent pension dies, his wife receives a widow's pension of $761.38. Before he died they were receiving a pension of $634. After his death she receives 10 per cent more which is fine, but what surprises me is that for each graduation above 60 per cent—and I explain, the widow's pension is considered at 60 per cent—her pension is reduced. For example, a veteran at 100 per cent disability pension and his wife were receiving $1,268.95, but when he dies her pension is reduced by $500. In the case of a couple receiving a 50 per cent pension, when the husband dies his wife receives 10 per cent more. Similarly, there is another category of widow who is receiving less than 50 per cent, and from 50 per cent down to 5 per cent that widow, after the death of her husband, only receives half of the pension, so how can she exist?

• (1620)

Some war amputees whose disability is beyond the 100 per cent level because of their exceptional incapacity receive an attendance allowance which brings their overall allowance up to about $1,500. On the first day of the month following that veteran's death, his widow's allowance is cut down to $761. In order to allow that widow to recover from the shock of her husband's death and to readjust her lifestyle, the committee has recommended that the full pension be continued for a year. The request was for a three-months' continuation, but the committee recommended—and I believe Senator Bonnell will bear me out on this—that it be continued for a full year.

When we asked the minister about this, he told us that he was informed by bureaucrats that it would create another classification of widow. However, to contradict that argument, I would point out that the married recipient of the War Veterans Allowance is now receiving $887 per month. We must bear in mind that the recipient of the War Veterans Allowance is the burnt-out pensioner who was not wounded. When he dies, his widow receives the married rate for a year after in order to allow her to adjust. Yet, when the veteran who is disabled to the tune of 100 per cent dies, his wife's allowance drops right back by $500. That is a very strange situation, and I cannot understand it. It is hypocritical to say that we would be creating another classification of widow. We already have about six different classifications of widow.

The National Council of Veterans Associations has done a study about this because they are concerned with the paraplegic who is cared for by his wife for many years. The wife has never had a chance to obtain employment since she is completely devoted to her husband. The National Council of Veterans Associations conducted a study to find out how long it would usually take a widow to make the necessary financial adjustments to a greatly reduced income after the death of her husband. During the course of the study, the histories of widows whose cases were handled by members of the National Council of Veterans Associations in Canada were examined.

It was found that, as a rule, there was a delay in getting the pension for the widow, and so it was decided that three months would be the absolute minimum necessary to ensure continuity of income in the interim. This does not take into account the sort of adjustment that would be required. Funeral arrangements are usually unexpectedly expensive. If a widow is living in a rented house or apartment, her lease will normally run for a year so that she may have to pay that rent for several months at a rate she can no longer afford. If she owns her home and it is mortgaged, she may not be able to carry the monthly payments and yet be unable to sell in three months' time or be forced to sell at a loss. She may not be able to find adequate new housing immediately at the price she can pay. She may not be in a sufficiently stable emotional state to make the required decisions, and her physical health will suffer from the stress of her situation.

Honourable senators, I do not think that is being too emotional. You must keep in mind that the Second World War veteran is now as old as Senator Roblin and myself at 60-odd years, and there are many First World War veterans in their eighties whose wives may soon find themselves in the situation. If there is to be anything humane in Canada, this should certainly be recognized.

I wonder why the minister responsible for the status of women has not raised this matter. It appears that any matter dealing with veterans affairs is left entirely to that department and to interested veterans.

Honourable senators, I would be the last one to say that our legislation is not good. It is probably as good as or better than that of any other country in the world. In the United States where they pay a premium and where this particular situation occurs, a widow in that category is given $10,000 to allow her to adjust. Even in the United Kingdom they allow for a continuation of the pension to the widow for six months. I would point out that their disability pension plan is not as good as ours.

Honourable senators, I agree that there is not too much more we can do for veterans other than ensure that their increases keep abreast of the cost of living. It is obvious that over the past couple of years the legislation in this regard has improved tremendously. Even 40 or 50 years after the war, we introduced the Prisoner of War Compensation Act whereby the veteran who was incarcerated in a prisoner-of-war camp received an extra pension of up to 20 per cent. There is always the need for change because of changing conditions. I remember the words of Dan MacDonald who said, "As long as there is a veteran living, we will always have to watch the veterans legislation."

Honourable senators, the reason I call this matter to your attention—and I know I have the support of Senator Bonnell—is to keep pressing the minister for action in this regard before it is too late. So that we do not forget what is happening in Canada, I should like to conclude my remarks by reading a letter which I received this morning from a widow of a veteran. The letter states:

> I waited for word from—

—and I will not repeat the gentleman's name—

> —but it didn't come. Neither did it come from anyone re possible assistance in making my very existence tolerable. What did come was the word that my time here is limited to a few months, at the most. For me, death will be a welcome visitor. The indignity of having to beg for understanding and compassion will be over. The degrading feeling of uncaring legislators, more interested in legalities than humanity, hurt me more than any physical pain could ever do. Time has run out for me and money can't help me any more.
>
> To you, Senator Marshall, my deepest thanks and appreciation.

Honourable senators, there are probably hundreds of cases like this across the country. This focusses attention on the fact that we should never listen to those people who say that the Department of Veterans Affairs has run out of its usefulness and that we should transfer its responsibilities to the Department of National Health and Welfare. We must always remember. I am pleased that I have an opportunity to focus attention on this subject once in a while. We in the Senate should always try to beg, borrow or steal attention for the remaining widows in Canada whose husbands served their country.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think we should all feel proud to be associated with Senator Marshall and his ongoing and faithful concern for the welfare of veterans of this country. He uses his

membership in the Senate to focus attention on this subject as well as others.

I was very moved by his intervention and persuaded by the logic behind it and would move the adjournment of the debate. I have nothing to add, but perhaps some other senators may have something to say in this regard. The adjournment will give us an opportunity to confer in order to see if there is some way by which we can turn this inquiry into a resolution or something that may be more fruitful than a number of interventions on an inquiry which will then simply be considered debated.

On motion of Senator Frith, debate adjourned.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND (NO. 3)—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-156, an act to amend the Unemployment Insurance Act, 1971 (No. 3).

Bill read first time.

SECOND READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Charles McElman: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator McElman: Honourable senators, I am pleased to introduce Bill C-156 for second reading debate. It deals with a number of important amendments to the Unemployment Insurance Act. I might say at the outset that it is very important to my region of Canada, the Atlantic provinces.

Over the last several years there has been a lot of discussion and consultation on a variety of aspects of the UI Act and program. However, the amendments in this bill deal principally with issues requiring only our immediate attention. Quick legislative action is needed to maintain the income protection that unemployment insurance has traditionally provided to Canadian workers. Action is needed to extend the variable entrance requirement until 1985. It will expire, if it is not extended, on June 3—tomorrow.

Action is also needed to reinforce the statutory basis for making UI fishing regulations. Action is further needed to exclude from benefits during non-working periods, usually the summer months, those who are on 12-month contract for service.

Honourable senators, action is also needed on two proposals that have been contemplated and discussed for a long time. Our approval is needed to simplify and introduce more equity into UI maternity benefits and to provide benefits for either of the parents of adopted children.

The government recognizes that it has yet to deal with a number of important issues, such as financing of the UI program, the role of UI in the labour market adjustment, and the nature of UI service to its clients.

These and other issues have been extensively discussed over the past two years, and, as the Minister of Employment and Immigration stated recently, they will be the subject of review and consultation with interested parties in the coming months as the economic recovery takes hold. The minister has also said that he will be asking the Advisory Council to look into certain aspects of the program. This process will undoubtedly provide the government with useful recommendations on which to base proposals for future and further improvements in the legislation. Before this process can bear fruit, however, and notwithstanding the provisions of this bill, the minister has asked the commission for ways to apply the UI Act and regulations more flexibly and compassionately. The commission is moving to review several areas of the law with a view to focusing its administrative procedures on more humane and efficient service to claimants.

In the meantime, the amendments contained in this bill do call for urgent attention. As honourable senators know, we have already studied this bill and the proposed amendments in the Standing Senate Committee on Health, Welfare and Science. Witnesses, including the minister, were heard on Thursday last. The verbatim report of the proceedings of that meeting was received in our offices on Monday of this week. The actual report of that committee in support of the bill was received by the Senate earlier today.

Bill C-156 reaffirms the government's commitment to maintain income protection for those many thousands of our fellow citizens who are now without jobs. It proposes, among other things, to extend the variable entrance requirement for a further 24 months to June of 1985. It is important that we understand the significance of this provision. Without it, unemployed workers claiming UI benefits would need 14 weeks of insurable employment to qualify for UI, whether they live in an east coast fishing village or a major metropolitan urban centre, and whether the unemployment rate where they live is 12 per cent, 8 per cent or less. With the limited job prospects in many Canadian communities, a fixed 14-week entrance requirement would mean immeasurable hardship for thousands by preventing them from qualifying. The continuation of the variable 10- to 14-week requirement will help avoid this.

● (2005)

Since 1977, the variable entrance requirement has allowed the UI program to reflect local labour market conditions more

accurately. It has enabled UI to respond to varying unemployment rates at the very moment that people apply for benefits. In short, the variable entrance requirement gives the UI program the flexibility to take into account the relative difficulty unemployed workers have in finding jobs in the various regions of Canada. I am sure honourable senators will agree that this provision deserves renewal for a further 24 months. If it were not renewed some 100,000 Canadians would be prevented from claiming unemployment benefits over the next year.

The UI program has for many years provided special support to a group of Canadian workers who are the foundation of an entire industry. I am referring, of course, to the highly seasonal fishing industry, particularly of the Atlantic coast. This bill reinforces the commission's ability to make specific regulations for fishermen. This must be done because of a decision of the Supreme Court in the case of an appellant named Vicky Silk. The Supreme Court upheld a 1981 decision of the Federal Court of Appeal that said the UI Act does not contain authority for the commission to require a shorter qualifying period for fishing benefits.

Since fishing benefits were introduced in 1957 it has been the norm to keep UI rules for fishing benefits consistent with the seasonal nature of the industry, and with the fact that fishing benefits shall be available as an exception to a group of self-employed workers. In this context, a shorter fishing qualifying period and the benefit period limited to the non-fishing season have always been basic to the program.

This bill would restore UI's fishing benefits program to the status quo and remove any statutory ambiguity about the commission's power to make special UI rules for an important and very special group of workers. It would reaffirm the power that Parliament intended the act to convey in the first place. It ensures that all decisions on fishing claims made since the Federal Court of Appeal decision will be confirmed, and that benefits paid to claimants since then are maintained.

However, we should also note that this provision would allow for positive action on the recommendations of the Task Force on Atlantic Fisheries. Changes arising from those recommendations would, among other things, have a positive impact on inland and other winter fishermen by allowing them to be eligible for UI in their non-fishing season. This would apply in cases such as the ice fishermen of northern Manitoba.

The amendments I have described strengthen the ability of the UI program to protect the foundation income of workers who become unemployed.

Let us move now to the provision that would give the commission clear authority to prohibit paying benefits during a non-working period to people in employment covered by a 12-month contract of service. These contracts provide for specific periods of work and non-work. The UI program was designed to pay claimants who lose earnings because of lost jobs. Those working under an annual contract of service are considered by UI to be fully employed while the contract is in force, whether or not they are actually performing their duties.

[Senator McElman.]

This proposed provision means that such workers would not get UI benefits when they are not working.

● (2010)

For example, many teachers do not perform their normal duties over the summer months, but are still covered by their contracts for those months. Clearly they should not be considered unemployed in the same way as workers who are laid off. Others with similar contractual circumstances include marine captains, navigation pilots and professional athletes.

The full ramifications of the current situation can be understood by the situation of the teachers. If Canada's 200,000 teachers were to claim UI benefits for their annual summer break this year, it would cost the UI Fund between $300 million and $400 million in 1983 alone.

This provision confirms the commission's power to make special regulations preventing the payment of UI benefits in such non-working periods. This is necessary because of a recent Federal Court decision questioning the commission's power to do this. It was in the *Anderson* case that the decision was made. This provision does not change the manner in which the commission has administered the UI program over the years. It simply reinforces the statutory power to prohibit paying unwarranted benefits.

This bill represents the government's commitment to maintaining UI's income protection role; but it does more. Two other provisions, perhaps the most dramatic and forward-looking, reflect the commitment to increase that income protection wherever it is practicable and desirable. These two provisions recognize the vital contribution that certain individuals and groups make to the wellbeing of the most basic unit of our way of life, namely, the family. They remove some inequitable and unnecessarily complex barriers to providing UI benefits to pregnant women, and they provide for the institution of benefits for adoptive parents.

Let me deal first with adoption benefits. Either parent of an adopted child will be eligible for 15 weeks of adoption benefits after the child arrives in the home. Payment of benefits would follow the usual rules for special benefits. Parents would need at least 20 weeks of insurable employment in the last 52 weeks before their claim, the same as for sickness and maternity benefits. Only legal adoptions would be covered.

As many honourable senators are aware, UI benefits for adoptive parents have been discussed for a number of years both inside and outside Parliament. Consultations on the subject were extensive after publication of the July 1981 report of the Task Force on Unemployment Insurance. Out of those and other discussions a consensus took shape recognizing the critical role of quality post-adoption care in the welfare of adopted children—what Senator McGrand would refer to as the "bonding process."

The government recognizes that extending UI benefits to adoptive parents is consistent with providing UI benefits for natural mothers. It is only reasonable to give adoptive parents the time needed to smooth out their child's post-adoptive

adjustment. Not only is this reasonable, but it is often considered mandatory by various adoption authorities.

This provision would provide reasonable income protection to adoptive parents and help ensure a basic adjustment period for the child or children.

Honourable senators, let me now draw your attention to another major provision contained in this bill. It corrects some of the inequities and rigidities in the current legislation on UI maternity benefits. By doing this it significantly enhances the income protection of women under the Unemployment Insurance Act, a long overdue reform. Currently, a pregnant woman can only be eligible for maternity benefits if she passes three tests of eligibility. First, she must have an interruption of earnings; second, she must have the 20 weeks of insurable work that I have already mentioned; and, third, she must have worked at insurable employment at least ten weeks between the thirty-first week and fiftieth week before the baby is due.

● (2015)

Hon. M. Lorne Bonnell: And she must be pregnant.

Senator McElman: Presumably that would be required. The bill eliminates the so-called "magic ten rule." The original intent of this rule was to provide proof that a woman was working at the time of conception. However, it has been seen as unfair to women who have a long, consistent work history but who do not happen to meet the rule. By removing it the bill only requires female claimants to show that they have the same work history—20 weeks of insurable employment—as those who claim UI sickness benefits.

Another aspect of the current legislation that is perhaps unduly complex and restrictive for women is section 46 of the act. It prevents a pregnant woman who cannot qualify for maternity benefits from getting regular or sickness benefits from eight weeks before the expected birth week to six weeks after. This rule was based on the notion that claimants incapable of working should not be paid benefits and that, therefore, pregnant women, who were assumed to be incapable of working, should not receive benefits. But in the 1980s the reality is that many pregnant women are capable of working, and do in fact work, almost until the birth date. Many are not incapacitated during pregnancy and should, therefore, have the right to apply for benefits the same as others. The bill recognizes this reality by eliminating section 46 and enabling a woman to get regular benefits during this period. Such a claimant would simply have to show that she was unemployed, that she was capable of working and available for work.

One other unnecessarily restrictive rule says that a claimant who uses up the first 15 weeks of regular UI benefits cannot switch to maternity benefits. That is because maternity benefits can only be paid in the first 15 weeks of the benefit period. This bill makes maternity benefits more flexible by allowing women to take these 15 weeks at any time in the first so-called initial phase of the benefit period.

Honourable senators, these proposed changes are something of a milestone in social insurance legislation for women. They make the compliance rules for UI maternity benefits simpler to understand and acquire. They make the rules more equitable and more flexible so that working women are treated more fairly under the act and are not unduly restricted from getting UI benefits of any kind. Taken together, these amendments clearly benefit many thousands of Canadians who need effective protection from the loss of income due to unemployment.

In an unusual display of unanimity and co-operation, the other place today passed Bill C-156 through its several stages. I ask the support of all honourable senators in giving similar approval this evening in order that the urgent provisions may remain in force after tomorrow, June 3, and so that the remaining provisions may be made effective on January 1, 1984.

Hon. David Walker: May I ask the honourable senator a question?

Senator McElman: Go ahead.

Senator Walker: Did he write this speech himself and, if not, who wrote it for him?

Senator McElman: I do not know the relevance of the honourable senator's question but, of course, I am always happy to oblige such a genial gentleman.

Senator Walker: It depends on whether or not it is of any interest.

Senator McElman: Did the honourable senator want to make some further comments or does he want an answer?

Senator Walker: Go ahead.

Senator McElman: Good. Then, be quiet. The notes for this speech came from the department. In no sense do I put myself forward as an authority on hardly anything, let alone the unemployment insurance plan for Canada, which is very complex. There are people such as Senator Walker who have great and brilliant minds, and who understand all these things, but I am a poor country boy.

● (2020)

I have here ten pages, double spaced, of typewritten notes containing many changes in ink, reflecting your humble and obedient servant, Senator Walker. I would not pretend to suggest that I could do any of this without assistance from the departmental people.

Hon. Jack Marshall: Honourable senators, it is my duty to reply to the introduction by Senator McElman of Bill C-156, and despite the fact that some of his notes might have been prepared by somebody else, it is very obvious that he has studied the matter carefully and has arranged it in chronological form so that it can be followed very easily.

The amendments are pretty straightforward, as described by some of my colleagues in the other place, and really are motherhood issues as far as some parts of the country are concerned.

To explain our party's position on the bill would be repetitive, but I have an observation to make on the first amendment which has to do with the variable entrance requirements for claimants of benefits, and what served well in the past in those

areas of unemployment. The thing that bothers me is that here again is a bill given to us in the Senate with a deadline. I was interested to read in the papers the other day where the Minister of Employment and Immigration obtained an agreement from the opposition parties in the other place to pass this bill in one day. Nobody, however, had the common courtesy to ask us here if we could do the same thing. Maybe our workload is different, but it is true that, in the past, this has always been the case; there is always a deadline. I do not know how long they had the bill there, but evidentally there was an agreement. If it were not for our method of pre-study in the Senate, we would have received the bill before the ink was dry and would have been expected to pass it in its entirety because it suited the schedule of the other place. This is wrong, very wrong.

Thankfully, however, some wise senators in this place introduced this pre-study method, and this did give us the opportunity to study this bill last Tuesday. Most members of the Standing Senate Committee on Health, Welfare and Science who dealt with the bill were, therefore, able to question the minister and his very capable staff on the various aspects of the bill.

The bill will now continue in its present form as it was introduced in 1977 to maintain the qualifications for unemployment insurance benefits from 10 to 14 weeks. Recently I was looking at some papers from 1968, when I first entered the House of Commons, and it was dealing with unemployment insurance benefits. At that time to qualify for benefits a recipient had to have 30 weeks of insurable employment before he could receive benefits under the UI program. One would have hoped that 15 years later the economy would be such that, rather than having to change the bill to suit a situation of unemployment in Canada, we would have had a better economy and would not have had so many unemployed and would not have had to spend so much money in a situation of deteriorating unemployment.

● (2025)

Coming from an isolated area and a poor part of the country, as I do, I support this amendment because to revert to the 14-week entrance requirements would create an immeasurable hardship for thousands of people. Although by reverting to that 1977 category we would save some $500 million, it would be saved at the expense of the many unemployed people of this country and would create an emotional hardship to them and a burden to the social assistance costs of the provinces.

After the committee stage of the bill, honourable senators, it was interesting to note—and Senator Bonnell asked questions of the minister and his staff on this—the data as to beneficiaries in 1983.

In the letter we received from the minister, he indicated the sad tale that, according to preliminary data for March 1983, there were 964,958 male U.I. beneficiaries and over half a million female beneficiaries, for an overall total of a million and a half. This number was down from February, but was still an alarming figure. What struck me was the fact that there were 458,548 beneficiaries under the age of 25. Now, having that many young people on unemployment insurance—and they could only have worked for the shortest period of time—creates a problem that requires drastic measures to correct. We have to wonder what is happening to our country when we have half a million unemployed people under the age of 25. People in that age category will form our future citizenry and will have to produce the leaders of our country, and so I hope the wise minds in society will be able to introduce an effective recovery that will change this situation and put many thousands back to work.

The second amendment, honourable senators, I agree with since I come from a fishing area. That amendment provides flexibility in the regulations and will allow for assistance to supplement the incomes of fishermen and provide a small measure of stability. Thankfully, although the bill came upon us so quickly, I had the opportunity to discuss fishery problems with my colleague from the other house, the Honourable James McGrath, a former Minister of Fisheries and Oceans. He handled the bill in the House of Commons for my party. It is obvious from his advice that this amendment will help the fishermen of Atlantic Canada, as described by Senator McElman.

It is interesting to note that unemployment insurance for self-employed fishermen has existed since 1957, and from its inception has cushioned the financial effects of seasonal unemployment and unstable fish stocks and has provided substantial cash transfers to the entire Atlantic region.

It is also interesting that the role of unemployment insurance payments in affecting regional income transfers is illustrated by the fact that in 1982, if my arithmetic is correct, approximately $94 million was transferred to the Atlantic region alone. Thank God that that was the case, because I do not want to think about what the situation would have been had they been unable to qualify for unemployment insurance benefits.

So the amendment, besides putting into effect some of the recommendations of the Kirby Task Force, re-affirms and strengthens the government's power to make special regulations to promote stability in the fishing industry in the Atlantic region.

I would be repetitive if I indicated some of the other amendments that were in the various papers relating to the bill, but one of the good features is that, when the fishing season is bad, fishermen can do other things, such as repair boats and mend their equipment, yet still qualify for benefits because that work is not considered employment in the true sense of the word.

● (2030)

Turning now to the new amendments which were passed today on which we did not have too much information, it was interesting to note—and, luckily, I was in attendance at the committee meeting so I heard the minister and his officials—that the amendments deal with benefits for adoptive parents and maternity benefits. Without repeating what Senator

McElman said, as I indicated this afternoon this gives me another opportunity to talk about the work done with reference to the report *They Served—We Care* which put strong recommendations forward that would help Canadians.

The Standing Senate Committee on Health, Welfare and Science, which produced the report "Child At Risk," recommended maternity benefits and benefits for adoptive parents, and credit goes to Senator Bonnell, Senator McGrand and other members of that committee. It indicates that we are doing useful work here, because now the government realizes that the *Child at Risk* report had some good recommendations that are now being implemented.

I should like to read an interesting news release of the Canadian Chamber of Commerce which brought to light some telling observations on some of the amendments and, particularly, on the maternity benefits. While I agree that it is logical that they should receive these benefits, the Canadian Chamber of Commerce had this to say:

> The Canadian Chamber of Commerce believes the proposals to ease maternity benefit rules and to extend the program to adoptive parents may be seen as an attempt to win political points while having working people and businesses pay the price.
>
> The estimated expense of $150 million would create no jobs in the private sector but would have to be paid by every employee and employer. It is felt, as well, that the cost figure given may be lower than would actually be the case.
>
> The proposals and their method of introduction will be seen as little more than political opportunism and are inconsistent with the constructive initiatives taken by the Honourable Marc Lalonde in his Budget of April 19th.

The following is what I should have read:

> If the federal government wishes to assist men and women in maternity benefits then it should be prepared to put the program under the proper banner—not the unemployment insurance system.
>
> Unemployment insurance must become an insurance vehicle for tiding people over unpredictable periods of unemployment and not simply a catch-all for political programs—regardless of their merit and desirability.
>
> Working people could have more take-home pay and businesses could recover faster if the authorities refrained from loading social benefits into the insurance facility.

That is something to think about, although with the economy the way it is I have no hesitation in supporting the amendments, and, hopefully, when we get a new leader in the Progressive Conservative Party, who will probably be the next Prime Minister of Canada, the economy will recover and we will not be paying out money but putting it into the hands of those unfortunate people who are without work in order to give them an opportunity to maintain a decent standard of living.

Some Hon. Members: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I rise first of all to support Senator Marshall in his view that this bill ought to carry, and also to say that the concept and the principle of unemployment insurance is one of the basic factors of our economic structure as well as an enormously valuable one, the improvement of which will generally be regarded as a good thing. Certainly it is with me.

• (2035)

I want to pursue a little further one of the points raised by Senator Marshall and link it with a comment made by Senator McElman when he introduced this bill, speaking as he did about the plan that apparently is afoot to re-examine some aspects of unemployment insurance to make it more suitable for present-day conditions. That is a point to which I wish to address myself because I think it is a task that ought to be undertaken without delay.

When we look at the bill before us this evening, we notice that there will probably be some increase in expenditure because of these amendments. I am not thinking so much of reinstating the rights of fishermen and others, which has probably been budgeted for already, but of the extension to married women and to those who are adoptive parents. I in no way object to that, but I say that it will probably alter the financial balance that was presented to us in the budget speech of the Minister of Finance respecting the financing of unemployment insurance.

I recall, and Senator Marshall has alluded to this, that on January 1 of this year there was a substantial increase in the unemployment insurance levy paid by employers and employees in the country. On January 1 of this year unemployment insurance premiums were substantially increased. For the average working man they were increased by $184 per year, and for the employer of that man they were increased by $160 per year.

Percentage-wise these are very substantial increases. In the first case, it went from $420-and-some-cents to another $184. I have not worked out the percentage, but quick mental arithmetic indicates it is at least a 33-1/3 per cent increase. In connection with the employer, it went from $300 to $460, which is a 50 per cent increase. If anyone had tried to increase any other tax in this country by that amount, I think there might have been a considerable uproar about it because it is a tax; it is a payroll tax. It is an additional payroll tax of $324 for every working person in the country, and that has an effect on this economy which we will have to take into account.

I mention that because, according to the figures given by the Minister of Finance in his budget speech, the contribution that employers and employees made to unemployment insurance in 1982 was $4.8 billion. The minister calculated what it would be in 1986, which is some three or four years away. At that time employers and employees will be contributing $11.3 billion—an increase of about 225 per cent.

At the same time, the government will also increase its contribution. In 1982 its contribution was $1.784 billion, and

its contribution in 1986 is expected to be $2.5 billion in round terms. That is an increase of about 142 per cent.

Honourable senators, we can see that over the next few years we are looking forward to an enormous increase in the levy of unemployment insurance on workers and employers, from $4.8 billion to $11.3 billion, and an increase in contribution on the part of the government from $1.7 billion to $2.5 billion. It is obvious from that comparison that the employers and the employees will certainly be paying the greater share of the increase, not the government in the general tax revenues.

These figures are based on the projected rate of growth in the gross national product that the Minister of Finance indicated in his budget speech was a 4.2 per cent increase in GNP over the period, which is considerably higher than some people are willing to settle for. I think it will be lower. However, let us hope that he is right and that we do get that kind of economic progress over time and that, consequently, unemployment is affected accordingly. But even if that is the case, we can see that there is going to be this enormous increase in the levy on employers and employees to pay for unemployment insurance and a much greater increase, in actual dollars and on a percentage basis, than the government will be asked to provide.

● (2040)

I think this is a matter that requires some consideration. The reason I say that is because the economic effects of a payroll tax are considerably different from the economic effects of taxation on the general revenue. In the case of the payroll tax, both the employee section and the employer section, I submit, become part of the wage bill for the particular industry. At the manufacturing basis where we will start, for example, there is a markup in order to get the finished price of the manufactured product, which marks up the tax contribution that has been paid. That is pursued, I think, through the wholesale and retail levels as well. Therefore, if there is imposed a wage tax at the bottom of the scale, as is done here, it has a multiplier effect by the time the price reaches the consumer. On the other hand, one can at least make the argument that money taken from the general revenue, as opposed to a wage tax, does not involve this same multiplier effect which I have described.

It may be said that that is all very well, but we still have unemployment insurance and we still have to pay for it somehow, and that is a pretty reasonable way of doing so. The point I want to make, however, and the matter that I think needs some further study, is that the whole problem of unemployment has changed over the last 10 years since unemployment insurance was begun. I think it has changed drastically over the last two years. We are into a new era and we have a new kind of problem to face. No longer are we concerned solely with seasonal unemployment for the fishermen in Newfoundland and in other places; no longer are we concerned with cyclical unemployment which affects the people in the manufacturing industry in central Canada and in other places; but we now have a new component. That component is structural unemployment. It has nothing to do with the old-fashioned idea of protecting a man who is on short-term work or whose unemployment is for a short period of time because of cyclical or seasonal reasons. We are dealing with people who are unemployed because the structure of society has made them unemployed.

[Senator Roblin.]

Even if it is said that a payroll tax is a good means by which to finance this, one has to ask whether it should be extended beyond the seasonal and cyclical burdens to take care of the structural burden as well. That is an important matter. I say that it is important because the Minister of Regional Economic Expansion—I believe that is the gentleman concerned—has somebody in his department who has prepared a pretty pessimistic forecast about the course of unemployment in this country. We have not yet heard who this individual is, because I think he has been a little shy about producing the document. At any rate, it was pointed out that, in the opinion of that person, the structural unemployment is going to be an enormously difficult thing to handle.

I am not one of those who believe that that document is an accurate reflection of what we may expect, because although it is very easy to be aware of what jobs we are going to lose, it is a much more difficult proposition to have the imagination and foresight to see what jobs we are going to gain. We do know that, over time, however, there has been a development of our economic life which helps to make good on these jobs that are lost for technological or structural reasons. Over the next little while, however, I think we are going to find that we have a time gap here that has to be bridged.

Mr. Darcy McKeough, a former Treasurer of Ontario, made an interesting speech yesterday in Toronto in which he dealt with this subject. While he was not as pessimistic as the unknown report writer in the Department of Regional Economic Expansion, he did underline the fact that there are thousands of people, at our pace of economic growth, who are not going to return to the jobs they had before.

The point I am trying to make is that structural unemployment is really with us and will probably continue to be for some time. If we consider the estimates of the Minister of Finance regarding unemployment over the next few years, as presented in his budget, we will find that we have to go five or six years down the road before we get below 10 per cent unemployment. I think that is a clear indication that even he expects a considerable amount of structural unemployment in the mix during the forecast period.

Honourable senators, that brings me back to unemployment insurance and the means by which we finance it. I would think that one could make a strong argument as regards seasonal unemployment and as regards cyclical unemployment to the effect that financing it on an insurance basis with the wage tax has a considerable amount of merit. It is a practical way of approaching the problem. But when the system is overloaded by taking on the structural unemployment problem, which has nothing to do with the employers or workers of Canada but is something quite different altogether, and when some of the social redistribution which is creeping into unemployment insurance—which may be good in itself—is taken into

account, it seems to me that neither of those two classes of expenditures should be financed by a wage tax. Personally, I think many of them are good. If we are to have them, I think they should be financed by means of the general revenue of the government rather than the way in which it is done now. In my opinion, it makes a difference which way you do it. If the wage tax is overloaded, all you do is add to the costs of production, with all of the effects that flow from that in respect of our competitive position abroad and in respect of our own consumption here in the country.

I was glad, therefore, to hear Senator McElman hint—perhaps he did more than that—say that this question of re-examination of the unemployment insurance concept was in the works. I think that is a good thing. I do hope that, when it takes place, an examination will be made of the merits of separating from the wage tax system of support the system of support that is required for the structural unemployment that we have in this country and the system of support for those social redistributive measures which are creeping into the unemployment insurance system which are not really part of insurance at all but are something else. It seems to me that the advantages of looking into this system of financing are self-evident, and that we may be doing ourselves and the country a considerable service if we can determine which part should be paid for by the wage tax and which part should be paid for by the general revenues of the country.

When we consider the whopping increase that we had on January 1 of this year, and, although I do not wish to prophesy, when we consider the possibility of further increases of a similar nature related not to the regular concept of insurance but to the structural and social reasons, then I think we are going to be placing upon industry a burden which is not, perhaps, properly and equitably theirs to handle. I think that it would be in the public interest if we devised a more logical and rational system of financing unemployment insurance.

That is the point that I wanted to make in connection with this bill. If, at some time in the future—perhaps in the next Throne Speech—Senator McElman could write a paragraph that would include a study of the unemployment insurance concept, he would make me very happy.

Hon. Peter Bosa: Will the honourable senator permit a question? He made reference to the multiplier effect on the cost of production when employer and employee contributions were increased. Are those contributions not tax deductible, however, and do they not consequently lessen the impact that they would otherwise have?

Senator Roblin: If my honourable friend wants to say that it affects the profit of the company, I think one has to say that it will affect the profit of the company. The point I want to make, however, is that these costs are built in and they are not completely passed on to the public treasury, no matter how you slice it, because no company pays 100 per cent tax. The most that is paid is 54 per cent, and a great many companies pay considerably less than that.

Therefore, the principle that I am espousing, that these are true costs within the business—they become built into the cost structure, and the multiplier effect can be seen in the way in which they are included in the cost structure—is correct. It is the same situation with regard to federal sales tax. The federal sales tax goes in at the manufacturer's level and everybody adds their bit on as it goes up the pricing scale. Yet with regard to the province that puts in a retail sales tax at the consumer level, that multiplier effect does not apply. It is the same kind of argument.

Hon. M. Lorne Bonnell: Honourable senators, I rise for a few moments to give my support to this bill, because it does affect the fishermen in my area and it is putting into effect the recommendation of the Kirby Task Force, whereby the fishermen are able to draw benefits on their best 10 weeks of fishing rather than on the average of the last couple of years. It also guarantees, by becoming effective before June 4, that half a million Canadians or so will not lose their unemployment insurance benefits next week.

• (2050)

The main reason I support this bill is because of the two amendments that are before us this evening. As Senator Marshall said, people are taking notice of the Standing Senate Committee on Health, Welfare and Science when they talk about *They Served—We Care*, which he spoke about so eloquently this afternoon, and our other report, *Child At Risk*, in which we made two strong recommendations to the Unemployment Insurance Commission. Senator McElman mentioned that in 1981 somebody made a recommendation which the Unemployment Insurance Commission listened to. Let me tell you, honourable senators, that the Senate made that recommendation in 1980, and probably the other recommendation was copied from ours.

In October, 1980, we made two strong recommendations. One was that adoptive parents should be entitled to unemployment insurance just as much as a mother who had a new-born baby, because that process of bonding was necessary in order to give the child the parental love and guidance that the child needs in the first few weeks in its new surroundings. Now the minister has accepted that proposal and has added it here as an amendment, which I think is worthwhile. The second amendment has also been accepted, whereby the maternity benefits are now much easier to obtain.

Probably the greatest amendment of all was not mentioned by Senator McElman, and that is the one whereby a woman who is going to have a baby can draw her 17 weeks of benefits after the baby is born. But if she has an immature or premature baby, or a handicapped child, who has to stay in hospital for two or three months, she can take one or two weeks and then save the other weeks and go back to work; and then, when the baby comes home, she can take the other 15 weeks later on. Previously, when she started her unemployment insurance benefits for maternity leave she had to have 15 continuous weeks. She can now take a break, go back to work while the baby is still in hospital, while that immature or premature baby is getting big enough or old enough to go home, and she

can now take a further week, or whatever is left of her 17 weeks, to be there to bond with that child, to give that child the love and care it needs. To me, that is a tremendous amendment, which we recommended in *Child at Risk*.

For those two reasons I wanted to stand up and support this bill. Senator Marshall said this bill is motherhood. I would say that this bill is more motherhood than most bills, because it protects the mother of the child; it protects the mother who has an immature or premature baby; it protects all mothers, even adoptive parents. I believe that is one reason why all parties in the other house were able to agree in one day to pass it through three stages, and why I am quite sure we in the Senate can do the same thing. For that reason, I pass on that piece of information.

I should like to add that one of the things the minister, or somebody from the Unemployment Insurance Commission, told us was that a one cent increase in the premium means $30 million revenue a year for the Unemployment Insurance Commission. It does not take very much of an increase in premium to make a substantial increase in the revenue to the commission, because it is apparently a very big fund and multiplies very quickly.

With those few remarks, honourable senators, I support the bill.

Senator McElman: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, if Senator McElman speaks now his speech will have the effect of closing the debate.

Senator McElman: Honourable senators, first of all I should like to thank Senators Marshall, Roblin and Bonnell for their interventions in this debate.

Let me say immediately that I share the feelings expressed by Senator Marshall about the lateness of arrival of this bill in the Senate, with the deadline attached to it. We are faced with this situation far too often. Perhaps in this case we can take into account the very special circumstances that appear to prevail in the other place just now, which make this a little different from some of the other occasions when we have had to face such deadlines. Of course, it would be quite inappropriate for me to be critical in debate of the conduct of its business by the other place.

Senator Marshall referred to the published reports of the reaction of the Canadian Chamber of Commerce to the maternity benefits and the new benefits for adoptive parents. I note that their objection, as far as I could determine from reading those reports, was not to the principle of the amendments but to their cost. I can understand the Canadian Chamber of Commerce expressing such opposition for their constituent members. However, I stress that they did not come out against the principle involved in these two amendments.

Senator Roblin has quite properly referred to the wish, that I am sure all of us share, that the Unemployment Insurance Commission, and particularly the department, look for ways to improve the program and the act. I should point out that under the present minister some rather imaginative steps have been

[Senator Bonnell.]

taken to use the unemployment insurance fund and the act in a fashion that has never been attempted before. The practice of work-sharing has been most usefully brought forward in the last number of months, and workers in plants that propose temporary layoffs can work up to three days less in a week and collect unemployment insurance benefits for those days not worked. About 260,000 workers in Canada have had the advantage of this program, with some 13,000 companies taking part in this program since it was instituted. I should mention to Senator Roblin that 2,000 Inco workers in Thompson had the advantage of that program.

There is innovation being implemented now, and I think the minister has shown that he is open to all constructive suggestions that will improve the use of the UI fund. As he stresses, he wants to make it more an employment program, an employment fund, than an unemployment fund, so I think there is some hope in that direction.

Senator Roblin also referred rather extensively to a payroll tax or wage tax. I can recall using the word "tax" quite effectively on earlier occasions in another milieu, as he did this evening. I think it is appropriate to point out that it is an insurance premium. Although I realize there are differences, we do not refer to the pension contribution deductions made from payrolls in the federal administration as a pension tax, for example, and we do not refer to the Public Service medical insurance plan as a payroll tax. We refer to these as premiums that we pay; and the employer also pays a share.

Senator Roblin: "A rose by any other name—"

• (2100)

Senator McElman: Granted the fund that is assembled through such premiums seldom covers the program, and there are always additional funds required from the general revenues of Canada to support the payments. In any event, although I agreed with many of the points raised by Senator Roblin, as I often do, I cannot accept his reference to these premiums as being simply a tax. Honourable senators, with those few remarks I commend the bill to the house.

Motion agreed to and bill read second time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator McElman moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

BORROWING AUTHORITY BILL, 1983-84 (NO. 2)

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-151, to provide supplementary borrowing authority.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, in speaking to Bill C-151, I shall make five points. The first will be under the heading of financial administration; secondly, I shall comment on the bill itself; thirdly, I shall comment about the contingency fund; fourthly, I shall refer to the status of the borrowing authority at the present time; and, finally, I shall present conclusions regarding borrowing in other than Canadian funds.

The two sections of the Financial Administration Act that are appropriate and applicable to the borrowing authority bill are sections 38 and 39. Section 38 provides:

> The Governor in Council may authorize the Minister to borrow such sums of money as are required for the payment of any securities that were issued under the authority of Parliament, other than section 39, and are maturing or have been called for redemption.

Section 39 deals with temporary loans, and provides:

> Where it appears to the Governor in Council that the Consolidated Revenue Fund will be insufficient to meet the disbursements lawfully authorized to be made from it, the Governor in Council may authorize the Minister to borrow, at such rate of interest and on such terms and conditions as the Governor in Council may approve, for a period not exceeding six months, an amount not exceeding such amount as he deems necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet those disbursements.

Section 39 clearly is for temporary borrowings only, and section 38 and the general borrowing authority must be granted by Parliament.

Honourable senators, clause 2(1) of Bill C-151, as originally drafted, sought borrowing authority for 1983-84 of $14.7 billion. I will try to explain how that borrowing authority figure was arrived at. I am referring now to the original form of the bill.

A few months ago we dealt with Bill C-143, and Part II of that bill, passed last March, provided an interim borrowing authority of $14 billion for 1983-84. Part I of that bill conferred $5 billion of borrowing authority on the government for use in fiscal 1982-83, of which any unused amount—that is, any unused amount of the $5 billion—in excess of $2 billion was to expire on March 31, 1983.

As it turned out, there was $2 billion of unused authority available to be carried forward into 1983-84. Clause 2(2) of the original bill, C-151, provided that any unused portion of the $14.7 billion sought in that bill, to the extent that it exceeded $2 billion, would be cancelled on March 31, 1984. So passage of the original bill, C-151, along with the borrowing authority provided by Bill C-143—the one we passed in March—would have provided a total of $26.7 billion in new borrowing authority for 1983-84, plus a non-lapsing contingency of $4 billion.

The request for borrowing authority in 1983-84 was based on projected financial requirements—that is, projected at that time—excluding foreign exchange transactions, of $26.7 billion. I must be clear in what I am saying here. I do not mean that the foreign exchange transactions were $26.7 billion.

Hon. Duff Roblin (Deputy Leader of the Opposition): You are perfectly clear.

Senator Frith: As I read my notes, it sounded as though I was talking about foreign exchange transactions of $26.7 billion, whereas I am talking about a borrowing authority for 1983-84 based on projected financial requirements, excluding foreign exchange transactions, of $26.7 billion as set out in the budget, plus a contingency amount of $4 billion. That is the original bill, C-151.

As honourable senators are perhaps aware, the government agreed to amend the original bill so as to provide for only $10.7 billion of additional borrowing authority for 1983-84, on the understanding that, if necessary, it could return to Parliament to obtain the remaining $4 billion some time before March 31, 1984, and that debate in the House of Commons on the request would be limited to three days.

Senator Roblin may recall this better than I, because I heard it happening when I walked into the committee, approximately a year ago. I believe it was our committee that raised the request that these contingency funds, if they were contingency funds, should not be dumped in with the total, and that we should match our borrowing authority with the actual cash requirements provided for in the budget and we should have to come back for the contingency funds if they were needed. I believe that the principle that was raised in the Standing Senate Committee on National Finance is the principle that is reflected in the demand for amendment here, and the demand that was acceded to.

So the total borrowing authority available for 1983-84, if we pass this amended bill, would amount to $26.7 billion, an amount which is exactly equivalent to the forecast financial requirements. That amount is made up of the $14 billion provided for in Bill C-143, $2 billion carried forward from amounts provided for 1982-83, and the $10.7 billion which would be provided by the bill now before us—that is, the $14.7 billion, less the $4 billion, coming to $10.7 billion.

Honourable senators, we are now considering this borrowing authority bill because, as you will recall, the Minister of Finance, in his second reading statement on Bill C-143, promised—and I also made the same promise in sponsoring that bill in the Senate—that he would introduce a bill covering all of the borrowing authority needed for fiscal 1983-84 after the budget was presented to Parliament. When we presented Bill C-143 we were asking for interim authority as the budget had not yet been presented. That is why the bill currently before

the house is being presented now. The timing is all the more appropriate as the amount of borrowing authority being requested is directly related to the financial requirements set out in the budget, and any questions relating to borrowing authority can be examined in light of the earlier debate on the budget and in the information on the government's fiscal policy supplied with the budget.

● (2110)

I come now to my third point, the contingency amount. As I mentioned earlier, to satisfy the request of members of the opposition, the government has agreed to tie the current request for borrowing authority for 1983-84 directly to the financial requirements for 1983-84, thereby giving up the request for a non-lapsing contingency amount at this time. However, it is important to remember that the $4 billion contingency amount must be quickly accessible to the government if it is needed.

One of the fundamental reasons for a non-lapsing contingency amount is the need to have an amount available to accommodate exchange market pressures and the effect they have on the level of official exchange reserves. In the foreign exchange market when the Canadian dollar is firm, the exchange fund account buys U.S. dollars and puts them into the official reserves. In order to finance this increase in official reserves, Canadian dollars must either be taken from cash balances or borrowed and charged. If they are borrowed, of course, they have to be charged against the borrowing authority, because you cannot borrow in excess of the amount authorized.

On the other hand, when the Canadian dollar is weak, the U.S. dollar reserves fall and these balances must be supplemented by drawing on the two stand-by credit facilities the government has with both Canadian and international banks or by other types of foreign borrowings. Many of these borrowings must be charged against the borrowing authority.

To describe what I have just been talking about in terms of the figures we are discussing, if you have a borrowing authority of $10.7 billion that you use for cash requirements and suddenly you need cash requirements in order to deal with foreign exchange pressures, then you have to charge it against the $10.7 billion that has been authorized. In this way you have an orderly plan for using that borrowing authority. So you need the additional amount mainly as a contingency borrowing authority.

Senator Roblin: Of course, it could swing the other way.

Senator Frith: Yes. One hopes, and, as a matter of fact, I think that is the reason why we raised the point, that there are times when this money is not needed. You should not have a contingency sitting there that you may not need, but if you do need it then you must go back to Parliament to get it. Such developments can happen quickly and extremely large amounts can be involved, so what you are really getting here is a contingency or what you might call a borrowing authority. But under the terms of this bill as amended, you have to go back to Parliament to get that contingency amount.

[Senator Frith.]

Events that took place in May and June of 1982 are a good example of one type of situation of that nature. In that period the dollar was under pressure and nearly $3.5 billion of borrowing authority was used for foreign borrowings. On the other hand, for the entire 1983-84 fiscal year the situation was the reverse and foreign exchange operations added $1.5 billion to the financial requirements.

Senator Roblin: I do not like to interrupt my friend but, surely, the date is wrong. We have not completed the 1983-84 fiscal year, so how can we know what has happened?

Senator Frith: I should have said "for the entire 1982-83 fiscal year." As a matter of fact, there was another typographical error earlier on.

Senator Roblin: Yes.

Senator Frith: I changed it in my copy but I did not change it in the other copy. The request for a non-lapsing contingency amount is not new and was always included when they were part of the appropriation bills. In recent years borrowing authority bills regularly included explicit or implied contingency amounts which enabled the government to continue with its borrowing program. These contingency amounts have been in the range of $3 billion to $4 billion from the latter part of the 1970s.

My fourth point deals with borrowing authority status. It brings us to an explanation as to how the borrowing authority situation ended up at the end of 1982-83, including the $5 billion borrowing authority provided by Bill C-143. The total amount of authority granted for 1982-83 was about $26.1 billion: about $23.1 billion of this amount was used, $9.7 billion through the issue of treasury bills, $4.9 billion through the issue of bonds and $7.6 billion as a result of net Canada Savings Bonds sales—net in the sense of redemptions. Foreign borrowing added a further $.9 billion to the use of borrowing authority. The foreign borrowing represented $750 million U.S. borrowed in the Eurobond market last June and a partial redemption of a Deutschmark maturity earlier last year. So there was about $3 billion unused, of which $2 billion was carried forward and about $1 billion was cancelled on March 31, 1983.

That brings us to the net amount of treasury bills raised under section 39, which is the section dealing with temporary loans.

I wonder, Senator Roblin, is that the same thing as Governor General's warrants?

Senator Roblin: No.

Senator Frith: In any event, it is as I mentioned in my introduction, the provision for temporary loans as distinct from borrowing authority.

Senator Roblin: I would be surprised if any Governor General's warrants were used while Parliament was in session.

Senator Frith: Of course, by using treasury bills, the temporary authority under section 39 was used.

Honourable senators will recall that in mid-February virtually all of the borrowing authority authorized for 1982-83 had been used. By early March it became apparent that Bill C-143 would not be passed for several weeks and, in fact, Royal Assent was not received, as I mentioned, until March 30. Projected financial requirements over the March-to-June period were extremely large, and in order to continue with a regular debt program that would satisfy those requirements it was decided to make use of the temporary powers granted by section 39 of the Financial Administration Act. Permission was sought from cabinet to use section 39 to authorize a total of $2.3 billion of net new treasury bill issues over the period from March 11 to March 31. However, due to CSB redemptions occurring during that period, which had the effect of increasing the authority—because when the CSBs are redeemed they revive a certain amount of borrowing authority—and since new authority was conferred in time to authorize the March 31 issue of treasury bills, total usage of section 39 amounted to about $1.4 billion. This amount was, in any event, charged to the new authority provided by Bill C-143.

Honourable senators, my fifth and final point is a point that we have been required to make on six previous occasions. I refer to the final clause of the bill which has recently become a standard clause. It is the clause that refers to the ability of the government to borrow and repay loans in foreign currencies. Over the years, Canada has borrowed and repaid funds in a number of currencies. In recent years, however, the clause been added to confirm Canada's right to borrow in foreign currencies. Bill C-96 which received first reading in the House of Commons in March 1982, proposes a number of amendments to the Financial Administration Act, including an amendment clarifying the government's ability to borrow and repay in foreign currencies. Once that amendment has been passed, there will no longer be a need to include this clause in borrowing authority bills.

Honourable senators, those are the five points that I wished to make in asking you to support Bill C-151.

On motion of Senator Roblin, debate adjourned.

• (2120)

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Friday, June 3, 1983, at 11 o'clock in the forenoon.

The Hon. the Acting Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the plan for tomorrow is that we will sit at 11 o'clock and deal with routine proceedings and Question Period. We will have the third reading debate on Bill C-156, and will hear Senator Roblin and any other senators who wish to speak in the debate on second reading of Bill C-151, the Borrowing Authority Bill, 1983-84 (No. 2). Thereafter, we hope to refer Bill C-151 to the Standing Senate Committee on National Finance and postpone third reading of that bill until that committee has reported, probably some time next week.

In summary, tomorrow we will have: Question Period; third reading of Bill C-156; second reading debate on Bill C-151; and then Royal Assent on Bills C-160 and C-156 at about 12.30 p.m.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

APPENDIX "A"

(*See p. 5681*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1984

June 2, 1983

The Standing Senate Committee on National Finance to which Supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1984, was referred, does, in obedience to the order of reference of Tuesday, May 24, 1983, report as follows:

Your Committee heard evidence from the following witnesses from the Program Branch of the Treasury Board: Mr. Jean Jacques Noreau, Deputy Secretary; Mr. Hugh Mullington, Assistant Secretary, Crown Corporations; and Mr. Ed Stimpson, Director General, Budget Coordination Group.

Supplementary estimates (A) total $1,394 million in this first supplementary for the fiscal year 1983-84. The total 1983-84 estimates tabled to date are thus $88,855 million. Of the $1,394 million contained in these supplementary estimates, $24.8 million represent the net adjustment to items with a statutory authority. These payments are non-discretionary in nature. The remaining $1,369.5 million represent new spending authorities that Parliament is being asked to approve.

Treasury Board supplied the Committee with a list of $1 Votes included in these estimates, which is attached as an Appendix to this Report.

Letters of Comfort to Canadair Limited and The de Havilland Aircraft of Canada, Limited

The Committee learned that government has received an opinion from the Department of Justice to the effect that Letters of Comfort are considered to be an arrangement between the government and the creditor and are as binding as loan guarantees. The Committee felt strongly that because Letters of Comfort do not require the authority of parliament, as do loan guarantees, the government should seek the authority of parliament to convert all outstanding Letters of Comfort whether to Canadair Limited, or to The de Havilland Aircraft of Canada, Limited or any other company, as soon as possible.

Transfer of Program Responsibilities from the Minister responsible for Regional Economic Expansion to the Minister of Agriculture

The Committee learned that responsibilities for the Prairie Farm Rehabilitation Assistance Program have been transferred without the prior approval of parliament from the Minister responsible for Regional Economic Expansion to the Minister of Agriculture. Witnesses informed Senators that such transfers can be made for any program under authority of the Public Service Rearrangements and Transfers of Duties Act. The Committee expressed its concern that a mechanism exists which allows a program transfer to have taken place, as is the case in these supplementary estimates, before the request for authority to transfer funds to the receiving department has been approved. This is further compounded by the fact that when the request for this authority to transfer funds appears in the estimates, no background information is provided indicating the reason for the transfer.

Financial Assistance to Canadair Limited and The de Havilland Aircraft of Canada, Limited

The Committee received information on financial assistance (payments, loans and loan guarantees) provided by the government of Canada to Canadair Limited and The de Havilland Aircraft of Canada, Limited. The Committee was unsatisfied with this information and requested that the Treasury Board provide a complete accounting of financial assistance to these two companies including assistance generally available through industrial assistance programs such as the Enterprise Development Program, the Program for Export Market Development and the Defence Industry Productivity Program. Senators also indicated that the information should include any loan repayments.

Respectfully submitted,

D. D. EVERETT,
Chairman

APPENDIX

ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (A), 1983-84

There are *2* One Dollar Votes included in these Estimates. Both are in the *Department of Agriculture* and are related to the transfer of the Prairie Farm Rehabilitation Administration (PFRA) from the Department of Regional Economic Expansion (DREE). These are One Dollar Votes because the funds were included in DREE's Estimates initially and are now being transferred to Agriculture along with the program.

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Vote 5a	—Operating Expenditures ($31,399,900)	$1
Vote L16a	—Loans for development of community and industrial infrastructure ($26,000)	$1

The Operating Expenditures are comprised of salaries and wages and other costs associated with the transfer of 888 person-years. Details may be found on page 12 of the Supplementaries.

The Loans relate to two Interim Subsidiary Agreements on water development and are made available to the provinces to assist municipalities with the development and improvement of water sources.

May 24, 1983
Estimates Division

APPENDIX "B"

(*See p. 5683*)

THE BUDGET, 1983

REVISIONS—DELAYED ANSWER TO QUESTION BY SENATOR TREMBLAY ON WEDNESDAY, APRIL 20, 1983

BUDGET SPEECH ADDENDUM

(Insert after paragraph 1, page 3)

As most Canadians are now aware, I received a group of photographers in my office yesterday as part of a pre-budget "photo opportunity" session. A copy of the proposed budget speech was on my desk. I held it up and rapidly turned the pages. A cameraman was standing behind me and, unknown to me, photographed several pages of the proposed speech. The cameraman was thereby able to obtain some information about the contents of the proposed budget. This was clearly contrary to the spirit of this "photo opportunity" session, but the fact remains that the event occurred.

Traditionally, a budget leak involves premature disclosure of a tax matter. Fortunately this is not the case. However, in some quarters any matter or fact connected with the budget might be considered to be of this character. To remove any doubt, I have decided to change the portion of the budget which would otherwise have been prematurely in the public domain.

I have decided to increase the Special Recovery Program to $4.8 billion. This additional $200 million will be added to the Special Recovery Capital Projects, details of which I will give in a moment. The monies will be set aside as a special fund to be spent on projects akin to those already contemplated in the Special Recovery Capital Projects.

As a result of this action, the deficit and financial requirements of the Government for 1983-84, 1984-85 and 1985-86 will be increased $100 million, $50 million and $50 million, respectively. Other appropriate adjustments should be made in reading the printed material distributed tonight. This will no doubt cause some confusion, since the printed material distributed across the country and in the House is no longer accurate. For this, I apologize.

There is some irony in all of this. During the past week, I have debated with myself and with my advisors about the precise nature the budget measures should take. My concern has been that in my desire to be fiscally responsible, I would not provide enough stimulus for the economy to secure the recovery and generate employment. Obviously, this is a matter of delicate judgement and there is no absolutely correct answer. Be that as it may, the events of the past 24 hours have led me to follow what my instincts have been urging me to do all along. If I err in this budget, I want to do it on the side of more jobs.

NOTE: In the budget speech, for:

	Amount	Should Read
Special Recovery Program	$4.6 billion	$4.8 billion
Special Recovery Capital Projects	$2.2 billion	$2.4 billion
Deficit 1983-84	$31.2 billion	$31.3 billion
Impact of budget measures on deficit:		
in 1983-84	$1.8 billion	$1.9 billion
in 1984-85	$600 million	$650 million
Financial requirements for 1983-84	$26.6 billion	$26.7 billion

April 22, 1983
(Amended)

REVISED BUDGET TABLES*

The attached set of tables replaces certain tables that are included in Chapter 1, 2 and 5 of the printed budget document *The Fiscal Plan.* The revisions result from the addition of $100 million in 1983-84, $50 million in 1984-85 and $50 million in 1985-86 to the allocation for Special Recovery Capital Projects. In addition to increasing the allocation for this item, the total allocation for the Special Recovery Program, budgetary expenditures, total outlays, national accounts expenditures, the budgetary deficit, financial requirements and the national accounts deficit are all increased by these amounts. Tables in other chapters of the document are not affected.

Also included are revised versions of Table 1 (page 6) and Table 2 (page 7) of the section on the Special Recovery Program in the supplementary information portion of the document *Budget Papers.*

* A set of tables presented earlier had some typographical errors. These tables incorporate corrections of these errors.

The Fiscal Plan, page 6

Table 1.1 (Revised)
The Fiscal Plan
Government of Canada
Summary Statement of Transactions[1]

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
	(millions of dollars)					
Budgetary transactions						
Revenues	54,068	54,863	58,618	65,681	73,532	80,355
Expenditures	−67,674	−80,113	−89,918	−94,431	−100,182	−105,955
Surplus or deficit (–)	−13,606	−25,250	−31,300	−28,750	−26,650	−25,600
Non-budgetary transactions						
Loans, investments and advances	−1,239	−387	−782	−1,519	−1,568	−1,545
Specified purpose accounts	−4,345	−170	3,800	4,225	5,790	7,580
Other transactions	2,169	2,307	1,582	1,094	−222	665
Net source or requirement (–)	5,275	1,750	4,600	3,800	4,000	6,700
Financial requirements (excluding foreign exchange transactions)	−8,331	−23,500	−26,700	−24,950	−22,650	−18,900
Total outlays	68,913	80,500	90,700	95,950	101,750	107,500
Percentage growth	17.6	16.8	12.7	5.8	6.0	5.7
Percentage of GNP	20.8	23.1	23.6	22.7	22.0	21.3
Program outlays[2]	53,745	63,580	72,750	76,650	81,525	86,375
Percentage growth	12.2	18.3	14.4	5.4	6.4	5.9
Percentage of GNP	16.2	18.2	19.0	18.1	17.6	17.1
Public debt charges	15,168	16,920	17,950	19,300	20,225	21,125
Percentage growth	41.9	11.6	6.1	7.5	4.8	4.4
Percentage of GNP	4.6	4.8	4.7	4.6	4.4	4.2
Budgetary revenue						
Percentage growth	19.1	1.5	6.8	12.0	12.0	9.3
Percentage of GNP	16.3	15.7	15.3	15.5	15.9	15.9
Budgetary deficit						
Percentage of GNP	−4.1	−7.2	−8.2	−6.8	−5.8	−5.1
Financial requirements (excluding foreign exchange transactions)						
Percentage of GNP	−2.5	−6.7	−7.0	−5.9	−4.9	−3.7
GNP (billions of dollars)	331.3	348.9	383.9	423.0	462.5	504.8

(1) For comparability budgetary revenues and expenditures are adjusted to treat revenues and expenditures as if Canada Post had been a Crown corporation for all of 1981-82. The budgetary deficit and financial requirements are unaffected by this adjustment.

(2) Total outlays less public debt charges.

The Fiscal Plan, page 7

Table 1.2 (Revised)
Summary Table, Federal Government Budget Balances[1]
1972-73 to 1986-87

	Budgetary surplus or deficit(–)		Financial Requirements (excluding foreign exchange transactions)		National accounts surplus or deficit(–)	
	(millions of dollars)	(percentage of GNP)[2]	(millions of dollars)	(percentage of GNP)[2]	(millions of dollars)	(percentage of GNP)[2]
Actual						
1972-73	−999	−0.9	−1,308	−1.2	−198	−0.2
1973-74	−1,384	−1.1	−1,517	−1.2	186	0.1
1974-75	−1,733	−1.2	−2,139	−1.5	−47	0.0
1975-76	−5,463	−3.3	−4,774	−2.9	−3,918	−2.3
1976-77	−6,210	−3.3	−5,548	−2.9	−4,228	−2.2
1977-78	−10,289	−4.9	−8,449	−4.0	−9,399	−4.4
1978-79	−12,226	−5.3	−11,113	−4.8	−9,646	−4.1
1979-80	−11,480	−4.4	−10,445	−4.0	−9,308	−3.6
1980-81	−12,668	−4.3	−10,117	−3.5	−9,412	−3.2
1981-82	−13,606	−4.1	−8,331	−2.5	−9,894	−3.0
1982-83[3]	−25,250	−7.2	−23,500	−6.7	−23,500	−6.7
Projected						
1983-84	−31,300	−8.2	−26,700	−7.0	−28,300	−7.4
1984-85	−28,750	−6.8	−24,950	−5.9	−24,750	−5.9
1985-86	−26,650	−5.8	−22,650	−4.9	−20,650	−4.5
1986-87	−25,600	−5.1	−18,900	−3.7	−17,200	−3.4

(1) All figures are adjusted so that historical data are consistent with current public accounting practices including the treatment of Canada Post as a Crown corporation.
(2) Percentage of GNP for calendar year ending three months before the end of the relevant fiscal year.
(3) Preliminary estimate.

The Fiscal Plan, page 12 & 13

Table 2.1 (Revised)

The Expenditure Plan by Envelope

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Economic Development						
Millions of dollars	6,899	8,552	9,799	10,298	11,142	11,524
Percentage change	33.1	24.0	14.6	5.1	8.2	3.4
Percentage of total	10.0	10.6	10.8	10.7	11.0	10.7
Energy						
Millions of dollars	1,608	3,351	3,799	3,753	4,309	4,511
Percentage change	−55.6	108.4	13.4	−1.2	14.8	4.7
Percentage of total	2.3	4.2	4.2	3.9	4.2	4.2
Social Affairs						
Millions of dollars	27,579	31,950	37,251	38,386	40,710	43,112

Percentage change	12.0	15.8	16.6	3.0	6.1	5.9
Percentage of total	40.0	39.7	41.1	40.0	40.0	40.1
Justice and Legal						
Millions of dollars	1,384	1,568	1,798	1,982	2,184	2,331
Percentage change	14.1	13.3	14.7	10.2	10.2	6.7
Percentage of total	2.0	1.9	2.0	2.1	2.1	2.2
Services to Government						
Millions of dollars	3,657	3,403	3,897	4,313	4,560	4,833
Percentage change	33.9	−6.9	14.5	10.7	5.7	6.0
Percentage of total	5.3	4.2	4.3	4.5	4.5	4.5
Parliament						
Millions of dollars	151	174	183	195	206	219
Percentage change	16.2	15.2	5.2	6.6	5.6	6.3
Percentage of total	0.2	0.2	0.2	0.2	0.2	0.2
Defence						
Millions of dollars	6,031	6,963	7,900	8,785	9,494	10,359
Percentage change	19.2	15.5	13.5	11.1	8.1	9.1
Percentage of total	8.8	8.6	8.7	9.2	9.3	9.6
External Affairs and Aid						
Millions of dollars	1,702	2,170	2,432	2,752	2,876	3,278
Percentage change	19.8	27.5	12.1	13.2	4.5	14.0
Percentage of total	2.5	2.7	2.7	2.9	2.8	3.0
Fiscal Arrangements						
Millions of dollars	4,734	5,449	5,708	6,019	6,210	6,853
Percentage change	21.1	15.1	4.8	5.4	3.2	10.4
Percentage of total	6.9	6.8	6.3	6.3	6.1	6.4

The Fiscal Plan, page 15

Table 2.2 (Revised)
Major Changes to Total Outlays Since the November 1981 Budget

	1981-82	1982-83	1983-84	1984-85	1985-86
			(millions of dollars)		
November 1981 budget level	68,300	76,300	85,150	93,900	103,300
Changes between November 1981 and April 1983 budgets					
Unemployment insurance	12	927	1,732	1,372	1,143
Canada Assistance Plan	112	269	355	256	155
Established Programs Financing[1]	−44	236	612	128	−453
Fiscal Arrangements	257	478	98	−223	−691
Petroleum Incentives Program	−940	610	200	—	—
Canadair and de Havilland equity	—	400	—	—	—
Petroleum Compensation Program	402	—	362	—	—
VIA Rail addition	—	132	218	221	258
Net program carry-forwards	−300	−200	500	—	—
Public debt charges	473	155	−65	−60	−50
Other changes	641	1,193	124	−1,103	−2,557
Sub-total	613	4,200	4,136	591	−2,195
Pre-budget outlays	68,913	80,500	89,286	94,491	101,105
April 1983 budget measures[2][3]	—	—	1,414	1,459	645

April 1983 budget level	68,913	80,500	90,700	95,950	101,750

(1) These changes exclude the savings from the impact of the 6&5 program.
(2) For details see Table 2.3.
(3) Includes the savings on Established Programs Financing resulting from the 6&5 program.

The Fiscal Plan, page 41

Table 5.1 (Revised)

Government of Canada Revenues and Expenditures
National Accounts Basis

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
			(millions of dollars)			
Revenues						
Direct taxes, persons	30,473	33,420	38,160	42,890	48,090	53,255
Direct taxes, corporations	7,781	6,900	8,965	10,295	12,720	14,440
Direct taxes, non-residents	1,163	1,175	1,185	1,245	1,340	1,435
Indirect taxes	19,209	16,805	15,230	17,920	20,210	22,325
Other current transfers from persons	24	24	24	24	24	24
Investment income	5,573	6,586	7,136	7,546	8,346	9,066
Capital consumption allowances	956	1,090	1,200	1,280	1,370	1,455
Total	65,179	66,000	71,900	81,200	92,100	102,000
Expenditures						
Current goods and services	16,856	19,100	21,415	23,030	24,710	26,480
Transfer payments to persons	19,891	26,310	30,030	30,725	32,150	33,150
Subsidies	6,386	5,640	5,690	6,920	7,795	8,770
Capital assistance	867	3,090	4,390	3,790	4,365	4,750
Current transfers to non-residents	939	1,020	1,200	1,330	1,350	1,550
Public debt interest	14,260	16,700	17,630	18,975	19,830	20,740
Transfers to other levels of government	14,521	16,040	17,750	18,820	20,290	21,720
Gross capital formation	1,353	1,600	2,095	2,360	2,260	2,040
Total	75,073	89,500	100,200	105,950	112,750	119,200
Surplus or deficit(–)	–9,894	–23,500	–28,300	–24,750	–20,650	–17,200

The Fiscal Plan, page 42

Table 5.1 (Concluded) (Revised)

Government of Canada Revenues and Expenditures
National Accounts Basis

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
			(percentage of GNP)			
Revenues						
Direct taxes, persons	9.2	9.6	9.9	10.1	10.4	10.5
Direct taxes, corporations	2.3	2.0	2.3	2.4	2.8	2.9

Direct taxes, non-residents	0.4	0.3	0.3	0.3	0.3	0.3
Indirect taxes	5.8	4.8	4.0	4.2	4.4	4.4
Other current transfers from persons	0.0	0.0	0.0	0.0	0.0	0.0
Investment income	1.7	1.9	1.9	1.8	1.8	1.8
Capital consumption allowances	0.3	0.3	0.3	0.3	0.3	0.3
Total	19.7	18.9	18.7	19.2	19.9	20.2
Expenditures						
Current goods and services	5.1	5.5	5.6	5.4	5.3	5.2
Transfer payments to persons	6.0	7.5	7.8	7.3	7.0	6.6
Subsidies	1.9	1.6	1.5	1.6	1.7	1.7
Capital assistance	0.3	0.9	1.1	0.9	0.9	0.9
Current transfers to non-residents	0.3	0.3	0.3	0.3	0.3	0.3
Public debt interest	4.3	4.8	4.6	4.5	4.3	4.1
Transfers to other levels of government	4.4	4.6	4.6	4.4	4.4	4.3
Gross capital formation	0.4	0.5	0.5	0.6	0.5	0.4
Total	22.7	25.7	26.1	25.0	24.4	23.6
Surplus or deficit (–)	–3.0	–6.7	–7.4	–5.9	–4.5	–3.4
GNP (billions of dollars)	331.3	348.9	383.9	423.0	462.5	504.8

The Fiscal Plan, page 46

Table 5.5 (Revised)

Government of Canada Summary Financial Statement
Extended National Accounts Presentation

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
			(millions of dollars)			
National accounts transactions						
Revenues	65,179	66,000	71,900	81,200	92,100	102,000
Expenditures	–75,073	–89,500	–100,200	–105,950	–112,750	–119,200
Surplus or deficit (–)	–9,894	–23,500	–28,300	–24,750	–20,650	–17,200
Loans and other transactions						
Loans, investments and advances	–1,178	–219	–804	–1,538	–1,610	–1,587
Cash versus accrual	1,626	966	1,660	926	–843	–549
Other transactions	1,115	–747	744	412	453	436
Net source or requirement (–)	1,563	—	1,600	–200	–2,000	–1,700
Total financial requirements (excluding foreign exchange transaction)	–8,331	–23,500	–26,700	–24,950	–22,650	–18,900

Budget Papers, page 7

Table 2 (Revised)

Special Recovery Capital Projects:
Sectoral Distribution Investment

	(millions of dollars)
Transportation facilities	650
Research and training facilities	290
High technology procurement	180
Vessel procurement	630
Resource development	170
Land and tourism development	220
Other investments	60
To be allocated	200
Total	2,400

APPENDIX "C"

(*See p. 5684*)

COMPULSORY LICENSING OF PHARMACEUTICALS

A REVIEW OF SECTION 41 OF THE PATENT ACT—DELAYED ANSWER TO QUESTION BY SENATOR MARSHALL ON TUESDAY, MAY 31, 1983

Background

During the 1960s, Canadians became increasingly concerned about the growing cost of medical care. A considerable portion of the public debate focused on the cost of prescription drugs. The federal government took the lead in examining this issue by commissioning three major studies. All three concluded that drug prices in Canada were too high.

The government then introduced several measures designed to exert downward pressure on drug prices. One of the most significant of these was an amendment to Section 41(4) of the Patent Act that would enable generic copies of patented drugs to be imported and sold in Canada on condition that a royalty fee be paid to the patent holder. This process is referred to as "compulsory licensing." Compulsory licensing to allow the manufacture of patented drugs had existed in Canada since 1923.

This amendment became law in 1969. By the early 1970s, the opportunity to import and sell copies of patented drugs had enabled a number of generic firms to offer consumers lower-priced alternatives to the drugs produced by the patent holders. Drug costs had by then become a concern not only for individual consumers, but also for the provinces, which had become involved in programs to reimburse, in part or in full, the price of drugs purchased by hospitals, senior citizens and welfare recipients. To moderate the costs of these responsibilities, several provinces developed programs to encourage druggists to substitute generic alternatives for more expensive drugs whenever available and not prevented by the prescribing physician.

In addition to reducing the prices of those drugs for which generic competition exists, compulsory licensing and provincial drug-substitution rules have also been responsible for the growth of a generic drug industry. However, the patentee companies state that the loss of market share has been concentrated unfairly among those firms who have developed important new products and has reduced revenues for investment in R&D and manufacturing.

The current policy review of compulsory licensing is timely for several reasons. The government has announced as a priority its intention to stimulate investment and expansion in the high-technology sectors of the economy. The experience and concerns of various segments of the industry, such as the patent-holding companies, must be examined. It is time to evaluate trends and developments during the 14 years that compulsory licensing to import has been in effect.

Canada is not unique in designing policies directed at the pharmaceutical industry. Many countries use other approaches to control drug prices and to promote industry growth. Countries such as Ireland and Puerto Rico attract pharmaceutical manufacturing facilities by offering generous tax and financial incentives. Canada is the only country currently using compulsory licences as a policy instrument.

The Canadian Pharmaceutical Industry

Pharmaceutical manufacturing in Canada involves compounding imported active ingredients into final dosage form. Research is primarily clinical, although of 138 firms operating in Canada, six report that they carry out some basic research functions.

Trends in aggregate data indicate that the industry has experienced steady growth since compulsory licensing was introduced in 1969. Pharmaceutical sales in Canada (about $1.3 billion in 1981) represent under two per cent of the free-world market for drugs. Close to 90 per cent of the Canadian market is held by multinational patent-holding firms, with the remaining share going to generic producers and the firms that produce insulin and vaccines. Employment in the industry in 1981 stood at approximately 16,000, of which 1,300 jobs were in the generic sector.

Since 1969, 290 compulsory licences have been granted for 62 drugs, 43 of which have actually entered the market. On average, the licencee's product went on the market 11 years after the patentee first introduced the new drug. However, in two cases, licencees' products have entered in less than five years.

Policy Alternatives

To generate further growth in this industry the Government of Canada has decided to change the Patent Act to rebalance the 1969 policy. During the process of examining alternatives, their potential long-term impact on the price of drugs must be considered. These concerns may necessitate a price-monitoring system based on either a comparison with foreign drug prices or on price trends of other products sold in Canada. Sanctions for prices in excess of guidelines could be incorporated into the Patent Act.

Three general approaches for changing the Patent Act have been developed:

- Variable royalty rates: Licences would continue to be granted, but rates would be set according to the level of

research and development activity carried out in Canada by the patentee.

- Market exclusivity: Compulsory licences to import would be granted only after a specified number of years had elapsed following initial marketing of the drug. This would provide patentees with a period of market certainty on which to base future plans.
- Company-specific exemption from compulsory licences: Firms proposing specific performance and price commitments would qualify for an exemption from licensing to import. Failure to meet the commitments would result in a termination of the exemption for one or more products.

The impact of each approach on industrial development depends on its possible effect on the import and export behaviour of both generic and patent-holding firms. Industrial expansion would necessarily involve fine-chemical manufacturing in Canada, increased export of finished products, and additional research activity. The potential for domestic chemical manufacturing, import replacement and increased drug exports would be greatest in the long term if both generic firms and patentees were motivated to manufacture in Canada and actively seek markets abroad. Existing compulsory licences would not be affected and new licences would continue to be available for products to be manufactured in Canada.

Potential for increased investment in research and development appears to remain with patent-holding firms. Such investment may be more attractive under approaches that extend patent protection.

The government is seeking ways to stimulate growth in the Canadian pharmaceutical industry while maintaining its policy objective of moderating drug costs. Modifications to the Patent Act may serve to meet the dual objectives and three alternative approaches have been put forward. The approach selected and the specific amendments to the Act or Regulations that may be chosen will depend on the outcome of consultations with the provinces, companies in the industry, those involved in the delivery of health services and other interested parties.

THE SENATE

Friday, June 3, 1983

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, June 7, 1983, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*English*]

TRANSPORT

AIR CANADA—FIRE ON BOARD DC-9 AIRCRAFT—INVESTIGATION IN UNITED STATES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am sure that it is unreasonable for me to expect the Leader of the Government to have an answer to this question, but in due course I wonder if he would give us a report on the terrible accident involving an Air Canada aircraft that is reported in this morning's press? I am particularly interested in knowing the arrangements for the investigation of accidents in the United States involving one of our aircraft. Will such an investigation be conducted by the Americans or by ourselves? What light can the minister throw upon the incident?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am appreciative of the way in which the Leader of the Opposition has put the question, because although my office attempted to get some up-to-date information with respect to the investigation I do not have a great deal to report in that regard. As to what is now being done, it is a fact that this accident is within the jurisdiction of the National Transportation and Safety Board of the United States, which is, by the way, conducting an investigation.

I can also advise the Senate that the NTSB has invited Canada to send an observer who will be on the investigating team. Indeed, Canada has designated an investigator from the Aviation Safety Bureau of the Department of Transport. He will be an observer and, more important than that, will be part of the investigation team.

Senator Roblin: I thank my honourable friend for that information. I am particularly concerned because it is necessary to ensure that confidence in the activities of the state airline is not harmed or shaken, because that is the potential of an accident of this sort. I would therefore ask the minister—by the way, he is a minister without portfolio, is he not? I shall call him a minister, anyway.

I ask the honourable minister to give us whatever information he can at the next sitting, which will inform the public as to the nature of this accident and the steps that are being taken to ensure that it does not happen again.

Senator Olson: That is a fair question.

Hon. Jack Marshall: What—whether you are a minister?

Senator Roblin: I think he is.

Senator Olson: I never had any doubt that I was a minister, one designation being that of Leader of the Government in the Senate and the other being Minister responsible for the Northern Pipeline.

In any event, the tone in which the question was put is fair and reasonable. We will certainly endeavour to get that information.

Obviously, anything as tragic as this accident does raise a number of questions. However, I think that we here, and Canadians generally, should recognize Air Canada's history of safety—indeed, that of other airlines as well, but we are talking about Air Canada in this case. It has one of the best records, in terms of safety, in the world. No doubt that is due, in part, to the safety standards that we have set, and, indeed, the application of those standards up to that level and perhaps beyond by Air Canada. These measures have led to Air Canada's long history of a very high level of safety relative to any other airline in the world.

• (1110)

There are some press reports that speculate on what happened, how the fire got started and on how it was able to spread throughout the interior of the aircraft, if indeed that is so. One thing seems to be repeated, and that is that there was smoke, which made things difficult, throughout the interior of the aircraft. I have to advise honourable senators that, while we asked these questions this morning, it is still too early to obtain any definitive response to those questions that I am sure are in the minds of a number of people.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. H. A. Olson (Leader of the Government): Honourable sentors, I have one delayed answer. It is in response to a

question asked by Senator Guay on May 31 concerning a visit to Washington on May 24 and 25 by a delegation of Canadian parliamentarians regarding the Garrison Dam project. As usual, it is a fairly long answer, and I would, therefore, ask honourable senators to agree that it be taken as if it had been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

In their capacities as Co-Chairmen of the Canada-Manitoba Ministerial Committee on Garrison, the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs and the Honourable Al Mackling, Minister of National Resources, Province of Manitoba, approved the sending of a delegation of parliamentarians to Washington on May 24-25 to express Canadian concerns on the Garrison issue to U.S. members of Congress and the U.S. Administration. The selection of participants was coordinated through the Honourable Lloyd Axworthy and the Honourable Al Mackling for the federal and provincial sides respectively. The Honourable G. L. Molgat and the Honourable Duff Roblin were invited to participate on behalf of the Senate but were unable to do so.

The three members of the House of Commons who participated in the delegation, Robert Bockstael, Jack Murta and Terry Sargeant, accompanied by an aide of the Honourable Lloyd Axworthy and two Manitoba parliamentarians visited a large number of U.S. Congressmen and Senators in three different groups. The Honourable Lloyd Axworthy had hoped to lead the federal delegation but was unable to do so due to other pressing business. He will, however, be meeting with members of the U.S. Congress on June 7 to discuss Canadian concerns over the Garrison issue. I am informed that due to the fact that the delegation paid so many calls in three different groups there is no official report per se. I can assure honourable senators however, that Canadian concerns on Garrison were conveyed to good effect as I indicated May 31. The delegation members reiterated the Canadian position that the development of any features of the Garrison project potentially affecting Canada should be deferred until agreement has been reached between Canada and the United States on modifications to the project design which would satisfactorily protect Canadian interests. As I also indicated May 31 the members of the Canadian delegation received assurances that such representations are effective in ensuring the Canadian views and concerns on Garrison are conveyed to the relevant law making bodies in the United States.

[Senator Olson.]

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND (NO. 3)—THIRD READING

Hon. Charles McElman moved the third reading of Bill C-156, an act to amend the Unemployment Insurance Act, 1971 (No. 3).

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received.

RIDEAU HALL
OTTAWA
K1A 0A1
GOVERNMENT HOUSE

June 3, 1983

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 3rd day of June, 1983, at 12.30 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Sir,
Your obedient servant
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Sparrow, for the adoption of the Report of the Standing Senate Committee on Legal and Constitutional Affairs on the Bill S-32, intituled: "An Act to amend the Penitentiary Act and the Parole Act".—(*Honourable Senator Donahoe*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, this debate was adjourned by my colleague, Senator Donahoe, on behalf of Senator Nurgitz, who would like to speak to it the next time we meet, so perhaps it could be

dealt with accordingly, unless anyone else wishes to speak in the meantime, to which, of course, we have no objection.

Other stands.

BORROWING AUTHORITY BILL, 1983-84 (NO. 2)

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Frith for the second reading of Bill C-151, to provide supplementary borrowing authority.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators—

Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, such enthusiasm at this time of the day is entirely out of place, in the Senate or anywhere else.

• (1115)

I would like to say that I feel rather uneasy that a bill of this character, which contains within itself the essence of the government's management of the economy for the last 12 years, should be passed in this chamber on the sole basis of the technical explanation of its meaning and effect given us last night by the Deputy Leader of the Government. Not that I fault his technical explanation. I think it was clear and complete, and if honourable senators are interested in the technicalities of the bill, they can do no better than read what he said to us.

However, it seems to me that we would be derelict in our duty if we were to let this bill go on such an introduction, because in my opinion it affects and contains within itself the fruits of many years of mismanagement of the conduct of our economic affairs. I am not going to speak at any length this morning, but I wish to place on record the views of the opposition in this chamber with respect to that record and also with respect to the budget which this bill reflects.

It seems to me that the greatest weakness in the budget—and there are a number—and in the five-year forecast that accompanies it, is the fact that it lacks any firm or believable program for the reduction of the deficit. When my colleague, Senator Murray, spoke on another motion—I believe it was yesterday—he gave, in my opinion, a first-class analysis of the problem that this budget and this bill presents. I am not sure that I am going to add anything significant to what he said, but I feel that on the occasion of the passage of the bill it is essential that it should be said, even if perhaps it is nothing very new to members of this chamber.

The fact is, of course, that the record of the government is a miserable one. The record of the government in the management of the economy of the country, insofar as governments are able to do that, is not a good one, and its record as a forecasting agency is even worse, particularly if one takes into account what has been happening in the past few years. I think even the Minister of Finance would be willing to agree with me on that—

Hon. H. A. Olson (Leader of the Government): Compared with what?

Senator Roblin: Compared with the facts; compared with what happened. The forecast of what was going to happen bore so little resemblance to what did happen as to make one wonder who is doing the forecasting—*Maclean's* magazine, or something like that; certainly not all the high-powered help in the Finance Department. All we have to do is take a look at what happened to the forecast for the deficit that we have been experiencing over the past period.

Senator Olson: When I said, "Compared with what?" I was not asking the honourable senator to make a comparison between a number of private organizations. I wonder if he would draw a comparison, if the record is all that bad, with the experience of other responsible governments, such as those of the United States, Britain, West Germany, and so on. If he does that, then I am sure he will agree that situation is not quite as bad as he is trying to make it appear.

Senator Roblin: The responsibility of my honourable friend, and my responsibility, has to do with the Dominion of Canada, if I may use that old-fashioned expression. The Leader of the Government can draw all the comparisons he likes with other countries—their performances may be good or bad, and mostly they are bad. If he wants to compare the record of what has happened in Canada with what has happened elsewhere, it is not very encouraging for us.

The point I wish to make is that we are dealing with what this government has been telling us. The fact that we are no worse than anyone else is pretty cold comfort. In fact, I would say it is no comfort at all; and I say to my honourable friend that the record of the government in achievement, and in its forecasting certainly, leaves a great deal to be desired. It is a miserable performance.

What standards are we to judge them by? Surely their own standards are the best to judge them by. In the election of 1980 we were given a clear outline of what the government's fiscal policy was in one respect. We had a clear outline with respect to how much money they were going to spend. They gave an undertaking—and it has been documented in this house before now—that they would keep the expenditures of the Government of Canada below the increase in the gross national product—not the real one, but the nominal increase in the gross national product including inflation. That was the undertaking.

• (1120)

If I look at any of the years between then and now—1980-81, 1981-82, 1982-83, 1983-84—I see that that promise was not kept in any of them. In none of those years since this government assumed office in 1980 has it kept its fundamental undertaking in financial management, that it would keep the growth of expenditures below the growth of the gross national product. I have figures here that I could give to honourable senators, but I suspect that I can content myself with making the statement, because it cannot be controverted. The facts are clear. Whether you judge them by the public accounts system,

which is incomplete, or the national accounts system, which is perfectly comparable, you will find that the gross national product rose by substantially less than the expenditures of the government. So on the basis of their undertaking we find that the performance of the government has not been very satisfactory.

Now we have to face the future and the future is contained in the forecast of the budget. As my colleague said to us the other night, the promise for the future is that the increase in expenditures will not exceed between 5 per cent and 6 per cent. They said the first time that the increase in expenditures will not exceed the increase in the gross national product, but they were not able to live up to that one. Now they say in this piece of paper called the "The Fiscal Plan" that is in front of us that the increase in expenditures will be kept within 5 and 6 per cent. I hope that it turns out to be correct. However, I must say that, if the past has any relevance to the future at all, if the past tells us anything of what this government is likely to do in the future, one has to look at that 5 per cent figure with a great deal of skepticism. I have to say that it is unrealistic, in my opinion, to expect that the government will live up to that promise more than it has lived up to any of its other promises.

Does the question of whether or not the government keeps its promises have anything to do with this bill? It has a lot to do with debt and deficit, which are the epitome of the government's policy in the substance of this bill. The results of their activities over the past few years have been an astronomical increase in the national debt, and we are adding to it by about $20 million in what we are doing today.

By 1986-87, according to the government's figures—and I suspect that they are not overestimated—the debt will be some $213 billion, or double what it is now. So in the next four years we will double the national debt in Canada. It took us from 1946 to 1976 to double the debt from $16.8 billion to $34.6 billion. That is, it took us some 30 years, a long period of time, to double the debt, but we are going to succeed in beating that record by doubling the debt in the next four years. Another way of looking at it is that the debt, according to the estimates the government provided to us, will be six times what it was in 1976-77.

Those are important figures. They are very large figures. They are almost impossible for us to grasp and it is equally difficult to assess what it means in terms of the ordinary citizen of this country and in terms of the government's finances—very difficult, indeed—but it is an effort that must be made, and this is a good time to raise some questions in respect of the matter now that this bill is before us.

The results in 1983 with respect to borrowing and with respect to the deficit are equally shocking. In this year of grace the deficit will be equal to 32.5 per cent of the revenues the government takes in. If we want to use round figures, the government is going to borrow one-third of every dollar it gets on a revenue basis. Can anyone relate that to his personal experience in either business or as an individual, and estimate how long this kind of deficit situation is likely to last?

[Senator Roblin.]

What about the interest? After all, our capacity to pay the interest is what keeps this whole thing going year after year. Out of every dollar we receive in revenue in 1983, 30 cents will go to pay the interest.

Hon. Lowell Murray: Shame!

Senator Roblin: Consider what could happen in terms of stimulating the economy of the country and doing the good things we would like to do for the poor or for other people in this land if that amount of 30 cents on the dollar, which now goes to support our debt, was available for these other purposes.

• (1125)

I say to my honourable friends that no one can realistically expect that we will have no deficit in this country and no one can say that deficits are necessarily bad. I have never said that. I do say, however, that this rake's progress, this continuation of deficit and debt over the last ten years, is something that cannot go on much longer and must be brought to a halt. There is a limit to this kind of thing; no one can prophesy how close we are to this limit but it is there, and we had better pay some attention to it.

When we go to support this deficit in the capital markets of this country, when we make a call upon the savings of the people of Canada, the estimate that has been provided by the Howe Institute is that in this year 50 to 60 per cent of the net savings of the people of Canada will be required by this government to support its deficit and its program. That is a very heavy burden to place on the economy of a nation. When you add to that, as did my colleague Senator Murray, the demands by other public bodies, we find that the portion of the net savings of Canada that is left over for business, for enterprise, for investment and for jobs is 18 per cent. The minister and the government are saying that they are exercising no pressure on the market. One reason for the lack of pressure is the high rate of interest. If interest rates were a little lower by, perhaps, one or two points, if they were less a burden on the productive plans of the nation, I think we would find a lot of people in the private sector back in the market looking for money, and then we would see a crowding-out situation.

I would like to point out to this chamber that there is not only pressure on the net savings of the people of Canada. We also borrow abroad and it might be of interest to this chamber to know that, in the last two years, borrowing by Canadian provinces, municipalities and corporations abroad has been higher than that by any other nation in the world. That surely indicates something about the state of the Canadian capital market. It indicates the stress that is on that market, and the government can say all they like about crowding out, but when that fact is in front of us, questions have to be raised about the accuracy of their view in the matter.

I do not intend to prolong this discussion because most of the points I wish to make are points that are relatively familiar to members of this chamber. I simply say that the government's solution to our problem is simple. It is more taxation;

not, however, more taxation now, but later. When did this government ever deal with anything now? If there ever was a group of men and women who had the gift of procrastination and putting off the evil day, the ladies and gentlemen who form the Government of Canada exercise that talent to a high degree.

The idea is to borrow and tax, but not to tax now; tax later. According to the announcement that has been made, $6 billion will be taxed from the people of Canada in an effort to try and remedy this situation. This amount, although it will make a contribution, will not solve the problem because, as I have already indicated, over the next four years the national debt will double in spite of this extra taxation that the government is proposing to put into effect. Whatever happened to restraint? Although it is not a four-letter word, it is not a very popular word among the gentlemen on the other side. It is a word that they give lip service to from time to time, but it is exceedingly hard for ordinary people to see where the restraint comes in. It seems to me that, if one is dealing with problems of this nature, and if one is thinking of new taxes, as the government is, then restraint surely has to be part of the solution.

• (1130)

We have heard stories of what restraint has been exercised, but we do not see an effective application of restraint on government expenditures. Whenever the government tiptoes up to the problem, as the Minister of Finance did in connection with the universal programs a short time ago, it tiptoes back fairly quickly, and I do not blame them for that because this is a touchy problem. But, if the government is going to deal with the fundamental economic problems of this nation, it will not be able to tiptoe much longer because the facts will not allow that.

Charles Lynch made a cogent remark the other day which I feel inclined to endorse.

Senator Olson: Who is that?

Senator Roblin: Charles Lynch. He's a journalist. You may have heard of him.

Senator Olson: I don't read him very often.

Hon. David Walker: He doesn't think much of you either.

Senator Roblin: Well, I think you should try reading him because there is occasionally a little nugget in Charlie Lynch, and here is one of them. When talking about the government's policy, he says it is a "sour legacy." Reflect, on those words, honourable senators—a "sour legacy." He went on to state:

> —budget measures committing future governments—

Whether it is to be formed by my honourable friends opposite or others.

> —to astronomical deficits and built-in high unemployment.

A sour legacy and the result of expediency. It is a human failing to be expedient; it is a human failing to say: "Well, we will patch the thing up in the short term and let the future take care of itself." When you have been in office as long as my honourable friends opposite have been—something like 14 years—the short term has a habit of becoming the long term, and the short term catches up with you.

I think the government's policy can be described as being a series of well-meant, short-term expedient measures to get them over a particular hump—never facing a problem when they should, postponing decisions as long as possible, going in for gradualism when gradualism is obviously a fatal policy, and refusing to face the difficulties with an effective challenge to the problems they see in front of them, and the Canadian public are the innocent victims of that. So far they have been re-electing my honourable friends opposite, so I presume they must either be satisfied with them or they really do not understand what is being done to them.

Hon. Royce Frith (Deputy Leader of the Government): The third alternative is that you might be wrong.

Senator Roblin: Yes, the third alternative is that I might be wrong. I admit that. I can recall being wrong on one occasion before.

An Hon. Senator: In 1943.

Senator Roblin: In '43, you say? Well, my memory is not that good.

Senator Walker: He is only laughing at his own joke, so do not worry about it.

Senator Roblin: I see. Well, the point of the matter is that we now have a measure before us that continues to invite us along the primrose path. It says, "Borrow now, pay later." I thought that slogan had been thoroughly discredited in the general public's estimation of the matter over the past few years, but not with respect to my honourable friends. They say, "Borrow now, pay later; borrow now, tax later; borrow now and commit the biggest single growth area in the expenditures to interest payments; handcuff ourselves when we cannot do any good when good is required; and, above all, leave the whole mess for somebody else to look after later on."

Honourable senators, you will be surprised to hear, after that diatribe, that I intend to vote for this measure because the government has left responsible people no possible alternative. There is no way one can decline to support the measure because of the need that has to be met, but to say that by supporting the measure one condones the policy that made it necessary is something else altogether.

That I cannot condone; that I cannot excuse; that I condemn. I vote for the measure but condemn the policy.

Senator Olson: If Senator Roblin agrees, I have one or two questions for him.

First of all, the whole thrust of his speech was to really accuse the government of being flexible in responding to conditions that change from time to time. He also levelled a great deal of criticism at forecasts that did not turn out.

In a situation where there were economic conditions—some of which were very important—beyond the borders of Canada, would he have recommended that we remain inflexible in

dealing with social programs and other measures which would ease some of the pain?

• (1135)

Senator Roblin: Of course not, honourable senators, of course not! One cannot load on the people of this country the consequences of my honourable friend's mistakes all in one blow. Of course not! That cannot be done. But I say to my honourable friend that when times were good—and we had some good times in the last ten years—when it would have been prudent to reduce the debt and the deficit and have none, they did not to it. If you look back at the past six or eight years, some of which were good times, the deficit of this country never sank below $10 billion. That was when money was worth a lot more than it is now. If the government had followed a prudent policy then of reducing its deficits or eliminating them when times were good, it would then have the power to do the good things that should be done and which it now finds itself so hard pressed to put into effect.

I say to my honourable friend that I do not think he should in one fell swoop throw the burden of his mistakes on the people of this country. I think the people of this country will hold him responsible for having worked the government and the nation into that position.

Senator Olson: I think my honourable friend is now arguing about what might or should have been done six or ten years ago, and so on. In the government's determination to bring down inflation, however, we set up the six-and-five program. The opposition, both in this house and in the other place, and the public have criticized us every step of the way.

Did I take it from the honourable senator's speech that from here on he is going to help the government to achieve those goals instead of again criticizing every single item where the six-and-five is being applied so that we can reach some of those targets?

Senator Roblin: I like my honourable friend's questions. I hope he has a few more. If my honourable friend has any memory at all, he will remember that we on this side of the house did not oppose six-and-five carte blanche. We opposed selective application of six-and-five to old age pensioners and widows, and people of that sort. We did not oppose six-and-five. My honourable friend can count on us that any time he comes up with a practical suggestion that is good for the country, we are not going to dig in our heels to oppose him but are going to urge him on. I say to him, "By their fruits ye shall know them." The only way we can judge my honourble friend is by what he and his colleagues have done. That is the record. For him to say I should not make reference to that, seems to me to be a position that is hard to justify.

Senator Olson: We welcome your support.

Senator Roblin: I also say to my honourable friend not only is the record of the past unsatisfactory, but if he takes a look at the figures that are contained in the fiscal forecast produced by the Minister of Finance he will see that he is leading us down the same garden path for four years to come.

[Senator Olson.]

Senator Olson: Senator Roblin said one other major thrust as a solution was to get interest rates down—I think he said by one or two more percentage points—but he failed to advise in that speech, which is very important, how much they have come down. Would he like to acknowledge that they have come down somewhere between nine and ten percentage points within the last ten months?

Senator Roblin: Well, I would be happy to do so, but the Minister of Finance in the committee told us why. He said that it was not because of the policy of the Government of Canada but because American rates had come down, and that is a good thing. I am happy about that and I want to see more of it. I said to the Minister of Finance in the committee, and I say to this minister, "I want to encourage you to make that trend effective to the point where our interest rates are down another one or two points."

Senator Olson: We are doing a good job, but just not getting it done fast enough.

Senator Roblin: My honourable friend is doing a good job of riding on the coattails of his American friends, and I do not object to that because no reasonable man would maintain that the American economy has no effect in Canada. Of course it has. When we talk about interest rates we are going to get into a different argument, which is not in this debate, about the attitude of the government with respect to the Canadian dollar, because it is the Canadian dollar which is the touchstone, the talisman, of interest rate management by the Bank of Canada today and, therefore, the government. That is the point that we have to get into if we are going to talk about interest rates.

I want to say to my honourable friend that the biggest, single thing that his government can do to improve the economy of Canada these days is to get those interest rates down. The ability to finance the purchase of a car at 8.9 per cent, because the dealer is making a special offer, has made the car business boom—nothing else. When you see what has happened to the construction of houses when interest rates have come down a little, you can understand that that great underpinning of the Canadian economy is highly sensitive to interest rates. It seems to me that if you want any proof of the importance of interest rates, just look around and you will see it.

• (1140)

My honourable friends have been following a policy of tying the interest rate to the Canadian dollar, and I am saying to them that they should now consider the advisability, not of abandoning the Canadian dollar to whatever depths it might sink—because I think it is pretty strong and, in fact, the minister was boasting about how strong it was—but of using that fact in order to bring interest rates down a little more in this country.

Hon. Richard A. Donahoe: Honourable senators, the Deputy Leader of the Opposition asked me if I proposed to speak this morning on this bill, and I indicated that I would not. I am going to vote for this bill, Bill C-151, and I am going to vote

for it for exactly the same reasoning that compels the Deputy Leader of the Opposition to say that he is going to vote for it. However, I want to express one thought that I think should be borne in mind. This is a bill to provide supplementary borrowing authority. The government was completely unfettered when it drafted the original bill. Criticism had not yet been levelled, and the government decided to ask for borrowing authority in the amount of $14.7 billion. But the bill was amended in the House of Commons, and the authority that we are being asked to approve now is not to exceed in the whole $10.7 billion, a difference of exactly $4 billion. If the government can manage the affairs of the country with a borrowing authority of $10.7 billion, then why in the name of conscience did it ask for $14.7 billion? What was it going to do with the additional borrowing authority?

Honourable senators, I have some doubt as to how much borrowing authority is really needed because I think there may be unexpired borrowing authorities which would enable the government to carry out the business of this country without this new burden of debt. Of course, the new burden is necessary because of the government's economic policy!

The only thought I want to leave with you is that the government, when it thought that it could get away with it, felt it should have nearly $15 billion worth of borrowing authority. It is finally settling for a little more than $10 billion, and it thinks that we will not notice the difference, but we do know that at least the other $4 billion will not be added unnecessarily to the burden already borne by the Canadian public.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I have to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for the second reading of Bill C-151.

Senator Frith: Honourable senators, I have only two or three points to make in reply on second reading. I appreciate that Senator Donahoe, who spoke last this morning, was perhaps not present yesterday evening when the explanation was given as to the $4 billion.

Senator Donahoe: I know it was a compromise.

Senator Frith: Of course, he has not had an opportunity to read last night's *Debates of the Senate*. Therefore, I will deal with deal with that point first.

The original bill did ask for a borrowing authority of $14.7 billion, and the present bill does ask for $10.7 billion, a difference of $4 billion. The original request was for $10.7 billion plus $4 billion as a contingency or standby. Honourable senators, as I explained yesterday, a contingency amount is necessary and always has been as part of the borrowing authority for any government, no matter of what party, in order to respond to foreign exchange pressures. A request was made in the other place that the $4 billion, which was asked for as a contingency, be not included in the borrowing authority but that it be set aside, and, if the government needed that contingency of $4 billion, it should come back to Parliament and ask for it on the basis of a limit of three days' debate. As honourable senators know, a contingency amount is necessary for any government. It is not really a matter of policy; it is a technical requirement of any borrowing authority. The amounts of a contingency fund are often very high, and the need is usally in an emergency.

A request was made by the opposition, and the government acceded to it, but it does not change in any way the amount of borrowing authority asked for. It simply divides it into two instalments. From the outset the government has asked for $10.7 billion so that it can plan its cash requirements, and, if it requires it, it will ask for the additional $4 billion for contingency. The $4 billion is set aside, and the government can come back and ask for it on a limit of three days' debate in the other place.

Honourable senators, I will now deal with three points raised during Senator Roblin's intervention.

First, I agree with two points he made. Essentially, the bill before us now is a technical bill and should really be supported or not supported on the basis of its technical efficiency or deficiency. We agree that it is a bill in the usual form and that it is technically correct.

I also agree with Senator Roblin's point that we must connect the borrowing authority with the budget because any budget requires borrowing authority. Even if you are budgeting for a surplus, you still need a borrowing authority. Even a Liberal budget, which received a Roblin gold medal, would still require a borrowing authority. Therefore, I believe it is quite appropriate for him to use the borrowing authority debate as an occasion to expound his views on the budget. This is quite understandable and correct, especially in light of the fact that he asked questions about the budget forecast during the debate of Bill C-143, the interim borrowing authority. When he was told that he would have to wait for the budget, he accepted that.

We have now, in fact, tied the borrowing authority cash requirements precisely to the budget forecasts and the budget requirements. Therefore, as I say, I think it is appropriate for him to have made his views known on the budget while debating the borrowing authority. Even though his views on the budget were very negative, he still intends to support the borrowing authority bill. I believe that is a logical and sound position for him to take.

Honourable senators, that leads me to the last point. I do not want to sit down without making it clear that, while I think it is appropriate for Senator Roblin to discuss and criticize the budget during the debate on the borrowing authority, I emphasize that we on this side believe it is a good budget. It is a budget that has been supported widely throughout the country. It is a recovery budget, and I think it is already beginning to work both psychologically and practically as a recovery budget.

Honourable senators, we will support this bill, but, of course, we do so for different reasons. We do so not only

because it is necessary and technically correct, but because it is a part of what we consider to be a most salutary budget.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

• (1150)

THE BUDGET SPEECH, 1983

PROPOSALS BY MINISTER OF FINANCE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 19th April, 1983.—(*Honourable Senator Murray*).

Hon. Duff Roblin (Deputy Leader of the Opposition): This order has been adjourned in the name of Senator Murray. That is a mistake, is it not?

Hon. Royce Frith (Deputy Leader of the Government): No, I believe that Senator Murray simply adjourned the debate to leave it open for some other honourable senator, but I am not sure.

Senator Roblin: Yes, that is correct. I recall that now. Therefore, I do not think that Senator Murray would object to anyone else speaking on this topic this morning. I must say that I am not aware of whether any other member of the opposition wishes to continue this debate; probably not.

Senator Frith: Honourable senators, we did indirectly debate this topic this morning through speaking to the borrowing authority bill. I must say that I was encouraged to perhaps have more Friday morning sittings. I found the debate this morning very engaging.

Hon. Jack Marshall: It would be even better to sit on the weekends; why not Saturday or Sunday?

Senator Frith: Perhaps we could put this order over until next Tuesday to see whether any other honourable senator wishes to speak to it.

Order stands.

The Senate adjourned during pleasure.

• (1230)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Salaries Act;

An Act to amend the Unemployment Insurance Act, 1971 (No. 3);

An Act to incorporate the Eparch of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 7, 1983, at 8 p.m.

THE SENATE

Tuesday, June 7, 1983

The Senate met at 8 p.m., the Honourable Gildas L. Molgat, Speaker *pro tem*, in the Chair.

Prayers.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, June 9, 1983, at 2 o'clock in the afternoon.

He said: Honourable senators, this is the motion that implements the experiment that we have been trying for some weeks now, that is, to sit on Tuesdays at 8 p.m., and on Thursdays at 2 p.m. This leaves Wednesday mornings open for caucus or other exigencies, and Wednesday afternoons for Senate committee meetings.

Hon. Jacques Flynn (Leader of the Opposition): May I ask the Deputy Leader of the Government what committees will be sitting tomorrow afternoon?

Senator Frith: The Standing Senate Committee on National Finance will meet at 2 o'clock tomorrow afternoon to deal with Bill C-151, the borrowing authority bill. That is the only notice I have received so far.

Senator Flynn: There is only one committee meeting?

Senator Frith: As far as I know at this moment, yes.

Senator Flynn: Do you not think that that committee could hold its meeting at a later time? In fact, my question is: Why not adjourn until Tuesday of next week?

Senator Frith: Do you mean adjourn the Senate this evening until Tuesday of next week?

Senator Flynn: Yes, because if we have nothing to deal with in the Senate tomorrow, will we have something worthwhile on Thursday?

Senator Frith: The Leader of the Opposition and I never seem to be able to agree on what is worthwhile and what is not worthwhile. There is something ironic about my thinking we should meet for Question Period when the Leader of the Opposition thinks we should not.

Hon. Richard A. Donahoe: But you don't have to listen to the answers.

Senator Frith: All that Senator Donahoe has done is add to the irony, but as far as this week is concerned, the meeting of the Standing Senate Committee on National Finance to examine the borrowing authority bill is good reason for the Senate to sit on Thursday. If that committee reports to the Senate on Thursday that means we can have third reading of the bill at that time, including debate, if necessary. That was the plan we set up last week. This is the reason why I think that, given the option of adjourning this evening until Tuesday, it would be better to adjourn until Thursday at 2.00 p.m. to consider the report and possibly have third reading of the bill.

Senator Flynn: I am wondering why the leader does not think it would be useful to have a Question Period tomorrow when he thinks we should have one on Thursday. The deputy leader says it is important to have a Question Period, so why not have one tomorrow?

• (2010)

Hon. Sidney L. Buckwold: Honourable senators, as one who feels that our Progressive Conservative friends across the way need all the support they can get at their convention—

Hon. C. William Doody: Don't be nasty!

Senator Buckwold: —my question to the deputy leader is: Why would we not sit tomorrow and leave Thursday free so that honourable senators across the way are able to spend their time at what I think is an important political event?

Some Hon. Senators: Hear, hear.

Senator Buckwold: I am just wondering why we need to sit on Thursday. Were the Senate to sit tomorrow I am sure the National Finance Committee would be given leave to meet at the same time.

Senator Frith: Honourable senators, the irony continues. This plan of sitting on Tuesdays and Thursdays and leaving Wednesday open for committee meetings is a result of consultation between the government leadership and the opposition leadership.

Hon. Hartland de M. Molson: When was that arrangement made?

Senator Frith: If it is important to know the exact date of those meetings, I will take that question as notice and endeavour to obtain the information, but I do not think it is relevant to what I am saying at the moment. If we are going to have committee meetings on Wednesday afternoons, we forgo Question Period on that day.

As to the question put by Senator Buckwold, the answer is the same. We asked whether it would be desirable, in view of the fact that the Progressive Conservative Party is holding a leadership convention this weekend, for the Senate to sit on Tuesday and Wednesday instead of Tuesday and Thursday, and we were told it would be quite satisfactory to continue—

Senator Flynn: You were told by whom?

Senator Frith: We were told by Senator Roblin. I am sorry to have to quote him when he is not present, but he said it would be quite satisfactory to continue with this plan, which many honourable senators have found satisfactory, notwithstanding the fact that this convention is taking place. We try to run this house to the satisfaction of all honourable senators, or a majority of them, and if we are being told that they do not wish to continue with this system then we will make the necessary changes to accommodate that wish.

Senator Donahoe: Honourable senators, would the deputy leader explain to us why last week, when we were scheduled to sit on Tuesday evening and Thursday afternoon, we ended up sitting on Thursday afternoon, Thursday evening and again on Friday morning? Is there any possibility that a similar potion or dose will be administered this week.

Senator Frith: That is not likely, but possible. I know that a hard-working senator like Senator Donahoe is always pleased to extend himself in order to accomplish the work of the Senate. Those sittings took place last week because we announced that they were to take place.

Senator Flynn: Oh, I guess that is enough.

Senator Frith: Has everyone had enough?

Hon. Charles McElman: Not really.

Honourable senators, it seems to me that what Senator Frith has been talking about is a general arrangement that was made. To a general arrangement, there are always exceptions. This week in Canada there is an exception. The Progressive Conservative Party, one of the two traditional—

Senator Donahoe: —great parties.

Senator McElman: As Senator Donahoe says, one of the two traditional, great, free enterprise parties of Canada, is going to hold a national convention and that convention begins on Thursday.

• (2015)

An Hon. Senator: They will have a new leader.

Senator McElman: They will have a leader selected by that convention; a leader who at some point in time, God forbid, may very well become Prime Minister of Canada. It is a very important event for Canada. It seems to me that when you make an arrangement you must always be prepared to make exceptions to it. Therefore, this week, since we are not overburdened with legislation—

Hon. Jack Marshall: We have not been overburdened for five years.

Senator McElman: —and not overburdened with committee activity, it seems to me that we should rearrange whatever committee activity we have and whatever legislative duties we have, and provide for the delegates within this chamber to that convention of that other great party in Canada an opportunity to participate fully in the proceedings. I urge the Leader of the Government in the Senate and the house leader to arrange the schedule accordingly.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, Senator McElman, as usual, is exactly right. There are always exceptions to prove rules, and when you have a general policy there are always exceptions to it.

I presented precisely that position—although not as eloquently, of course, as Senator McElman—to the opposition. I asked, "Should we not then make an exception this week and not sit on Thursday? Would it be better for you, members of the opposition, if we did not sit next Thursday?" The answer I received was, "No, that is fine; we can sit on Thursday. I think we can probably hold our breath until the Senate adjourns on Thursday."

Hon. Daniel Riley: Honourable senators, I would ask the Deputy Leader of the Government what committees will be meeting on Thursday.

Senator Frith: Honourable senators, I receive no private information about Senate committee meetings. I receive the same yellow sheets, the same white sheets, the same yellow sheets modifying the yellow sheets, and the same white sheets modifying the white sheets that every senator receives, including the senator who has asked me what committee meetings there will be. According to my notes, on Thursday there is to be a meeting of the Standing Joint Committee on Official Languages at 3.30 p.m. in Room 112-N. That is the only information I have. Committee meetings are scheduled in accordance with the notices that appear on each senator's desk.

Senator Flynn: Could the deputy leader not ask Senator Lafond to inform him of the program each week?

Hon. Paul C. Lafond: Honourable senators, I am afraid that I am no better informed since I receive only the same notices. Where and when committees will meet depends on the decisions of individual committee chairmen.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE SENATE

REFORM—PREPARATION OF GREEN PAPER—ANNOUNCEMENT BY PRIME MINISTER

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government. Recently I asked the Leader of the Government a few questions about the green paper on Senate reform announced by the Prime Minister.

The Leader of the Government told us at the time that he was not aware of such a document being drafted. The Special Joint Committee of the Senate and the House of Commons on

the Reform of the Senate has had numerous sittings over the past two weeks. Having heard interesting witnesses such as Senator Frith and others who have aired their views before senators—

Hon. Joseph-Philippe Guay: And Senator Roblin—

Senator Asselin: And Senator Roblin—who have aired their views before senators and Members of Parliament, I believe that the general feeling among committee members is that we ought to have the green paper before the committee so as to know the intentions of the government, for it may possibly make a few suggestions on Senate reform. If we receive the green paper—let us say this fall in October after we have heard a number of witnesses—it will have a certain aspect of partisanship and it will be difficult for members of the majority to remain neutral with respect to the propositions of the government.

I should like to ask the Leader of the Government whether he has sought information and whether he can tell us today if that green paper is being drafted and if he has had discussions about it with his colleagues. Does he know when that green paper will be presented to the Senate and the House of Commons so that it may be referred to the Special Joint Committee on the Reform of the Senate?

• (2020)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, perhaps Senator Asselin slightly misunderstood my comments of the other day.

Hon. Jack Marshall: The Prime Minister said it in the House two days ago.

Senator Olson: Perhaps I might be permitted to finish what I was going to say. I do not believe I said that I was unaware of a green paper. I am aware that one is being prepared. Whatever I said is on record. I am not sure of the day on which these questions were raised, but I know that on one occasion, at least, when Senator Asselin was particularly curious about this paper, I did acknowledge that I was aware of such a green paper.

I should tell Senator Asselin briefly that I have had some discussions about this matter, particularly respecting his main point of interest, the timing involved. I hope, and I have some reason to believe, that it will be presented to the committee before the summer recess. I am not certain of the implication of his comment about partisanship and so on, but I can assure Senator Asselin that it will be the usual objective analysis of the situation.

Hon. Jacques Flynn (Leader of the Opposition): As long as "the usual" means what we think it means, there will be no problem.

TRANSPORT

BRITISH COLUMBIA—POSSIBLE STRIKE OF GRAIN HANDLERS

Hon. D. G. Steuart: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board. Last week I asked him a question regarding the problems of the grain handlers on the west coast. If I remember correctly, he assured us that the government is keeping an eye on the situation.

I notice that a similar question was directed to the Prime Minister in the other place. The indication was given that at this time the government is not planning on interfering—not even to the extent of appointing a conciliator or mediator.

Could the minister tell us the stage at which the government will consider appointing a mediator? Does the government intend to let the situation follow its course, either to a strike or a lockout situation?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, the Minister of Labour and his assistant deputy minister, Bill Kelly, are keeping a very close watch on the situation and are in contact with the parties involved. Work is continuing; there is no slowdown; grain is being delivered through the port at rates that are normal for the work that is going on.

The government feels that the right course at the present time is to ask the parties involved to get together and to settle their differences. It has been suggested to them that, if they wish to have a conciliator step in, there should be some prior indication that the parties are willing to give some ground. That indication has not yet been forthcoming.

Certainly, I have nothing to add to what has been said in the other place. All I can say is that the government is keeping a close watch on the situation in the hope that the parties themselves will settle their dispute. If, at some point the situation warrants further intervention, that will be considered.

Senator Steuart: I have a supplementary question. Could the minister indicate whether the parties are at the negotiating table? Has either side, or have both sides, asked for a mediator or for conciliation?

• (2025)

Senator Argue: They are not meeting at the moment. They have wired the government asking for a mediator at this time. The government felt that it would not be constructive to comply with the request at present; that the most constructive thing to do was to ask the parties to negotiate and, through normal collective bargaining, to settle their own differences.

[*Translation*]

FOREIGN AFFAIRS

POSSIBILITY OF FRANCOPHONE SUMMIT WITH QUEBEC'S PARTICIPATION

Hon. Martial Asselin: Last week I asked the Leader of the Government to seek information concerning the Prime Minister's statement on the francophone Commonwealth which he had discussed with French President Mitterand at the Williamsburg economic summit. The Leader of the Government told me that he would obtain some information and make a statement. Is he ready to make that statement?

[*English*]

Hon. H. A. Olson (Leader of the Government): I am sorry, honourable senators, but I have to report that the answer to that question is not included in the delayed answers I have this evening. I do have another, but it is not in reply to Senator Asselin's question.

FITNESS AND AMATEUR SPORT

APPLICATION OF OFFICIAL LANGUAGES ACT

Hon. Martial Asselin: Honourable senators, I have learned this afternoon that the Minister of State for Fitness and Amateur Sport is going to appear before the Special Joint Committee on Official Languages. The minister promised me that he would make a full statement on the use of French in his department.

It will be recalled that two weeks ago I questioned him about the use of French and the problems francophone sportsmen are facing with his department, and he told me he was taking care of that. He was supposed to make a detailed statement in the Senate. Would the minister make a statement in the Senate now, tomorrow or the day after, or does he prefer to make the statement before the joint committee?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, it is my intention to present a report on this subject to the Senate, as I promised I would. Frankly, I am of the opinion that, out of deference to honourable senators, it would be more appropriate for me to make a full statement to the Senate before I appear before the joint committee. I think that would be the proper and appropriate thing for me to do.

I have discussed the matter with my officials, and I had planned to present that statement in the Senate within a few days. I do not yet have the specific date, but certainly before the summer recess.

With respect to appearing before the joint committee, negotiations are under way between officials in my department and the offices of the joint chairmen of the committee to determine the best date for me to appear.

Senator Asselin: Would it be possible for the minister, before making a statement in the Senate, to provide a copy of it, say about 12 hours in advance, to the official opposition?

Senator Perrault: I will certainly endeavour to have copies made available in both of Canada's official languages as far in advance as possible. I understand the report is in its final stage of preparation. As I said a moment ago, under most circumstances it is appropriate for a minister to present a report to the Senate before appearing before a committee in connection with that report.

Hon. Peter Bosa: Honourable senators, apparently it was intimated in committee today that the minister will appear before the committee, possibly on June 16. Did I understand the minister to say that he would present a report to the Senate before the end of the session? The end of the session will be June 30.

[Senator Asselin.]

Hon. Jacques Flynn (Leader of the Opposition): Nobody knows.

Senator Bosa: How does the minister reconcile these two things? Will he give us an undertaking that we shall have the report in the Senate before he meets with the Special Joint Committee on Official Languages?

Senator Perrault: I am sure that the members of the joint committee will be the first to agree that it is appropriate for that report to be presented in the Senate before the minister appears before the committee. That is a courtesy I think honourable senators should be extended. Communication was made today with the office of the joint chairman of the committee, Senator Murray, in which I understand it was suggested that on Thursday or Friday of this week it may be possible for me to appear before the committee. However, I cannot say whether or not the report to the Senate will be ready before that time. I repeat, it would be my hope to give the Senate the advantage of hearing the contents of that report before I appear before the committee.

● (2030)

Hon. Joseph-Philippe Guay: Honourable senators, in that case I presume that consideration should be given by the joint chairmen to the possibility of the report being made to the Senate before the minister's appearance before the joint committee. That might be to the advantage of the committee. The question is: Would it be advantageous to the Joint Committee on Official Languages were it to await the outcome of the minister's announcement in the Senate prior to his appearing before the committee?

Senator Perrault: Honourable senators, I believe that would be the appropriate course of action. There is no hesitation on my part to appear before the committee. With respect to bilingualism in the department, as I stated earlier, progress has been made and more progress is required. That is freely admitted. Progress has been made in recent weeks and months in the area of extending bilinguilism in the Department of Fitness and Amateur Sport.

Senator Guay: Honourable senators, in view of the fact that the steering committee has taken into consideration the possibility of not meeting later than June 23—

Senator Bosa: June 21.

Senator Guay: The honourable senator says June 21—would it be possible for the minister to make an announcement before that date, so that it may be given consideration by the committee by that date?

Senator Perrault: Honourable senators, every endeavour will be made to provide the report by that date. To a certain extent I am in the hands of the departmental officials who are in the process of completing the report and having it translated. All I can do is pledge that I will do my best to have the report in time for the summer adjournment, so that I will be in a position to meet with the committee.

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LTD.—1983 CAPITAL BUDGET

Hon. Orville H. Phillips: Honourable senators, I have a question for the minister of state responsible for Canadair. Did he, as minister, table by April 15, in both houses of Parliament, in accordance with the Financial Administration Act, the capital budget of Canadair for the 1983 financial year; and if not, why not?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Canadair is not one of the scheduled companies required to file such a statement.

Senator Phillips: Honourable senators, as a supplementary, may I say that I anticipated that reply from the minister, who has been trying to avoid Parliament with regard to the Canadair fiasco. I would point out to him that Treasury Board has stated that it has a legal opinion—which I presume was obtained from the law officers of the Crown—to the effect that Canadair is a crown corporation that is covered by the Financial Administration Act; and that it meets the two requirements, that is, it is wholly owned by the government and is a corporation that reports to Parliament—or, at least, is supposed to report to Parliament—through a minister.

● (2035)

Senator Austin: Honourable senators, I would appreciate it if Senator Phillips would show me the legal opinion in question. Certainly I am not aware of it.

With respect to the question of trying to avoid Parliament, Senator Phillips may not be aware that I appeared before the House of Commons Standing Committee on Public Accounts, along with officials of Canada Development Investment Corporation, and that I spent this afternoon appearing before the Standing Committee on Finance, Trade and Economic Affairs. In both committees I tabled a 60-page report on Canadair's financial and business affairs. I have given several hours of testimony today and I expect that I will continue with my report in the course of the next week.

The report I tabled today was as a result of my undertaking to the Finance, Trade and Economic Affairs Committee of the other place, given on December 6 and repeated on February 24, that I would bring to those committees a full report on the affairs of Canadair.

Should Senator Phillips rise to his feet to ask me why I have not taken such action in the Senate, I want to point out that the supplementary estimates requesting $240 million for Canadair are before the Finance, Trade and Economic Affairs Committee of the other place and that the balance sheet of Canadair, audited for the year ending December 31, 1982, was made available by me last week to the Public Accounts Committee, and their proceedings are based on the receipt of that financial statement. I also want to tell Senator Phillips that Canadair has not previously had its financial statement made available to committees in the other place.

Senator Phillips: Honourable senators, the honourable senator partially guessed my next question. It is not, "Why the House of Commons first?" but, "When will the minister make a statement in the Senate on this very important subject, as he indicated in his earlier answer?"

Senator Austin: I circulated to honourable senators today copies of the 60-page report on Canadair to which I have just referred. I am not sure whether the honourable senator has received his copy, but if he has not he should receive it in tomorrow's mail. If the Senate wishes to debate CDIC and its subsidiary companies, I would be very happy to go through a "Hayden" study, if it is in the interest of honourable senators that such a motion be proposed.

Senator Phillips: Honourable senators, I have one brief question for the minister arising from the financial statement prepared by the auditors. The statement states that the money requested is necessary to provide the company with working capital required to ensure that the company will continue as a going concern. If a corporation that has a $1.5 billion loss in 1982 is "a going concern," how would the minister describe the situation had it been reversed and we were talking about a $1.5 billion profit?

Senator Austin: Certainly I would not be asking Parliament for additional funds if there were such a profit. The phrase "as a going concern" was included by the auditors to indicate that the company continues in the ordinary course of its business.

The purpose of the request for $240 million is that certain interests, responsibilities, payments to suppliers and obligations which currently exist be met by Canadair. I said in evidence before the committee of the other place that I shall be back in the fall seeking additional funds, and that at that time I shall table a corporate plan dealing with the Canadair Challenger, our expectations that that very fine aircraft can find a market and that it can be produced on the basis that there will be no substantial additional loss in cash terms.

● (2040)

ROYAL VISIT

THEIR ROYAL HIGHNESSES, THE PRINCE AND PRINCESS OF WALES—NOVA SCOTIA—OFFICIAL DINNER—GUEST LIST

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Leader of the Government in the Senate. Recently, included in the mail delivered to me was an agenda dealing with the visit to this country of Their Royal Highnesses, the Prince and Princess of Wales. The entries on that agenda indicate that Their Royal Highnesses will visit Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Ottawa.

One is struck by the fact that there will be no official dinner given by the Government of Canada for Their Royal Highnesses in Ottawa, yet there will be an official dinner in Nova Scotia hosted by the Prime Minister of Canada. That would not seem unusual if that were, in fact, the only dinner they were to attend, but the Premier of New Brunswick is going to

host a dinner on their behalf, as is the Premier of Newfoundland and as is the Premier of Prince Edward Island.

When it comes to Nova Scotia, however, even though the premier of that province is anxious to act as host, it is not considered adequate or satisfactory that he should do so, and the federal government is to be the host on that occasion. That, in turn, puts upon the federal authorities the duty or obligation of making up the guest list.

The dinner, I am told, is to be for 750 persons. I am also informed by the Chief of Protocol for the Province of Nova Scotia that when the decision was made for the guest list to be prepared in Ottawa he sent the Nova Scotia protocol list, consisting of some 204 names, to Ottawa. That list included members of the Legislature, senators and members of Parliament.

This morning I read in the newspaper that the Progressive Conservative members of Parliament for Halifax are not invited to attend the dinner and have been told that they should be satisfied with appearing at a reception in Ottawa to which they will be invited. However, in their home province, among their own electorate, it seems that they are not considered adequate persons to be invited to the dinner. Likewise, the Progressive Conservative senators for similar areas are not invited to the dinner. I presume I have not been invited, since the time of the dinner is approaching and I have not received an invitation.

My question is simply this: If some senators from the province of Nova Scotia are invited to be guests at that official dinner and others of a different party are not, will the Leader of the Government be kind enough to tell us the criteria used in making that selection?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I want to say that I do not accept the reasons alleged by Senator Donahoe. A number of matters in connection with a royal visit are the subject of negotiation between so-called Protocol and Buckingham Palace. I will take that question as notice at this time.

Senator Donahoe: Honourable senators, I would like to remind the minister that he was not requested to accept my comment; he was asked to provide some information. If the Leader of the Government is not prepared to accept my premise, my supplementary question is: Is he prepared to make inquiries to ascertain whether or not what I say is correct; and if so, is he prepared to tell us the criteria that were used?

Senator Olson: Honourable senators, I have just said that I will do that. However, I would not like Senator Donahoe, or any other senator, to assume from the fact that I have taken the question as notice to seek further information that that means I am going to reply specifically to the kinds of allegation he has made.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. C. William Doody: Perhaps the Leader of the Government can inform me whether Senator Austin has gone for the evening, or whether he will return to the chamber. I wish to ask a supplementary question to that of Senator Phillips' on Canadair.

Hon. H. A. Olson (Leader of the Government): I do not know whether or not he will be back tonight. Perhaps word could be sent to him respecting Senator Doody's question. I can assure you, however, that he will be attending to some important business.

Senator Doody: I hesitate to mislead the Senate by stating that the questions are important; the answers, however, might be.

Senator Olson: The one is related to the other.

MEMBERS—DEDUCTIONS FOR NON-ATTENDANCE

Hon. Azellus Denis: I would like to ask a question of the Leader of the Government. In an ordinary session we are allowed to be absent from the Senate for 21 days, after which we pay a "fine" for every day we are absent. However, this session has lasted for over three years now, which is much longer than a session ordinarily lasts. Is it the intention of the government to abide by those same rules respecting the number of days a senator may be absent without penalty?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the members of this and the other house are aware of what happens to that statutory requirement when the session lasts as long as this one, which I think is now the longest in history. I shall not go into the reasons for its having lasted as long as it has, but I have to advise Senator Denis that the Senate and House of Commons Act merely says "a session", and that means from the opening until prorogation. There is no provision in that act for any exception; it is for the whole session, no matter how short or how long.

Senator Denis: Is there any way to change the law as it now stands, either by introducing a bill or by amending the Constitution?

Senator Olson: As I understand it, this provision is not part of constitutional law; it is part of the Senate and House of Commons Act. The only way that can be changed is by an amendment to that act.

Hon. Jacques Flynn (Leader of the Opposition): I should like to address a supplementary question to the Leader of the Government. I have examined that problem and, in my opinion, it requires a very simple amendment. Would the government support such an amending bill, were it to be introduced in this chamber?

All of the provisions in the Senate and House of Commons Act with regard to remuneration are on an annual basis. Section 37, which is the one dealing with the penalty after 21 days of absence in a session, refers to a session rather than a year. It is a mistake that was made when the other amendments were made.

If the Leader of the Government is saying that if an honourable senator brings in such an amendment the government will support it, we could do so tomorrow. No, not

tomorrow. I had forgotten that we are to adjourn until Thursday, but we could continue with this on Thursday.

• (2050)

Senator Olson: Honourable senators, the Leader of the Opposition will recognize that he is making representations now as to what might be done. I am aware that it might be as simple as that, but I am sure he is aware that I should not give commitments on behalf of the government before I have consulted with the government.

PLACEMENT OF NATIONAL FLAG IN CHAMBER

Hon. Paul C. Lafond: Honourable senators, I was absent for a few days last week so I may be mistaken, but I think the Canadian flag used to be more prominently displayed in the chamber. It now seems to be relegated to the corner. I do not know what the reason for that is, but I certainly deplore the change.

FOREIGN AFFAIRS

NORTH ATLANTIC SALMON AGREEMENT—RATIFICATION BY CANADA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Molson on May 31 concerning the ratification of the North Atlantic Salmon Agreement by Canada. I ask that it be taken as read.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Canada signed the Convention for the Conservation of Salmon in the North Atlantic Ocean on March 18, 1982 and intends to ratify it by the Fall of this year. Canadian ratification will bring the convention into force. The main factor in determining the timing of Canadian ratification is the protection of salmon of Canadian origin harvested off the west coast of Greenland. The agreement in the form of an Exchange of Letters between Canada and the EEC concerning their Fisheries Relations provides a specific limit on the amount of such salmon that may be harvested until December 31, 1983 or until the convention enters into force, whichever comes first. The convention does not contain a specific limit. We have, therefore, preferred for the 1983 fishing season to rely on the legally binding provision limiting interception in the Canada-EEC Agreement. Since this provision lapses in any case at the end of this year, we will ratify the convention before December 31, 1983.

FISHERIES AND OCEANS

QUEBEC-MAGDALEN ISLANDS—PLIGHT OF FISHING INDUSTRY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a response to questions asked by Senator Asselin and Senator Thériault on May 31, 1983, regarding the fishing industry in the Magdalen Islands. The answer is fairly long, and I ask that it be taken as read.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Martial Asselin: Honourable senators, I am informed that the problem has been resolved because of an intervention by the Senate. I think the Senate should be given recognition for that.

Senator Olson: I am aware that there has been some improvement, and that perhaps the problem has been solved, but I cannot, with certainty, join with Senator Asselin in the reason he gives for it.

(*The answer follows:*)

On June 3, 1983, the Minister of Fisheries and Oceans announced that an agreement has been reached between the governments of Canada and Quebec which will allow Madelipêche Inc. of the Magdalen Islands, to participate in the current fishing season.

The Government of Canada is very pleased with the agreement made with Quebec for the following reasons:

(1) Madelipêche, a Pêcheurs Unis du Québec subsidiary, is finally able to re-open its operations. That is the reason why the Government of Canada made available, one month ago, necessary funds required to allow Pêcheurs Unis and its subsidiary, Madelipêche, to operate normally while waiting for Dr. Kirby's report.

(2) The fishing vessels belonging to Madelipêche and seized by the Quebec government one month ago, are leased to Madelipêche, as suggested a month ago by the Government of Canada.

(3) Quebec has accepted that a board member will be appointed to Madelipêche by the Government of Canada. This board member will be Mr. Laurie Delaney, who is a resident of the Magdalen Islands. Accordingly, Madelipêche is no longer an exclusive provincial agency.

(4) Taking the population as hostages in an attempt to secure the licences from the Government of Canada did not succeed. Blackmail is always reprehensible. Licences have been issued on a strictly temporary basis, and for the present fishing season only, without committing the Department of Fisheries and Oceans on any future decision.

(5) Madelipêche will not be able to take legal action to claim the $2.7 million during the current fishing season. This is one of the reasons why the Government of Quebec has, through a unique piece of legislation, placed Madelipêche under trusteeship. If Madelipêche were to pursue legal measures, it would automatically lose its temporary licences.

(6) The Quebec government acknowledges that the seizure it effected would have led to a chain of similar

legal actions on the part of the hundred or so creditors of Pêcheurs Unis, and consequently, would have led Pêcheurs Unis to bankruptcy, which provides employment for almost 2,000 persons.

(7) The Quebec government has committed itself to preventing Madelipêche from suing Pêcheurs Unis and all other creditors will also avoid taking any legal action. All the creditors will be treated equally, as requested by the Government of Canada from the beginning. The Quebec government chose to proceed unilaterally by seizing fishing vessels.

(8) The commitment by the Quebec government has practically eliminated the disastrous effects of the seizure and the threat contained in Bill 23. Madelipêche will not be able to sue Pêcheurs Unis during the current fishing season. Each one of the hundred or so creditors will have to forgo any legal action that would place them in a more favourable position than that of other creditors.

(9) The other creditors, who had not proceeded with seizures, acknowledge that the agreement with the Quebec government safeguards the above principle, and the seizure that it carried out has not put it in a more favourable position.

Under the terms of this agreement, which is indicated by the exchange of letters attached, Mr. Jean Garon, Minister of Agriculture, Fisheries and Food in Quebec, has accepted the Minister of Fisheries and Oceans' request to appoint Mr. Laurie Delaney, of the Magdalen Islands, as a third member of the board of Madelipêche. Mr. Garon has also permitted SOQUIA (Société québécoise d'initiatives agro-alimentaires) to lease to Madelipêche the six trawlers that were owned by Madelipêche up to April 25, and that are now the property of SOQUIA following their seizure by the provincial authorities. In addition, Mr. Garon has assured Mr. De Bané that Madelipêche will not demand payment during the current fishing season of the $2.7 million owed to it by Pêcheurs Unis du Québec.

This firm commitment made by the provincial authorities finally allows the Minister of Fisheries and Oceans to grant Madelipêche the six fishing licences requested by the company, which is in keeping with existing federal fisheries policy.

The agreement allows the Magdalen Islands fishermen to participate directly in the trusteeship of Madelipêche decreed by Quebec. Besides, it protects the plant workers of other Pêcheurs Unis plants, and the fishermen who supply these plants, against forced unemployment during the current fishing season as a result of any legal action intended by Madelipêche, despite the provincial trusteeship.

The only disappointment is that Madelipêche did not re-open at the same time as other Pêcheurs Unis plants, and that it took almost one month for the Quebec government to accept the position of the Government of Canada, which had been accepted by all the other creditors, without exception.

[Senator Olson.]

Text of telex

June 2, 1983

TO: Mr. Jean Garon
Minister
Agriculture, pêcheries et alimentation
200 Chemin Ste-Foy
Québec, Québec
G1R 4X6

FROM: Pierre De Bané, P.C.
M.P. (Matapédia-Matane)
Minister of Fisheries and Oceans
Ottawa, Ontario

Dear Mr. Garon,

This is to let you know formally what has been mutually agreed upon to allow the re-opening of Madelipêche during the current summer fishing season.

I hereby confirm that I will issue Madelipêche the six requested licences for the current season, without further committing myself, after receiving your firm commitment on the following points:

(1) that Mr. Laurie Delaney, from the Magdalen Islands, will be appointed a board member of Madelipêche;

(2) that the six trawlers now owned by SOQUIA will be leased to Madelipêche;

(3) that you will personally assure that Madelipêche, as a creditor, will not claim the $2.7 million owed by Pêcheurs Unis du Québec to Madelipêche, by taking legal action during the current fishing season.

Yours truly,

Pierre De Bané

Text of telex

Québec
June 2, 1983

TO: Mr. Pierre De Bané
Minister of Fisheries and Oceans
Ottawa

Dear Mr. De Bané,

This is to let you know that:

(1) I intend to appoint Mr. Laurie Delaney, from the Magdalen Islands, as a member of the board of Madelipêche.

(2) the leasing by SOQUIA of six trawlers (of which SOQUIA is the owner) to Madelipêche will be executed.

On another matter, I will ensure that Madelipêche, as a creditor, will not claim the $2.7 million owed to Pêcheurs Unis du Québec by means of legal action. On the contrary, I will make sure that Madelipêche will wait for the results of a public inquiry, unless either or both of the concerned parties decide to improve their position after having known what this letter is all about.

Jean Garon
Minister, Agriculture, Pêcheries
et Alimentation

ORDER PAPER

WRITTEN QUESTIONS NOS. 59 AND 43—REQUESTS FOR ANSWERS

Hon. Jack Marshall: Honourable senators, my question relates to Question No. 59 on the Order Paper.

I was informed, after two years and two months, that I should call the person responsible for parliamentary returns in the PMO regarding this question. I called that person and was advised that the reason the answer was delayed for such a long time was that information from various departments of government had to be gathered. That indicated to me that the person I was speaking to did not even know what the question was all about. To tell me that he had to gather information from various departments was utterly and absolutely ridiculous.

I am wondering if there is any way I can obtain an answer to this question, bar asking the two personnel in the freedom of information office, because that is my next step.

Would the Leader of the Government in the Senate advise me if I am on the right course?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not know whether Senator Marshall is on the right course or not, because I have a little problem when reading the questions in trying to conceive what the answers may be. In many cases, Senator Marshall is asking for opinions, not facts. I think that he is asking for interpretations and many other things, and I know that those kinds of questions are very difficult to answer.

Hon. Richard A. Donahoe: Embarrassing, too.

Senator Olson: Perhaps not so embarrassing, but my experience in this chamber and in the other place is that questions on the Order Paper are supposed to seek information as to fact. I think there is a great deal of opinion sought in this particular question.

Senator Marshall: The Leader of the Government can camouflage as much as he wishes, but I give him credit for more common sense.

Hon. Robert Muir: Read the question.

Senator Marshall: I shall read the question. On April 1, 1981—over two years ago—I asked the following questions under Question No. 59:

1. What department or agency of government was responsible for invitations to the various functions related to President Reagan's visit?

Is that an opinion?

2. What are the qualifications of Mr. L. H. Amyot, Chief of Protocol for the Canadian Government, and what were his instructions in the preparation of the invitation list, relative to the U.S. President's visit to Canada?

Hon. Jacques Flynn (Leader of the Opposition): That is a question of fact.

Senator Marshall: The third question is:

Was the table of precedence followed in making up the invitation list and if not, why not, and what were the reasons?

4. Who were the Parliamentarians (Senators and M.P.'s) invited to the event at the National Arts and Culture Centre?

The only mistake I made was not following the advice of the Leader of the Government and calling every member of Parliament an M.P. I call those in the Senate senators.

5. Who were the guests invited to the event related to the U.S. President's visit, at the Arts and Culture Centre?

That is very simple. There must be a list.

6. Who were all those invited to the event related to the address by President Reagan to the joint session of the House of Commons and the Senate?

7. Were all Parliamentarians (Senators and M.P.'s) allowed to bring a guest, or guests, and if so, what are the details?

That is very simple as there must be a list somewhere.

8. Was any distinction made as to whether or not the Parliamentarian was a Member of the Government or not?

Again, that is very simple.

9. Were any Provincial Premiers invited to any of the events related to the U.S. President's visit and, if so, who were they?

10. Were any mayors invited to any of the events related to the U.S. President's visit and, if so, under what circumstances were they invited and who were they?

There must be a protocol list somewhere.

11. In what manner and through what process were invitations allocated to government parties and opposition parties?

Again that would be found in the protocol list. There might even be people in this chamber now who were in a position at that time to answer those questions.

Hon. Nathan Nurgitz: People who have since retired?

Senator Marshall: Yes, people who have since retired and have been appointed to the Senate.

Hon. Orville H. Phillips: Honourable senators, supplementary to the question asked by Senator Marshall, Question No. 43 has been on the Order Paper since January 15, 1981. I should like to inform the Leader of the Government in the

Senate that the CBC asked questions seeking similar information a year ago, and it took that corporation only one year to obtain the information.

This question has been on the Order Paper now for two-and-a-half years, and if the information can be given to the CBC in one year, surely it can be given to the Senate in two-and-a-half years.

I am sure that Mr. Regan, the honourable member for Halifax, would much rather have seen the information given to the Senate than the CBC.

Senator Olson: I will take that question as notice.

Senator Marshall: The Leader of the Government did not answer my question. Since the person responsible for parliamentary returns gave me an answer which I found to be unacceptable, and since he told me that he would have to gather information from various government departments when that information is to be found in the PMO or the PCO, could the Leader of the Government in the Senate advise me as to how I should go about obtaining the information? I am sure he does want to co-operate.

Senator Olson: I do want to co-operate, and shall, therefore, make further inquiries on this.

Senator Marshall is also aware of the fact that there are some hookers in what he asks. In paragraph 10 he asks whether any mayors were invited and, if so, under what circumstances were they invited and who were they. That is not factual, but opinion, as I mentioned a few minutes ago. They have to wait until that information comes in.

Senator Flynn: What?

Senator Olson: Senator Marshall asks:

> —under what circumstances were they invited and who were they?

In the next paragraph he asks:

> In what manner and through what process were invitations allocated to government parties and opposition parties?

● (2100)

I have agreed to be as helpful as I can in satisfying this enormous curiosity of Senator Marshall, but it does not change the position, and I think he understands that these are not simple facts that he is asking for.

Senator Flynn: Do you think that answer is worth anything?

Senator Marshall: I want to explain to the Leader of the Government that—

Senator Flynn: The Leader of the Government is putting his stupidity on the record.

Senator Marshall: —my main purpose in asking that question was to uphold the honour and the status of honourable senators. It is the first time where protocol was not followed, and someone in the Prime Minister's Office decided to extend an invitation strictly on political grounds which is against all reasoning in this country. I say again to Senator Olson, as Leader of the Government in the Senate, he should press for an answer as to why senators are downgraded in the eyes of the office of the Prime Minister. That reasoning is ridiculous and stupid, and it is time we did something about it.

[Senator Phillips.]

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—MOTION FOR ADOPTION OF REPORT OF COMMITTEE—DEBATE CONTINUED—REPORT REFERRED BACK TO COMMITTEE

The Senate resumed from Thursday, June 2, the debate on the motion of the Honourable Senator Godfrey, for the adoption of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-32, to amend the Penitentiary Act and the Parole Act.

Hon. Nathan Nurgitz: Honourable senators, I should like to speak briefly to the committee's report on Bill S-32, involving what is known as the "revolving door syndrome," as well as the problem of preventing inmates released under mandatory supervision and returned to jail for some breach of their parole from obtaining a further remission.

At the request of the Solicitor General, our first witness at the committee hearings, we heard from a wide range of witnesses, as I indicated in the comments I made last week in response to the question of whether the Senate ought to give further instructions to the committee. In my view, and certainly in the view of the opposition, it would be hard to imagine the committee giving a broader cross section of the Canadian public an opportunity to be heard. I am speaking now in fairness on both sides of that issue. For example, we heard as witnesses attorneys general, parents of victims, the corrections' people—that is, the Solicitor General's employees—and the secretary of the association representing approximately 12,000 of the Solicitor General's employees who are corrections' people and parole officers. We also heard witnesses from the John Howard Society, the Elizabeth Fry Society and the various help groups.

The most amazing aspect of all of that—I regret that my colleague from Manitoba, Senator Guay, is not interested in the problem—is that no matter what part of the spectrum these people filled, they were all somewhat in agreement that the bill did nothing to address the problems that the Canadian public was facing.

With a great deal of credit to our chairman, Senator Neiman, and to the members of her committee, we attempted slowly but persistently to persuade the minister responsible that what we needed was a different kind of legislation. The key question before the Canadian public is not whether somebody loses another 20, 30 or 40 days of remission, but that out of 14,000 inmates in Canadian federal institutions a minimal number would be affected. This point was particularly impressed upon us when we met the mother of a 15-year old girl who was murdered by a man released under mandatory supervision. In that case it was certainly implied, if not said,

that certain information was known to the authorities but they felt their hands were tied and released this particular inmate.

The committee went about its work trying to convince the minister that what we needed was remission which really dealt with the problem. We told the minister not to deal with measles and mumps, but with coronaries.

I am pleased to say that in principle the report itself, regardless of some technical difficulties of translation—which, I understand will be addressed later this evening—deals with the kinds of things that would have stopped, for example, Clifford Olsen, a person known to the authorities to be dangerous and a menace, being released to commit another crime.

What we are now looking at in the report presented by Senator Neiman is a somewhat emasculated version of Bill S-32. By way of explanation, that bill originally proposed that if an inmate is released under mandatory supervision—which, I am sure all senators realize, occurs after he has served two-thirds of his sentence—and if he breaches one of those conditions of his release, or commits another offence, he is brought back to the penitentiary to serve the rest of his term, and never again is able to earn further remission. The committee decided to delete that portion of the bill which dealt with the question of where a parole officer, in his judgment, thought that the inmate had committed some minor breach of the conditions of his release, such as visiting a drinking establishment.

The bill has now been amended, as the report shows, so that where a person is released to serve roughly the last third of his sentence under mandatory supervision and where he commits a further offence—which the best legal mind we could find in this country for free told us means a federal offence, such as an offence under the Criminal Code, the Narcotic Control Act and other related statutes—he would serve that last term within the institution without further opportunity for remission; that is only if he or she is convicted of an offence.

I should now like to address for a moment, for those honourable senators who are concerned with the civil liberties aspect, another serious problem. The original proposal of the minister who came before us was that the National Parole Board could rule, if, in their judgment they thought a person might be dangerous, that that person serve the rest of his sentence within the institution. We thought that that was harsh and not that much different from the gating, which has now been determined by the Supreme Court of Canada to be illegal. I am more than satisfied with the amendments proposed by the minister, and ultimately moved by Senator Frith in committee, which deal with those inmates who are obviously about to commit another offence. I should like to be clear, because both the Solicitor General and his deputy were clear and the intent of the legislation is reasonably clear. We are not talking about getting into the area of guessing who might or who might not commit offences. We are talking of those inmates who show an obvious intent, on the day of their release under mandatory supervision, to commit another offence.

• (2110)

In each of the 10 or 12 instances of "gating" that have occurred over the last nine months the Parole Board would have had the right to request the Attorney General to conduct some sort of quasi-judicial review and to make an application to the courts. That application is very similar, if not identical, to the various provisions relating to dangerous offenders in the Criminal Code. All of the safeguards would be built in. It would be a normal court process. I do not want to go into all of the details of section 689 of the Criminal Code, which deals with psychiatric reports and various requirements.

I might say as well that an accused has an opportunity, following a finding of the court against him, to appeal to the provincial court of appeal. It could be an appeal based on fact, on law, or on a mixture of both.

A person's civil liberties are well protected under the present proposed amendments. I know my good friend, Senator Hastings, was deeply concerned about this.

Honourable senators, while I could not get terribly excited about the original Bill S-32, I regret that the minister did not come forward immediately with a new bill but that he chose to proceed by way of amendment. The committee heard the instructions on the amendment and has now come back with a full report.

Therefore, I see no reason why this matter should not go forward. In broad terms, this is a whole lot better than what Senator Frith normally calls "half a loaf." I begrudgingly admit it is about seven-eighths of a loaf. On considering my last remark, honourable senators, I would say that it is probably a whole loaf, and I see no reason why, for the purposes of cleaning up the various technical problems, the matter ought not to proceed back to committee. It is to be hoped that the Senate will ultimately see fit to approve the report and proceed to third reading of the bill as quickly as possible.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as Senator Nurgitz has pointed out, a couple of technical amendments should be made in order for the committee to present the Senate with a truly whole and properly cooked loaf.

Senator Nurgitz: It is whole, but not cooked.

Senator Frith: From consultations with Senator Nurgitz and the chairman of the committee, it would appear that, rather than try to make these technical changes—one involving printing and one involving some of the wording of the proposed amendments—here in the Senate, we should send the bill back to committee. Senator Neiman informs me that the committee will meet tomorrow in order to clear up these technical matters.

Hon. Jacques Flynn (Leader of the Opposition): Tomorrow afternoon?

Senator Frith: Tomorrow afternoon. This would mean that, rather than have the Senate wrestle with these technical changes, the committee could present us with a report that it

unexceptionally supports. We could then deal with the bill on that basis.

Therefore, honourable senators, in amendment, seconded by Senator Bosa, I move:

> That the report be not now adopted but that it be referred back to the Standing Senate Committee on Legal and Constitutional Affairs for further consideration and report.

In moving that motion in amendment, I would mention that the chairman of the committee assures me that she believes the committee will adopt these small changes tomorrow and that we can have the bill reported back for debate, with a motion to adopt, on Thursday.

Motion in amendment agreed to.

The Senate adjourned until Thursday, June 9, 1983, at 2 p.m.

THE SENATE

Thursday, June 9, 1983

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tem*, in the Chair.

Prayers.

BORROWING AUTHORITY BILL, 1983-84 (NO. 2)

REPORT OF COMMITTEE

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

June 9, 1983

The Standing Senate Committee on National Finance to which was referred Bill C-151, "An Act to provide supplementary borrowing authority" has in obedience to the order of reference of Friday, June 3, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

D. D. EVERETT
Chairman

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be read the third time now.

Hon. Duff Roblin (Deputy Leader of the Opposition): You mean later this day.

Senator Frith: Later this day.

Hon. Jacques Flynn (Leader of the Opposition): I think the Deputy Leader of the Government should tell us why he wants leave to proceed today. My understanding is that no arrangements have been made for Royal Assent to this bill if it is passed today. I should like to know why third reading should be moved later this day.

Senator Frith: Honourable senators, the Leader of the Opposition is quite right, there will be no Royal Assent today. If we follow the appropriate rule or tradition, we will not abridge the rules respecting third reading unless there are good reasons, one of which could be that we are providing for Royal Assent the same day. So if we move third reading later today it will be an exception to that practice. I ask that there be an exception, because it would mean that the officials in the Department of Finance have a bit of lead time on their planning. Even though the legislation is not effective until it is assented to, they would know that it had passed all legislative stages and they would, therefore, have that lead time for planning. If the Leader of the Opposition remains unpersuaded, we will put it off until Tuesday.

Senator Flynn: I understand that Senator Phillips is ready to speak on third reading, so we are willing to give leave to have third reading moved later this day.

Senator Frith: Then I ask, with leave, that my motion to be put, Mr. Speaker.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (1410)

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—FURTHER REPORT OF COMMITTEE PRESENTED

Hon. Joan B. Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, June 9, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred for further consideration its Report on Bill S-32, intituled: "An Act to amend the Penitentiary Act and the Parole Act", has, in obedience to the Order of Reference of June 7, 1983, examined the said Report and now reports Bill S-32 with the following amendments:

1. *Page 1, clause 1:* Strike out line 7 and substitute the following:

"23. Subject to subsection 24(5) and 24.11(2) the Com-"

2. *Page 1, clause 2:* Strike out lines 16 to 19 and substitute the following:

"2.(1) Subsection 24(1) of the said Act is repealed and the following substituted therefor:

"24.(1) Subject to this section and sections 24.11 and"

3. *Page 2, new subsection (2):* Add, immediately after line 4, the following:

"(2) Section 24 of the said Act is further amended by adding thereto the following subsections:

"(3) An inmate is not entitled to be released from imprisonment prior to the expiration of his sentence

according to law solely as a result of remission, including earned remission,

(*a*) where a court directs pursuant to section 14.7 of the *Parole Act* that the inmate shall not be so released, or

(*b*) prior to the completion of

(i) the hearing and determination by the court of the application in respect of the inmate pursuant to sections 14.1 to 14.7 of that Act to determine whether a direction referred to in paragraph (*a*) should be made, or

(ii) an appeal by the Attorney General of Canada pursuant to subsection 14.8(2) against the dismissal of the application referred to in subparagraph (i).

(4) When a direction referred to in subsection (3) is made in respect of an inmate, the inmate

(*a*) shall forfeit all statutory and earned remission standing to his credit, whether accrued before or after the coming into force of this section; and

(*b*) is not entitled to be credited with earned remission in respect of the sentence he is serving at that time.

(5) Any remission of sentence forfeited pursuant to subsection (4) shall not thereafter be remitted or recredited pursuant to section 23 of this Act or subsection 20(3) of the *Parole Act*."

4. *Page 2, clause 3:* Strike out line 10 and substitute the following:

"and the mandatory supervision is revoked as a result of a conviction for an offence,

5. *Page 2, new clause 3.1:* Add, immediately after the heading "PAROLE ACT"

that follows line 29, the following

"3.1 Subsection 9(1) of the *Parole Act* is amended by adding thereto, immediately after paragraph (*a*) thereof, the following paragraph:

"(*a*.1) prescribing the times when and the manner in which a review of cases of inmates pursuant to section 14.1 is to take place;"

6. *Page 2, new clause 3.2:* Add, immediately before line 30, the following:

"3.2 The said Act is further amended by adding thereto, immediately after section 14 thereof, the following heading and sections:

"DIRECTION NOT TO RELEASE INMATE ON MANDATORY SUPERVISION

14.1 (1) In this section and sections 14.2 to 14.9,

"court" means a superior court of criminal jurisdiction;

"court of appeal" means

(*a*) in the Provinces of Quebec, Ontario, New Brunswick, Newfoundland, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon Territory and the Northwest Territories, the Court of Appeal, and

(*b*) in the Provinces of Nova Scotia and Prince Edward Island, the Appeal Division of the Supreme Court;

"prosecutor" means the Attorney General of Canada and includes counsel acting on behalf of the Attorney General of Canada;

"superior court of criminal jurisdiction" means

(*a*) in the Province of Quebec, the Superior Court,

(*b*) in the Provinces of Ontario, Nova Scotia, Prince Edward Island, Newfoundland, the Yukon Territory and the Northwest Territories, the Supreme Court,

(*c*) in the Province of British Columbia, the Supreme Court or the Court of Appeal, and

(*d*) in the Provinces of Manitoba, Saskatchewan, Alberta and New Brunswick, the Court of Appeal or the Court of Queen's Bench.

(2) The Chairman or a division of the Board shall, at the time and in the manner prescribed by the regulations, review the case of every inmate who is sentenced to imprisonment in or transferred to a penitentiary and is serving a sentence imposed in respect of a serious personal injury offence within the meaning of section 687 of the *Criminal Code*.

(3) Where, after reviewing the case of an inmate as required by subsection (2), the Chairman or members who conducted the review are of the opinion that the inmate should not be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission, on the grounds set out in paragraph 14.7(*a*) or (*b*), they shall refer the case to the Attorney General of Canada,

(*a*) except in the circumstances described in paragraph (*b*), not later than ninety days prior to the earliest day on which the inmate may be entitled to be released from imprisonment; and

(*b*) where the Chairman or members who conducted the review form the opinion less than ninety days prior to such day on the basis of

(i) behaviour by the inmate that occurs within those ninety days, or

(ii) information provided to the Chairman or members within those ninety days that could not reasonably have been provided earlier,

as soon as practicable after the opinion is formed.

(4) Where the case of an inmate has been referred to the Attorney General of Canada pursuant to subsection (2), an application for a direction under

section 14.7 that the inmate shall not be released from imprisonment may be made, within fourteen days of the referral, to the court having jurisdiction in the place in which the inmate is in custody.

(5) An inmate is not entitled to be released from imprisonment prior to the completion of

(*a*) the hearing and determination by the court of the application in respect of the inmate pursuant to this section and sections 14.2 to 14.7, or

(b) an appeal by the Attorney General of Canada pursuant to subsection 14.8(2) against the dismissal of the application referred to in paragraph (a).

(6) An inmate who is in custody by virtue of subsection (5) shall be deemed to be serving his sentence.

(7) This section and sections 14.2 to 14.9 apply in respect of persons who were sentenced to imprisonment in or transferred to any class of penitentiary before or after the coming into force of this section.

14.2 (1) Where an application in respect of an inmate has been made pursuant to subsection 14.1(4), the Court shall hear and determine the application except that no such application shall be heard unless

(*a*) at least fourteen days' notice has been given to the inmate by the prosecutor, following the making of the application, outlining the basis on which it is intended to found the application; and

(*b*) a copy of the notice has been filed with the clerk of the court.

(2) An application made pursuant to subsection 14.1(4) shall be heard and determined by the court without a jury.

(3) For the purposes of an application made pursuant to subsection 14.1(4), where an inmate admits any allegations contained in the notice referred to in paragraph (1)(*a*), no proof of those allegations is required.

(4) The production of a document purporting to contain any nomination that may be made or given by the Attorney General of Canada under sections 14.1 to 14.9 and purporting to be signed by the Attorney General of Canada is, in the absence of any evidence to the contrary, proof of that nomination without proof of the signature or the official character of the person appearing to have signed the document.

14.3 (1) On the hearing of an application made pursuant to subsection 14.1(4), the court shall hear the evidence of at least two psychiatrists and all other evidence that, in its opinion, is relevant, including the evidence of any psychologist or criminologist called as a witness by the prosecution or the inmate.

(2) One of the psychiatrists referred to in subsection (1) shall be nominated by the prosecution and one shall be nominated by the inmate.

(3) If the inmate fails or refuses to nominate a psychiatrist pursuant to this section, the court shall nominate a psychiatrist on behalf of the inmate.

(4) Nothing in this section shall be construed to enlarge the number of expert witnesses that may be called without the leave of the court or judge under section 7 of the *Canada Evidence Act*.

14.4 (1) A court to which an application is made pursuant to subsection 14.1(4) may, by order in writing,

(*a*) direct the inmate in relation to whom the application is made to attend at a place or before a person specified in the order and within a time specified therein, for observation, or

(*b*) remand the inmate in such custody as the court directs, for a period not exceeding thirty days, for observation,

where in its opinion, supported by the evidence of, or where the prosecutor and the inmate consent, supported by the report in writing of, at least one duly qualified medical practitioner, there is reason to believe that evidence might be obtained as a result of such observation that would be relevant to the application.

(2) Notwithstanding subsection (1), a court to which an application is made pursuant to subsection 14.1(4) may remand the inmate to which that application relates in accordance with that subsection

(*a*) for a period not exceeding thirty days without having heard the evidence or considered the report of a duly qualified medical practitioner where compelling circumstances exist for so doing and where a medical practitioner is not readily available to examine the offender and give evidence or submit a report; and

(*b*) for a period of more than thirty but not more than sixty days where it is satisfied that observation for such a period is required in all the circumstances of the case and its opinion is supported by the evidence of, or where the prosecutor and the inmate consent, by the report in writing of, at least one duly qualified medical practitioner.

14.5 Without prejudice to the right of an inmate to tender evidence as to his character and repute, evidence of the character and repute of the inmate may, if the court thinks fit, be admitted on the question whether the inmate should be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission.

14.6 (1) The inmate shall be present at the hearing of an application made pursuant to subsection 14.1(4) and the court shall order, in writing, the person having the custody of the inmate to bring the inmate before the court.

(2) Notwithstanding subsection (1), the court may

(*a*) cause the inmate to be removed and to be kept out of court, where he misconducts himself by interrupting the proceedings so that to continue the proceedings in his presence would not be feasible; or

(*b*) permit the inmate to be out of court during the whole or any part of the hearing on such conditions as the court considers proper.

14.7 Where, on an application made pursuant to subsection 14.1(4), it is established to the satisfaction of the court,

(*a*) that the inmate is serving a sentence imposed in respect of a serious personal injury offence described in paragraph (*a*) of the definition of that expression in section 687 of the *Criminal Code* and the inmate constitutes a threat to the life, safety or physical or mental well-being of other persons on the basis of evidence establishing

(i) a pattern of repetitive behaviour by the inmate, of which that offence forms a part, showing a failure to restrain his behaviour and a likelihood of his causing death or injury to other persons, or inflicting severe psychological damage on other persons, through failure in the future to restrain his behaviour,

(ii) a pattern of persistent aggressive behaviour by the inmate, of which that offence forms a part, showing a substantital degree of indifference on the part of the inmate as to the reasonably foreseeable consequences to other persons of his behaviour, or

(iii) any behaviour by the inmate, associated with that offence, that is of such a brutal nature as to compel the conclusion that his behaviour in the future is unlikely to be inhibited by normal standards of behavioural restraint, or

(*b*) that the inmate is serving a sentence imposed in respect of a serious personal injury offence described in paragraph (b) of the definition of that expression in section 687 of the *Criminal Code* and the inmate, by his conduct in any sexual matter including that involved in the commission of that offence, has shown a failure to control his sexual impulses and a likelihood of his causing injury, pain or other evil to other persons through failure in the future to control his sexual impulses,

the court may, by order, direct that the inmate shall not be released from imprisonment prior to the expiration of his sentence according to law solely as a result of remission, including earned remission.

14.8 (1) Where a court directs under section 14.7 that an inmate shall not be released from imprisonment, the inmate may appeal to the court of appeal against that direction on any ground of law or fact or mixed law and fact.

(2) The Attorney General of Canada may appeal to the court of appeal against the dismissal of an application for a direction under section 14.7 on any ground of law.

(3) On an appeal against a direction made under section 14.7, the court of appeal may

(*a*) quash such direction or order a new hearing; or

(*b*) dismiss the appeal.

(4) On an appeal against the dismissal of an application for a direction under section 14.7, the court of appeal may

(*a*) allow the appeal, and

(i) by order, direct that the inmate shall not be released from imprisonment prior to the expiration of his sentence according to law, solely as a result of remission, including earned remission, or

(ii) order a new hearing; or

(*b*) dismiss the appeal.

(5) A judgment of the court of appeal allowing an appeal pursuant to paragraph (4)(*a*) and directing that the inmate shall not be released from imprisonment has the same force and effect as if it were a direction of the court pursuant to section 14.7.

(6) The provisions of Part XVIII of the *Criminal Code* with respect to procedure on appeals apply with such modifications as the circumstances require, to appeals under this section.

14.9 Where a court, pursuant to section 14.7, directs that an inmate shall not be released from imprisonment, the court shall order that a copy of all reports or testimony given by psychiatrists, psychologists or criminologists and any observations of the court with respect to the reasons for the direction together with a transcript of the trial of the dangerous offender be forwarded to the Solicitor General of Canada for his information."

7. *Page 2, clause 4:* Strike out line 30 and substitute the following:

"4. Subsection 15(2) of the *said Act* is"

8. *Page 4, clause 7:* Strike out the heading immediately after line 7 and substitute the following:

[Senator Neiman.]

"COMMENCEMENT AND EXPIRY"

9. *Page 4, new clause 8:* Add, immediately after line 9. the following:

> 8. Subsections 24(3) to (5) of the *Penitentiary Act*, as enacted by subsection 2(2) of this Act and paragraph 9(1)(*a*.1) and sections 14.1 to 14.9 of the *Parole Act*, as enacted by sections 3.1 and 3.2, respectively, of this Act shall cease to be in force three years after the coming into force of this Act."

Respectfully submitted,

JOAN B. NEIMAN
Chairman

The Hon. the Speaker *pro tem:* Honourable senators, when shall this report be taken into consideration?

Hon. Jacques Flynn (Leader of the Opposition): I understand that the chairman of the committee wishes to explain the purport of the amendments.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the plan is to ask that the report be placed on the Orders of the Day for consideration later this day, at which time the chairman of the committee will have an opportunity to explain the report, and honourable senators an opportunity to debate it and ask questions. We could then deal with the motion for adoption and with the next legislative step to be taken, as we may see fit at that time.

Therefore, I move, with leave of the Senate and notwithstanding rule 45(1)(f), that the report be taken into consideration later this day.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

CANADIAN SECURITY

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-157

Hon. H. A. Olson (Leader of the Government): Honourable senators, I give notice that on Tuesday next, June 14, 1983, I will move:

> That a Special Committee of the Senate be appointed to examine and consider the subject-matter of the Bill C-157, intituled: "An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto," in advance of the said Bill coming before the Senate;
>
> That the Committee have the power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournments of the Senate;
>
> That the Committee have power to act jointly with any committee appointed by the other place to examine the subject-matter of the aforementioned Bill; and
>
> That a Message be sent to the House of Commons to request that House, if it deems it advisable, to appoint a committee to act jointly with that already chosen by this House.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(*g*):

> That when the Senate adjourns today, it do stand adjourned until Tuesday, June 14, 1983, at two o'clock in the afternoon.

[*English*]

Honourable senators, the motion is for adjournment until Tuesday next at 2 p.m., rather than at 8 p.m. If leave is granted, I will explain why.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the motion is to adjourn until Tuesday next at 2 p.m., rather than at 8 p.m., because, first, the other place has an order for third reading of the Canagrex legislation for Monday. The Agriculture Committee has done a pre-study on Canagrex. The chairman of that committee informs me that he needs at least a further couple of days to complete that pre-study and further study when the legislation comes to the Senate. That is the first consideration, namely, that I want to give the Agriculture Committee a head start on its work.

• (1415)

The second consideration is that we will be sitting next week on Wednesday to give the Chairman of the Foreign Affairs Subcommittee on National Defence an opportunity to present its report. The chairman tells me that the report will be ready for presentation on Wednesday and that the timing of the launching of the report coincides very well with that day.

So we wish to sit on Tuesday at 2 o'clock, to give us a head start; and on Wednesday, for the purposes I have just mentioned; and then perhaps it will not be necessary to sit on Thursday.

Hon. Hartland de M. Molson: Is it contemplated that if we sit at 2 p.m. on Tuesday, in the normal course of events we will sit that evening as well?

Senator Frith: I cannot guarantee that we will or will not sit on Tuesday evening. The plan is to sit on Tuesday afternoon.

Then, if there is anything left on the Order Paper at 6 o'clock, we will sit on Tuesday evening.

Hon. Jacques Flynn (Leader of the Opposition): Can the deputy leader inform us whether Royal Assent will be given to some of the bills we may pass today or on Tuesday afternoon, before 6 o'clock on Tuesday? The information may be useful to some honourable senators.

Senator Frith: I understand the purport of Senator Flynn's question. I shall explore the matter to determine whether Royal Assent is possible on Tuesday, and I shall support any effort to make it come to pass, and try to have word on the matter before we adjourn today.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

MEMBERS—DEDUCTIONS FOR NON-ATTENDANCE

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the absence of senators. This session of Parliament has lasted for three or four years and, personally, I think it is unfair that senators may be absent for only 21 days during the course of a session, because they lose so much money per day. The Leader of the Opposition suggested the other day that the government amend the law, and the Leader of the Government said that he would consult his colleagues. Has the Leader of the Government consulted his colleagues, and if not, when does he intend to do so? When can we expect an answer to this question of amending the law to eliminate this situation and to correct the injustice it creates for some honourable senators?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have had informal discussions with some of my colleagues and the conclusion is, without getting into the formality of the matter, that it would not be possible or convenient to make that amendment between now and the end of June, when the House of Commons has an order to adjourn. However, I want Senator Denis and others to know that the reply which I gave the other day, which may have seemed a little crisp, covered the facts. I agree that this is a much longer session—and perhaps I could say that it is even three times longer, since it is now more than three years since the beginning of the session—and that the law was probably intended for a session of 12 months' duration. I understand the difficulty and sympathize, because if you do a little simple arithmetic you find that that means seven days in a year rather than what was intended, namely, 21 days.

● (1420)

Senator Denis has referred to an ordinary session and I merely repeat what I said before. The Act does not tell us what an ordinary session is. It merely says that a session is from the opening until the prorogation, and we will have to abide by that in the meantime.

Senator Denis: I urge the Leader of the Opposition not to take too long to decide about it, because the government—

Hon. Jacques Flynn (Leader of the Opposition): He is not the Leader of the Opposition—at least not yet.

Senator Denis: Please let me finish my question. You have so many opportunities to speak. I would like to know if we could have an answer to my question before the Senate is abolished.

Senator Olson: I can say yes to that.

Senator Flynn: On a question of privilege, Senator Denis referred to the Leader of the Opposition instead of to the Leader of the Government. Perhaps it is because of the way the Leader of the Government replies to any suggestion. It is always no, no, no.

Senator Olson: Senator Denis was obviously remembering the situation as it was some months ago—

Hon. Martial Asselin: It will be the future for you.

FOREIGN AFFAIRS

POSSIBILITY OF FRANCOPHONE SUMMIT WITH QUEBEC PARTICIPATION

Hon. H. A. Olson (Leader of the Government): On June 2 last, Senator Asselin asked whether the government had made a final decision that participation by Quebec in a francophone summit would not be necessary; whether Quebec could be a participating government in any summit of French-speaking countries, just as it is with respect to the Cultural and Technical Co-operation Agency; and whether the cabinet had decided in advance that Quebec would not attend that francophone summit.

The answer is that the project has been discussed at various times with other governments, and reviewed recently in direct conversations with French officials. These discussions have been positive but not conclusive as yet, and no final decision has been taken.

Secondly, the government envisages a summit which would consider a wide range of political topics, most of which would not be of concern to provincial governments, while the ACCT formula concerns the management of cultural and technical co-operation, matters which are of interest to Canadian provinces.

With respect to the question of whether the cabinet had decided in advance that Quebec would not attend that francophone summit, the answer is no.

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. H. A. Olson (Leader of the Government): The next response is to a question asked by Senator Marshall on June 2

last concerning the maritime boundary between Canada and St. Pierre and Miquelon. The reply is not particularly long and I will give him a choice. I can either read it, or it can be taken as read.

Hon. Jack Marshall: I love the sound of your voice. Please read it.

Senator Olson: The issue of the Canada-France maritime boundary in the area off St. Pierre and Miquelon was not raised in the discussions between Prime Minister Trudeau and President Mitterrand at the Williamsburg Summit. The last round of negotiations on the boundary delimitation took place at the end of January. Little progress was made at that time. The Canadian delegation made it clear that, although we recognize the special good neighbour relationship between St. Pierre and Miquelon and Newfoundland—and, indeed, all of Canada—we are not prepared to accept the French claim to a 200-mile exclusive economic zone for the islands.

In a letter of April 25, 1983 to Prime Minister Mauroy of France, Prime Minister Trudeau proposed an arrangement of mutual restraint and forbearance by both sides in regard to fisheries inspection in the area off St. Pierre and Miquelon, and that negotiations on the boundary delimitation resume in the spring of 1984.

• (1425)

BORROWING AUTHORITY BILL, 1983-84 (NO. 2)

THIRD READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-151, to provide supplementary borrowing authority.

Hon. Orville H. Phillips: Honourable senators, two weeks ago the attention of the western world was focused on the economic summit held by the seven western industrial nations in the town of Williamsburg. Many Canadians, including members of the opposition party, were pleased with the presentation made by the Minister of Finance when he urged those governments to reduce their deficits in order to avoid the demand for borrowing by governments so that the money would be left free for the development of private industry, where the jobs are, with the reduction in the deficits and the borrowing stimulating the recovery.

Today we have a bill before us requesting authority to borrow $10.7 billion. I think it would be appropriate, honourable senators, to name this bill the "Williamsburg bill" because the amount borrowed is directly in contravention of the presentation made by the Minister of Finance at Williamsburg.

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Hon. H. A. Olson (Leader of the Government): That depends on how you add the numbers.

Senator Phillips: Senator Olson will be interested to know, I am sure, that if the United States, following the Williamsburg Conference, borrowed money as Canada has, on a per capita basis it would borrow approximately $150 billion, which would make a considerable dent even in a country as large as the United States.

This past week the economic attention of Canadians has been focused on Canadair, the fiasco of fiascos. Perhaps it would be interesting to recall that Canadair had a humble beginning in 1977. The federal government, not by approval of Parliament, but by order in council—cabinet approval—invested $50 million in Canadair. We were told that we were going to receive numerous technological benefits and their spin-off effects.

The first thing Canadair did was acquire the rights to an American designed executive jet. Even then the cabinet ministers had a rather extensive interest in executive jets. Canadair obtained the rights to the Lear jet and proceeded to modify that aircraft until it could not meet its specifications and the designer withdrew from the project.

The next step Canadair took was to decide to purchase the engines for the jet in the United States. Apparently there is no great skill or technology involved in developing jet engines, so we did not need that type of technology in Canada. That was too mundane. We were told that it was far better to concentrate on the airframe and furnishings of the jet and leave the engines to someone else. Officials from Canadair followed that pattern.

Honourable senators will be interested to know that, from a humble beginning involving an investment of $50 million, the amount invested has grown and developed into $1.4 billion—well, it is actually more than that because there will be a supplementary estimate for $240 million coming up, so the $50 million has actually grown and developed into approximately $1.75 billion. That looks like a nice profit but it is a deficit. Something went wrong along the way and we now have a $1.75 billion deficit. The accountants, the officials and even the cabinet minister responsible for the corporation say it is gone with no hope of recovery. Perhaps we should be thankful that they went to the United States to produce and build the engine for the aircraft or the deficit would have been doubled.

• (1430)

Canadair is now reduced to the stage of building water bombers and there is some confusion about the number although the government announced that 16 were to be built but only 4 were ordered. In addition, Canadair has a contract for building parts for a United States military transport. The contract will be somewhere in the vicinity of $500 million to $700 million. It is rather strange that with all the skills and technology we developed at Canadair we are making parts designed in the United States with United States technology. We have lost $1.75 billion—money that belongs to the shareholders of Canadair, who are in reality the taxpayers of Canada.

We frequently hear government announcements concerning the special recovery projects and the $2.4 billion allocated to those projects over a four-year period. If we look at those projects, we will find that technology receives $180 million over four years. Canadair has received $1.75 billion supposedly for technology.

I ask the Leader of the Government and the Minister of State for the CDIC what type of development we can expect from that $180 million. Based on the experience of Canadair, it seems to me that we are going to get very little development and very little benefit.

A further examination of the list of projects indicates that agriculture and forestry receives $40 million over four years. Agriculture employs 473,000 Canadians; forestry employs 88,000 Canadians. The 7,000 or less employees at Canadair received $1.4 billion last year. Surely, there must be some balance respecting these matters, and the number of people employed in an industry should receive some consideration. Perhaps the government just does not care about the number of unemployed. Perhaps they do not care if the number goes to 2.5 million. The fishery projects on the Atlantic coast are listed as receiving $140 million. There are 78,500 fishermen, and to compare that number with the number of employees at Canadair again indicates the number of people affected by the measure.

● (1435)

The $1.4 billion loss last year, on the basis of 7,000 employees at Canadair—and I do not believe that was the actual number throughout the year—averages $200,000 per job. Honourable senators, a $200,000 taxpayers' loss per year must have raised a few questions somewhere within the inner sanctum of cabinet. Surely someone must have caught on? Surely someone must have taken a coffee break and considered this matter? Surely, honourable senators, someone made some inquiries? I should like the minister to tell us what type of replies were received from Canadair and what the government did about it.

The government approved extra grants to Canadair last year. If the normal pattern and procedure were followed, and I presume it was, the minister responsible for the Treasury Board and the officials of the Treasury Board would have had to approve those grants. They must have looked at the status of Canadair. The officials of the Treasury Board normally examine these things very thoroughly, and I cannot see these highly-paid officials glossing over the report from Canadair. As a further safeguard, a cabinet committee comprised of at least three cabinet ministers approved that grant.

Who were the three cabinet ministers who approved the $200 million grant recently given to Canadair? What kind of report did they study? What kind of a warning did they give their colleagues respecting Canadair? I hope Senator Austin will make note of my questions and give me some satisfactory reply.

Honourable senators, I do not like to add further to the difficult times Senator Austin has been experiencing lately by

[Senator Phillips.]

referring to the fact that he has been avoiding parliamentary reports on the CDIC for the last year. I will skip that part of my notes because I do not want him to have too rough a week. However, I would make a suggestion to him, as a friend.

Hon. Royce Frith (Deputy Leader of the Government): Watch this one.

Senator Phillips: I would suggest that he has been too busy with the British Columbia patronage committee. I would suggest that he return those responsibilities to Senator Perrault and that he get on with looking after his responsibilities, such as Canadair.

I would remind the honourable minister that each of those corporations within the CDIC has great potential. He said himself that they could be of great benefit to Canada. I would suggest that the minister get on with the management of those corporations, bring out the potential that was envisioned when CDIC was established and, perhaps, we will see some dividends, not only in technology, but we may even see the odd cash dividend coming to the Receiver General.

Honourable senators, let us have a look at the management of CDIC by Senator Austin. The first thing he did was to take in Joel Bell, a refugee from the PMO, as part-time chairman of the board. The corporation lost $1.4 billion last year. Honourable senators, there must be some mistake; he should have been a full-time chairman. Then there is Maurice Strong who, honourable senators will remember, had a nomination as a Liberal candidate in Toronto for three months. When he found out he was not going to be Prime Minister, he resigned. The minister proceeded to give these two gentlemen a no-cut contract. I would say that it is "no cut," "no publicity" and "no information," because no one knows the salary they are getting. In this chamber, honourable senators, I asked for that information. I have not received it and I hope that Senator Austin is now ready to tell us about those salaries and those contracts.

● (1440)

I suggest to honourable senators that one of the great difficulties in dealing with Canadair at this time involves those contracts of the chairman—or the part-time chairman—and the president, in that, through the contracts, they have more control over the company than does the minister. The former president of Canadair was dismissed. I suppose somebody has to be the fall guy. I think perhaps he enjoyed the fall, because I understand that he got a very pleasant golden handshake before he took it. Perhaps we could be informed about that golden handshake.

Honourable senators, in reading the auditor's report, I noticed a list of subsidiaries of Canadair. Canadair Ltd. contributed to the loss of the company last year. What does Canadair Ltd. do? What do the other subsidiaries do? How much does each subsidiary contribute to the extravagant loss incurred by Canadair last year?

The borrowing authority makes it possible for the government to deal with a number of other favourites, such as Maislin Industries Limited. I am disturbed by rumours I have

heard to the effect that the government now plans to take Maislin Industries Limited under the CDIC. Can the minister tell us about that? Can he also tell us how much is being paid for the corporation and the amount of subsidy it will receive this year?

The government, under the guise of austerity, has been changing a number of established programs—programs that have contributed to the development of this country. Presently before Parliament in the other place is a bill to change the Crowsnest rate. It is the view of the government that the Crowsnest rate costs the taxpayers too much and that more of the cost must be passed on to the wheat producer in western Canada.

Honourable senators, consider the loss incurred by Canadair. I am speaking now of the final loss, not the $1.75 billion. I believe that the loss will more likely be $2.5 billion, because, in a rare moment of honesty, the Minister of State responsible for the CDIC said that he would be back to Parliament, although he could not tell us how often or for how much. We can safely assume, therefore, that the loss will be at least $2.5 billion. That amount, honourable senators, would have paid the Crowsnest rate subsidy for the next five years. The cabinet had its choice to make, honourable senators—the Crowsnest rate or Canadair—and it chose Canadair. I wonder which stand was taken by Senator Olson and Senator Argue on that issue? That is a matter which affects western Canada, their regions. Provincial governments were opposed to it and they were silent, but they participated in the development of Canadair. Small wonder that the Prime Minister says that senators are not doing their jobs and that they should be elected.

Honourable senators, I do not want to neglect my own region. The maritime freight rate assistance will be reduced, as well, in the name of austerity. It will now cost Prince Edward Island potato producers seven cents more to ship a 10-pound bag of potatoes to Toronto. The potato producers do not receive the support that Canadair received. One would think there is a certain technology in farming and in fishing. Are we not as proud of that technology as we are of the technology we import from the United States?

When I see a fiasco of this nature, I always look for an ex-Trudeau cabinet minister. It is not difficult to find an ex-Trudeau cabinet minister in this fiasco. Jean-Pierre Goyer is the vice-chairman of the board of directors of Canadair. Every time an ex-Trudeau cabinet minister bobs his head, it costs the taxpayers of Canada $1 billion. Alastair Gillespie, Donald Macdonald, Judd Buchanan and now Jean-Pierre Goyer—what a list!

It appears that we do not have money for essential services. I read the auditor's report and I noticed a reference to expenses concerning marketing. I found myself asking: What marketing services are required to give away a plane free of charge and to throw in $8 million to boot? What kind of marketing expense can you develop at that rate? Do not tell me that there was any difficulty involved in giving away a plane plus $8 million. I am sure there are a good many people in Canada who would have taken an offer like that without having had a loss in the marketing of those aircraft.

There was an amount of $341 million written off for obsolescence. Honourable senators, that is a lot of obsolescence. Can the minister give us some information on that matter? I consider the cabinet to be obsolete, but I do not think we could write off $341 million for it.

The most disturbing aspect of this issue is that yesterday the Prime Minister said that the government would continue to pump money into Canadair. What else can it do? It owns the company. Honourable senators, I ask you: Would a chartered bank continue to loan money to an organization that operated in the same way as does Canadair? It is rather odd that the federal government maintains an agency to supervise the chartered banks in order to protect the shareholders and depositors of those banks, yet the taxpayers' money is allowed to go unsupervised, and we have watched $2.45 billion go down the drain in a seven-year period.

I would ask the Minister of State responsible for the CDIC to take this opportunity to make a full and complete statement before Parliament—not before a parliamentary committee of the other place. This is a chamber of Parliament and its record is full and available to every Canadian. I would ask the minister to take this opportunity to come clean and to give us all of the details. I further request him to apply the philosophy of Williamsburg to Canadair and to the deficit.

• (1450)

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I am pleased to have this opportunity to discuss CDIC and Canadair.

Senator Frith: After such a friendly intervention.

Senator Austin: I ask honourable senators leave to table, in both official languages, a report on Canadair Ltd. which I made to the Standing Committee on Public Acounts and to the Standing Committee on Finance, Trade and Economic Affairs in the other place, and I ask that the report be printed as an appendix to today's *Debates of the Senate.*

Hon. Duff Roblin (Deputy Leader of the Opposition): Is this the 60-page report the minister referred to on Tuesday, which he said would be distributed to members of the Senate?

Senator Austin: Indeed it is. Do I understand the honourable senator has not received a copy?

Senator Roblin: The minister understands correctly.

Senator Austin: I am surprised, because I specifically instructed that copies be delivered to honourable senators. I understand from murmurs in the chamber now that a number of senators have received copies.

Senator Phillips: On your side.

Hon. Richard A. Donahoe: Perhaps, like the royal dinner list, only to Grits.

Senator Austin: In any event, the tabling of the report will provide that information to all honourable senators. I express my regret if, by some inadvertence, it was not delivered to

honourable senators opposite, because my instruction was specific that it be delivered to all senators, and indeed to all members of Parliament.

May I have leave to have it printed as an appendix?

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators, that the report be printed as an appendix to *Debates of the Senate*?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 5755.*)

Senator Austin: Honourable senators, a great deal of information about Canadair, in fact all of the information that is obtainable and is relevant, is contained in the report which the Senate has now agreed to have printed as an appendix.

I scarcely know how to tackle the prolific errors that Senator Phillips introduced into this chamber about Canadair and the events of Canadair. He has misused statistics and he has misused information about Canadair. I will do my best to provide honourable senators with a short summary. I did take notes of some of the words used by Senator Phillips in his presentation.

I want honourable senators to know that in the Canadair program for the Challenger project the company has been successful in producing a highly competitive executive jet aircraft.

Senator Roblin: Then why can't we sell it?

Senator Austin: The Challenger 601, and also now the Challenger 600, has more than exceeded the specifications originally required. The Challenger 601 has easily passed all of the tests for range, fuel efficiency and so on. The words of support we are receiving from the professional aviation industry on the 601 and the 600 are very encouraging indeed. People who make these judgments and on whose advice purchasers rely agree that the Challenger is the most competitive product in its field. I hope we can therefore put to rest, once and for all, any question about the technology.

On the financing of Canadair Ltd. and the Challenger project, my report of June 7 contains the detailed story. I regret to say that losses have been required to be written off in the vicinity, now, of $1.4 billion. These are losses brought about by mounting costs, some of which were not within the control of Canadair management and some of which were within their control. Several hundred millions of dollars of these losses are attributable, in my opinion—and I have carefully studied the operation of Canadair, and have had expert assistance in doing so—to an excess of management optimism in decisions on development. For example, management believed that they could put a brand new aircraft technology into commercial production and market it two and a half years after start-up. The average industry time is five years. Indeed, it took five years, the average industry time, to bring the Challenger to commercial distribution.

Management started off with an aircraft with certain specifications on weight and power, and as they developed their design they began to change fundamental specifications, and lost quality control in production as they proceeded. For that reason, when the Challenger 600 began to fly it was too fat, it was overweight, and it was underpowered. When adjustments had to be made they were extremely costly, because customers of the Challenger were not prepared to buy a plane different from the one they had specified as suitable to their requirements, so a good deal of money was spent in meeting those adjustments, and time was lost.

The Challenger did not meet either Canadian or U.S. specification and performance requirements when it was submitted; it was rejected and there was a long list of deficiencies in the aircraft, which cost money to correct.

So it went. The government found that, from an initial commitment of $106 million, with cash requirements of $128 million—and I am talking in 1977 dollars—to put the Challenger 600 in the air, costs were mounting by the tens of millions of dollars. I should like to point out to Senator Phillips that when the Clark government was in office the costs of the Challenger program almost doubled, and nothing was done by the Clark government about the Challenger program except to pay the cheques as they were requested by Canadair.

One of the salient features of what took place was the optimism of Canadair's management on marketing. As costs mounted the optimism about the number of aircraft that could be sold also mounted. The order book was full; people were beating down Canadair's doors for the aircraft. Those representations were made continuously to the Government of Canada, whether it be in 1979, 1980 or 1981, and the government, making some inquiries, testing the market to some extent in 1981, saw that, while there was disagreement about the size of the order book, there was a substantial sales potential that was capable of being checked independently, and so the program went on.

What turned out to be decisive was the withdrawal of customers, beginning in May 1982, who began to give by way of explanation the changed economic environment. Then the order book began to shrink. However, costs to produce the plane did not shrink. As the order book shrinks the unit cost is harder to recover from a shrinking marketplace. In addition, there were false starts with the Challenger 610 program. Inventory was, of course, ordered against these optimistic sales projections, and a lot of inventory that it is not possible to use now exists in Canadair's possession. We have inventory for planes that cannot be sold and we have inventory for designs that have been changed. These are reasons for the cost.

● (1500)

With regard to the question of engines, I would like to tell Senator Phillips that our engines for the Challenger are acquired from the United States: the Avco Lycoming for the 600; and now the GE engine for the 601. I would be an enthusiastic investor on behalf of Canada in aircraft engine manufacturing if I could see a domestic market and, on the basis of a good domestic market, an export market. But, first, we have to make an airplane that we can sell and that has a dependable market. We can then make engines and other parts in this country.

The Challenger aircraft, respecting labour and parts, is 67 per cent Canadian. The balance is technology which we acquire from elsewhere. I have no apology to make for the engines being acquired elsewhere. That is a sound business decision, and in other contexts Senator Phillips, I am sure, would urge on me sound business decisions with respect to products that are being made for commercial distribution.

I want to make it clear to honourable senators that the government is committed to staying in the aerospace industry, whether it be Canadair or de Havilland. The reason for that commitment can be expressed simply: Canada is the fourth largest user in the world of fixed wing aircraft and the fifth largest user of helicopters. That means that we buy a lot of technology and labour from other countries; and the only possibility of getting offsets is by having the technology so that we can make some parts of those aircraft in Canada.

Honourable senators have seen that with respect to the F-18. I do not want to get into a discussion of whether Quebec and Ontario had equitable shares in F-18 manufacturing. Canada has had the ability to negotiate 100 per cent offsets for the F-18, and we continue to negotiate offsets in all areas of acquisition—and the international business world thinks that we are quite shrewd to do so. But we cannot carry that game forward without the capacity to manufacture.

Whether we do it very well is indeed the question with respect to the management of Canadair and, to some extent, de Havilland. I am sorry that I have had to give Parliament such a horrific report with respect to the Challenger program and the performance of Canadair's management. Regrettably, the truth is the truth. It is my belief that we have had a demonstration in Canadair of the vital importance of the Government of Canada being able to more closely supervise the investments which, for reasons of public policy in the decisions of government from time to time, have to be made.

Canadair and de Havilland were acquired for the reasons I have just mentioned, namely, industrial strategy and remaining in the aerospace industry. What happened was that the government lacked the machinery to closely supervise. The government, in effect, behaved as a reasonable but passive shareholder with respect to Canadair. It appointed a board of directors, almost entirely all of whom were people with senior business experience, active in highly successful private corporations.

From time to time one or two public servants would also sit on the board. One of the interesting facts for honourable senators to know is that the average time of a public servant sitting on the board of Canadair was nine months—scarcely enough time to really grasp the problems of a commercial operation as complex—

Hon. R. James Balfour: Like the Clark government.

Senator Austin: —as Canadair is. I would say to the honourable senator that it was not a cheap shot in any way. It was a statement for the record. If he wants to look at some cheap shots he should take a look at Senator Phillips and his many observations that have no basis in fact. Those are cheap shots. If the honourable senator is interested in facts—and I give credit in believing that Senator Phillips and other honourable senators are interested in fact—I will tell him—

Senator Phillips: We are interested, but we are having difficulty getting them.

Senator Austin: —that the problem the government has had in connection with its investments in these corporations is in knowing how far to be involved in the process of governing commercial operations. As I have said, the standard we applied was that of a passive, reasonable investor. It is now clear, from the results in Canadair, that the standard that must be applied to crown corporations that make products for sale in the commercial market is that of a controlling shareholder.

Let me give honourable senators an illustration. With respect to Canadair, the company was purchased from General Dynamics. It was a wholly-owned subsidiary. General Dynamics controlled its production lines, its business decisions and its financing. It very closely supervised its investment. When we acquired the company, we did not put that kind of commercial control capacity into Canadair. In fact, as I have said, we became a passive but responsible investor. We relied on the professionalism of the management and the board of Canadair to set the targets, which we approved, and to achieve the targets, while we stood back and passively observed.

As I have said, the government did not have the capacity to be a financial holding company, a player, or controlling shareholder investor in Canadair. That is one of the reasons why CDIC has been created. It is one of the reasons for producing within government control and ownership a commercial and professional capacity to manage investments.

I am not prepared to debate with honourable senators whether the government should be an investor from time to time in the private sector of the economy. I should think that subject had been settled many decades ago. The question is how to do it in a way that is commercially effective and in a way, when public policy purposes have been served, that investment can be sold. So the government lacked the capacity to be a controlling shareholder, and it lacked the capacity, before CDIC, of privatizing investments.

Therefore, the machinery had to be created, and instead of a deputy minister and assistant deputy minister—and those are competent people—being asked to carry a burden beyond their time and their duties as public servants advising in the policy process, we have come to the realization that we must have professionals who are there for a good period of time; and they will behave, in terms of these operations, just as they would behave if they were in the private sector and the operation was in the private sector.

Honourable senators, I do not propose to go on at length, but I wanted to share with you some of the premises of the issues raised by Senator Phillips. I believe that I have been able to obtain, in Maurice Strong and Joel Bell, two people with excellent business background and outstanding skills for the job of operating a holding company of the quality of

CDIC. I have every confidence in them and the performance of CDIC, and I believe there will be little objective criticism.

I have two pieces of information I should like to give Senator Phillips—information which I have previously given him. Neither Mr. Bell nor Mr. Strong currently has a contract. Mr. Bell is an employee, and Mr. Strong is the chairman of the board and an officer of CDIC. Bill C-158, which is before the House of Commons, contains authorization for an employment contract for a term of up to five years. That bill also contains provision for the Governor in Council to, at any time, dismiss either the president or the chairman. So I am not trying in any way through this legislation to prevent any government from dispensing with the services of these gentlemen. That allegation is unwarranted.

● (1510)

I want to tell honourable senators something about the characteristics of CDIC, particularly one which seems to be overlooked. The government, through CDIC, has responded to the Auditor General's recommendation that there be more control over government investment. It has done so by creating the CDIC and giving it the commercial capacity to deal with these investments. In addition, under Bill C-158, the CDIC has added to its normal reporting responsibilities of a crown corporation two very unusual provisions. The first provision is that CDIC report to the public as if it were a company holding shares traded on a recognized Canadian stock exchange. This means that the company will make its audited reports, as well as the audited reports of its subsidiaries, available, and it will report quarterly with respect to both the financial performance of the company and its subsidiaries, separately and in a consolidated fashion.

Hon. Jean-Paul Deschatelets: But the corporation will not be examined by the Auditor General.

Senator Austin: I will come to that point later.

A further part of my point is that the rules of timely disclosure under securities practice will also apply to CDIC and its subsidiaries. If there are changes in material facts, henceforth they will be disclosed in a timely way. In other words, the situation at Canadair where no financial statements were made available to Parliament or to the public and where, indeed, changes in material fact could be ignored by the management of Canadair and even ignored in terms of transmitting them to their directors, never mind their shareholders, will not be able to take place.

The second main change in practice with respect to the accountability of CDIC is covered by a provision in Bill C-158 that every year the capital plan of CDIC, which includes the capital plans of its subsidiaries, will be laid before Parliament. Therefore, the use of the funds of the corporation will be known and disclosed to Parliament every year. If there is any desire to debate the documents, there are simple procedures in this house and in the other place to fulfil that desire.

As to Senator Deschatelets' question about the Auditor General, let me be clear on the issue. The issue is not one of attest audits. There are a number of private companies in this country that are as competent as the Auditor General to audit the financial reports of corporations. The question that is in issue, with the Auditor General in particular, is the question of a comprehensive audit. A comprehensive audit is, in effect, a search mission on the performance of the company or a reflective view of the success of various decisions as to their wisdom or good luck some three or four years after they were taken. Such a comprehensive audit approach is not part of the commercial practice of this country or any other country. The question of whether we obtain directors from the private sector and ask them, for practically no money, reward or recognition at all, to submit themselves to a new standard of judgment by the Auditor General of Canada is one that has very interesting significance as to our ability to recruit private sector people to work alongside government, thus enabling the government to have the benefit of their advice. I have been told by one person whom I have approached to become a director, "I don't know why I should risk public reprobation in statements of the Auditor General. Why should I be made to look like a fool in case the management or the board collectively takes difficult decisions that do not turn out to be perfect?" That is the problem.

I have no desire to prevent proper reporting and accountability on behalf of CDIC and crown corporations. That is not the issue. Under our parliamentary system the minister is responsible for reporting to Parliament. I intend to maintain that responsibility, and I believe that my behaviour with respect to Canadair and CDIC demonstrates the quality of the accountability that I think should be applied to our parliamentary practice.

Senator Phillips asked about Mr. Fred Kearns, the President of Canadair, and has spoken about a golden handshake. I can tell him that Mr. Kearns met with his board, discussed the concerns which the shareholder, the Government of Canada, had with respect to management and suggested to his board that he take early retirement, a suggestion his board unanimously accepted. No settlement arrangement has been made with Mr. Kearns. He will continue as a consultant while the analysis of Canadair's affairs continues, and a committee of the Canadair board has been established to make the decision as to what severance arrangements are appropriate in the case of Mr. Kearns. With respect to Jean-Pierre Goyer, who is Vice-Chairman of Canadair and has been a director for approximately two years, he has been an outstanding director and was one who was most concerned at an early stage with respect to the financial and operating conditions of Canadair.

There was a question about whether a bank would put money into Canadair. I do not know where Senator Phillips has been, but perhaps he is unaware of the exposure of the industrial world's banking system to the communist bloc, to countries in Latin America and to one or two other countries around the world. Senator Phillips mentioned Williamsburg earlier. Perhaps in his research he missed the part of the discussion dealing with the overhang of national debt and corporate debt and the vulnerability of the world banking system to the consequences of a loan of a good deal of

depositors' money in one way or another. I want to be very clear that in the development of aerospace technology the world experience has been high development costs and substantial overruns. This is true in the United States and in every industrial country that has produced an aircraft to fly. Poor Howard Hughes produced a wonderful airplane at great expense to himself. He was considered to be a financial genius, and he could never make any money out of the Spruce Goose, as it was called.

● (1520)

Countries with the industrial competence of France and Britain have lost billions of dollars in the Concorde. The United States has had a number of aircraft companies that have been rescued. The Lockheed 1011 has a loss potential of over $2 billion. The Japanese have had notorious failures in producing aircraft and selling them commercially.

What happens in those countries is that those exposures are not noticed so much because defence contracts largely cover the development costs, and in the United States, major aircraft companies are allowed to develop the aircraft after the United States government has paid the development costs through the period of trial and error.

The British Aerospace Company has suffered very considerable civilian losses, but it is carried by its defence contracts, and perhaps those defence contracts to some degree subsidize its operations.

None of this is an excuse for the Canadair performance, but I think it is fair to ask that Canada's experience be taken in the perspective of other countries. It is regrettable that some substantial money will be lost by the Challenger project, but what we must do now is be practical and pragmatic Canadians. The question is: Can we sell this technology from here on in if we do not have to carry the development costs, including the debt exposure? Can we sell the product on the basis that we can carry the costs of its production and sales from here on in or, even, can we make a profit?

I have said in the committee in the other place that my objective is to return in the fall to Parliament with a corporate plan for the Challenger project showing what it will cost us to go on from here; how much money it will take us to stay in business with the Challenger. I hope I can show you that we can turn it around if we do not have to carry the costs to this point; and if I can show you that, I will be asking you to finance the required funds to the turn-around point or, if there is a shortfall, I will tell you by how much. Parliament will then undoubtedly decide whether or not it wishes to produce the Challenger at a loss.

Those are the salient items on which I wanted to report. I have given you as complete a statement as I can, both in the oral explanation I have just made and in my report, and I will be delighted if honourable senators wish to ask me questions after they have considered the information and the views I have expressed.

Senator Phillips: Honourable senators, I have a few questions for the honourable minister. I am intrigued by the fact that Mr. Kearns, the former president of Canadair who was blamed before the committee of the other place for the failure of Canadair, has now been hired as a consultant. May I ask what his function and duties will be as a consultant? Will he be a consultant on how to repeat the same mistakes or to correct them?

I should also like to remind the minister that I am still interested in the salaries being paid to Mr. Joel Bell and Mr. Maurice Strong. The minister left me with the impression that they were perhaps working gratis. If they are being paid, however, I should like to know their salaries and the benefits they receive.

Senator Austin: With respect to Mr. Kearns, he is a man who has been with Canadair for 35 years. He has a great deal of information that will be useful to the government concerning Canadair, its sales, its relations with customer networks and its relations with suppliers, and he is prepared to make that information available to CDIC for some time to come. In my view, that is of advantage to CDIC and to the government's investment in Canadair.

With respect to the salaries paid to Messrs. Bell and Strong, Senator Phillips knows that, under the appropriate legislation, I am not permitted to reveal the salaries of individual public servants.

Senator Phillips: There is no such legislation.

Senator Austin: At this time I am not prepared to respond beyond the bounds of the legal system that controls me.

Senator Roblin: Honourable senators, after listening to the statements of Senator Phillips and Senator Austin, I have come to the conclusion that it would probably not be expedient to attempt to conclude this debate this afternoon. I, for one, would like to have a chance to read the 60 pages of material the minister has provided. It may be that after reading that I will be content with his explanation, but I must say that, so far this afternoon, I have gained one impression, and that is that the minister has satisfied himself that it was not his fault and that no responsibility or culpability attaches to the government. It is not relevant whether there are some Frenchmen or Americans who cannot run their aircraft industry properly. I must say I appreciate his zeal in reporting to this house, but reports are not good enough. Ministerial responsibility is also a factor to be considered, and I think further examination of the genesis of this unsatisfactory affair and the part the government played in it is certainly worthy of the attention of this chamber.

It is on that ground that I intend to move the adjournment of the debate, in order that I shall have an opportunity over the next few days to read the 60-page report. It may be that the concerns which the minister has aroused this afternoon will be satisfied by what I read. If not, I intend to continue the discussion. I therefore move that this debate be adjourned.

Senator Frith: Just before the motion is put, I take it that honourable senators have not lost sight of the fact that we are dealing with the borrowing authority bill. The statement that will appear in the record can be used in Question Period as

long as senators wish to ask questions about it. However, the Canadair question plays a comparatively small role in the borrowing authority, it seems to me, and I would ask Senator Roblin whether he would consider dealing with the Canadair question during Question Period, rather than continuing to have it dealt with under the borrowing authority, in view of the fact that this statement has been tabled and will appear as part of the record.

Senator Roblin: I thank my honourable friend for his effort to be helpful, but I do not think I will accept his advice. It seems to me that we are being asked to approve the borrowing program of the government, and certainly this item is a substantial portion. I do not regard $250 million as an inconsequential amount.

Senator Frith: Out of $26 billion?

Senator Roblin: I would not regard it as inconsequential if it were out of $126 billion. It is part of the borrowing authority that is requested and, before we deal with the bill as a whole, we have every right to consider it and investigate it in this manner.

Senator Frith: I am not suggesting that you do not have the right to consider it—

Senator Roblin: Then, if my honourable friend agrees with me, I shall adjourn the debate.

[*Translation*]

Senator Deschatelets: On several occasions the minister has made references to Bill C-158, which was first introduced in the other place. I am very much interested in the issue of government investments and its underlying philosophy, as are a number of my colleagues. I wonder how far the government intends to go in its acquisition of companies, and so forth. I have made enquiries, and was told that the latest comprehensive list of federal investments in corporations and enterprises was published in 1981. Could we perhaps get a complete list from the minister as soon as possible?

● (1530)

[*English*]

I should like an up-to-date list of all companies in which the government has a total or partial interest.

Hon. Martial Asselin: A financial interest.

Senator Austin: I shall endeavour to obtain such a list and make it available to honourable senators.

On motion of Senator Roblin, debate adjourned.

PENITENTIARY ACT
PAROLE ACT

BILL TO AMEND—FURTHER REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the further report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-32, to amend the Penitentiary Act and the Parole Act, which was presented earlier this day.

Hon. Joan B. Neiman moved the adoption of the report.

[Senator Frith.]

She said: Honourable senators, I believe all of you have received this afternoon copies of the amended report of the committee. This report is almost the same as the report which was submitted to the Senate on June 2. As you will recall, that the bill was referred back to the committee so that the committee could deal with a few technical amendments.

If you will look at the copy of the report dated June 9, you will see that we have set out in the margins what the amendments are so that you are able to see just what has occurred.

Briefly, the amendments consist of the addition of a word such as "shall", which you will see on the first page. That amendment was made to make the meaning of the clause clearer. That was done in two cases.

In both the English and French versions we took out the Latin expression *mutatis mutandis* and substituted an appropriate English and French phrase. Apparently that phrase is no longer in with the Department of Justice.

There happened to be a couple of omissions of numbers of subclauses, and in one case, two small paragraphs of the French version were omitted.

That really amounts to all the amendments which we made to the report yesterday. Members of the committee had no questions, and everyone seemed satisfied with the explanations given.

[*Translation*]

Hon. Martial Asselin: Honourable senators, we recognize the fact, and are prepared to say as much to the chairman of this committee, that very important work has been done by its members on this legislation. We consulted Senator Nurgitz who is responsible for this bill on our side of the house and also the deputy chairman of the committee, Senator Donahoe. Since only technical corrections are involved, we have no objection to having this report adopted.

Motion agreed to.

[*English*]

THIRD READING

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be read the third time now.

The Hon. the Speaker *pro tem:* Honourable senators, is leave granted?

Some Hon. Senators: Agreed.

Hon. Ann Elizabeth Bell: Honourable senators, I do not wish to hold up this bill on third reading because, coming from British Columbia, I am sure you can understand that I am anxious to see it passed.

I should like to congratulate the members of the committee on the thorough work they have obviously done and for presenting this report to us today. However, I regret very much that, having had the report in its final form with the

amendments put on our desks in the chamber just an hour ago, there really was not time to consider, even with the well-expressed explanations from the chairman, exactly what the amendments deal with.

I will not hold the bill up now, in any event, but I do regret not having the time to sit down and check the report and the amendments, which are perhaps technical in nature, with the original bill. I want to see this bill passed. It certainly has my support.

Senator Frith: Honourable senators, I do not recall whether Senator Bell was here last week or not, but perhaps her concern omits one step—that is, the report presented today deals essentially with technical amendments, as she has said. The substantive amendments were the subject of a report made to the Senate last week. So, there has been a great deal more time given to consider the report and the amendments than simply from Tuesday to today. There have been months of consideration given to the subject.

The motion to adopt the report today followed a reference back last Tuesday simply for technical purposes. That should not obscure the fact that a great deal of time was given to the members of the committee and all honourable senators to consider the substantive amendments.

The only thing that is being abridged, if anything is being abridged, is the pure question of some technical amendments, and certain changes of words in the English and French version, which arose from translation.

Senator Bell: I should like to thank the deputy leader for clarifying the situation.

Although I followed the progress of this bill as closely as possible, I have to admit that I cannot think of two subjects at the same time. I was very much interested in the discussion on the borrowing bill this afternoon between Senator Phillips and Senator Austin. While I tried to follow the technical amendments to the report, I could not quite get my brain into a schizophrenic state to be able to do so, but such things as changes respecting *mutatis mutandis* intrigue me very much, and I would have liked to follow that to see if that is a suitable Senate amendment or not. Thank you for your explanation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to make an observation in support of the view taken by Senator Bell.

Our rules declare that we have a time interval for these various activities that we undertake, and the reason for that is that all members of the Senate are not members of the various committees, so they need an opportunity to consider what the committee has done when they sit in the chamber.

We gave leave on this occasion in order to short-cut the procedure, but perhaps some of us should not have given that leave. To be told that it is unreasonable to complain about it when we are faced with this time situation is, I think, a work of supererogation on the part of the deputy leader. I think it would be better if he accepted Senator Bell's complaint with good grace rather than trying to justify it. I think that she is within her rights, and perhaps some of us in the future will be less inclined to give leave if we find that it is being used in the way the deputy leader has used it.

● (1540)

Senator Frith: Senator Roblin again mentions the question of rights. First, I certainly hope I did not give Senator Bell the impression that—

Senator Roblin: An apology would be in order.

Senator Frith: —she was not within her rights.

My second point is that I was trying to give an explanation to Senator Bell of some events which took place last week that seemed to me to put into context her concern. She, in turn, appears to have agreed and has thanked me for that explanation. I am sure that she also appreciates the fact that Senator Roblin seems to feel that I have in some way indulged in an act of—what was it—supererogation?

Senator Roblin: The word is "supererogation," and it is a good word. It means a superfluous gesture, and that is what my honourable friend indulged in.

Senator Frith: The gesture was made to Senator Bell, and she did not think it superfluous.

Hon. Jacques Flynn (Leader of the Opposition): You assume that.

Senator Roblin: How do you know what she thought?

Senator Frith: She said so, and I assume that what she told us is what she thought.

Hon. Joan B. Neiman: Honourable senators, as you know, Bill S-32 has been before us for several months. I have been very fortunate in my committee to have the conscientious and careful consideration that has been given to the bill by a number of committee members who have followed it through the numerous hearings we have had. I think the minutes of those committee meetings would make very interesting reading for all honourable senators.

The whole field of corrections is a complicated and frustrating one. It is one I have been interested in since I was a law student, and that is more years than I care to admit at this point. When I first came here, eleven years ago, I immediately joined this committee and worked with Senator Goldenberg who was at that time studying the various aspects of parole, and for that reason my interest has continued. There are no easy solutions to the problems of trying to balance the right of an individual to be treated fairly with the right of society to be protected. We often make mistakes and will continue to make them.

In this bill the government endeavoured to propose amendments in areas it saw fit. Our committee has worked very hard in proposing variations on those amendments. I believe that we were unanimous in the conclusions we reached.

If Senator Bell would refer back to the *Debates of the Senate* of May 31, June 2 and June 7, she will find complete explanations of what we did at that time.

Honourable senators, I commend this bill to you for your approval on third reading.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask for leave to revert to Notices of Motions, and I am taking it for granted that Senator Roblin will say: "That depends on what for." The reason is to give the Standing Senate Committee on National Finance, Subcommittee on Estimates, which is scheduled to meet at 1.30 p.m. on Tuesday, leave to continue its meeting past 2 o'clock on that day, notwithstanding the fact that the Senate will be sitting.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, is there a reason why this is necessary?

Senator Frith: The reason is that when I asked that we sit at 2 o'clock I had forgotten that that subcommittee was meeting at 1.30 p.m. I feel it only fair to give the subcommittee this permission because I more or less sprang a 2 o'clock sitting of the Senate on its members.

Senator Roblin: I must share my prejudice with my honourable friend and tell him that I generally take the view that we should avoid these overlapping meetings. Can he not get in touch with Senator Doody, the chairman of the subcommittee, to find out if we can avoid the overlap? I am not going to stand in the way of a motion, but I should appreciate it if my honourable friend would arrange for some other time to be adopted.

Senator Frith: Honourable senators, that is reasonable. Perhaps the motion can be agreed to, so that the subcommittee will have permission to meet if I cannot arrange to have its meeting either postponed or cancelled.

[*Translation*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(*a*), moved:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Tuesday, June 14, 1983, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

The Senate adjourned until Tuesday, June 14, 1983 at 2 p.m.

APPENDIX

(*See p. 5748*)

CANADAIR LTD.

REPORT BY THE HONOURABLE JACK AUSTIN TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS OF THE HOUSE OF COMMONS, AND THE STANDING COMMITTEE ON FINANCE, TRADE AND ECONOMIC AFFAIRS OF THE HOUSE OF COMMONS, ON TUESDAY, JUNE 7, 1983

By a coincidence of events, two standing committees of the House of Commons are meeting on the same day to examine Canadair Ltd., a government-owned aviation company. The interests of the two committees are different. The Public Accounts Committee will be concerned with the financial statements of Canadair, the accounting methods employed and the auditing of such statements. The Finance Committee will be concerned with the policy decisions of the Government with respect to Canadair, the success of the Government in carrying out that policy and the basis of the request by the Government for an additional $240 million.

But in fact, both committees need an information base and therefore it is appropriate to make the same report to the two committees. However, after tabling this report I will be asking Joel Bell, President of the Canada Development Investment Corporation, to respond to the questions of the Public Accounts Committee. He is accompanied by other expert witnesses. In the afternoon, I will appear before the Finance Committee, accompanied by Mr. Bell, to deal with questions on Government policy and the matter of $240 million in additional funding for Canadair Ltd. In the evening, Fred Kearns, President of Canadair, and other corporation officials will appear.

Mr. Chairman, we are here today to help Parliamentarians in every way we can to review the situation at Canadair Ltd. and provide as full an analysis as can be done. Parliament and the public deserve a full accounting of what has transpired.

CDIC is here today because the Government, on November 23, 1982, assigned it the task of finding solutions to problems at Canadair that the Government had identified during 1981 and 1982. It was the belief of the Government that in view of Canadair's obvious troubles a greater shareholder presence was necessary. CDIC was assigned that shareholder role and has been instructed by the Government to adopt a commercial perspective in its activities at Canadair.

Mr. Chairman, I am also here today for the specific purpose of seeking $240 million to meet the cash needs of Canadair for the balance of this year. This request represents the most realistic commercial decision that could be made at this time. It results in the lowest amount of funds that is necessary under any scenario. It is as well the only scenario that would generate future revenues from past investments.

This statement may surprise Members of the Committees. But what has to be taken into account is the fact that all of the $240 million would have to be spent even if no additional Challengers were produced. Canadair's greatest cash requirements in the immediate period ahead are for interest payments on existing debt and payments to suppliers for contracted deliveries of parts and components.

Continuing to produce additional Challengers does result in some additional labour costs. It also keeps people working. But the Challengers that will be produced will result in additional revenues that much more than cover the incremental labour costs. Canadair will earn revenues that it would not have if it didn't proceed with the Challenger program. It will have the additional benefit of using up some existing inventory of parts and components and paying down some purchase commitments.

Canadair will only be producing a number of aircraft to cover firm orders and a limited number for potential new orders. Should these open positions not be taken up by new orders, currently contracted deliveries for 1984 and 1985 can be made from this production and production can be reduced in the future.

Moreover, as I shall discuss later, termination costs for the Challenger program would also be an additional expense of several hundred million dollars.

Without this additional cash, Canadair will not continue as a going concern.

In reporting on Canadair, I want to be as informative as possible. The public and Parliament deserve nothing less. But Mr. Chairman, while I am committed to providing a full report to the Committees we must all be careful not to play into the hands of Canadair's competitors and destroy the company's prospects for future sales and success, by discussing publicly what are confidential commercial matters. There are some issues which would be better left to *in camera* discussion where we can be candid with Members of the Committee without doing damage to Canadair's competitive position. In particular, it would not be appropriate to discuss publicly future marketing, sales and production plans.

In addition, some of the details of commercial arrangements should be pursued *in camera* since it would prejudice Canadair's business interests to lay them out in front of our competitors. Moreover, customers and suppliers in many cases do

not like and do not permit us to discuss *their* business affairs publicly.

Mr. Chairman, as I said, in the Government's view, the funding of $240 million makes enormous sense. The Canada Development Investment Corporation and Canadair's board and management are working to develop a business strategy for the future. CDIC and Canadair expect to be able to report to Parliament before the end of the year on the outcome of this analysis. In the meantime, the most sensible option is to provide the funds that Canadair needs to continue to produce Challengers.

It is, of course, the responsibility of Government to make the policy decision that Canada should have a strong aviation/aerospace industry and that it should receive public support.

This judgment is not based on some esoteric desire to participate in the industry because of its exciting technology. It is based on business calculations which admittedly, like all business calculations, include some degree of risk. But it is important to keep in mind that Canada does have the second largest fleet of commercial aircraft in the world. We are the world's fourth largest user of helicopters. We are the world's fifth largest aerospace producer. We believe Canada's aerospace activities can, with the right strategy and support, make a profit. CDIC and Canadair are currently working to develop such a strategy.

We should recognize aerospace is a growth industry that can strengthen Canada's technological base, serve as an active source of export earnings and provide well-paying and highly-skilled jobs. But we can participate in this industry only if we have a base of Canadian corporations that can design, engineer and produce aircraft, aircraft engines, aircraft subcontracts and parts and components and which can also serve as vehicles through which Canada can participate in the growing number of international joint ventures that are being set up to share the risks of new programs and to provide access to markets.

In coming to this view, it is worth noting that Canada is not the only country to realize the importance of an aerospace industry and to give it public support. It is a high-risk and capital intensive industry and nations which have strong aerospace industries provide public support in a variety of ways. They fund research and underwrite development costs with grants and loans that are repayable only if the program succeeds. They provide a strong base of demand through military contracts and look for commercial derivatives from military projects. They use government procurement powers. In many cases they own national airlines and use that purchasing power to support their industry. They participate directly through equity investments. I think it is fair to say that every country with a dynamic aerospace industry has a high level of deliberate public support.

The fact is that most countries find some way to have the government absorb the costs of developing new technology and products in the aerospace sector:

—In the U.S., defence and space spending account for most significant aerospace industry developments. The Boeing 707 was developed jointly with the KC-135 military tanker. The DC-10, Lockheed-1011 and Boeing 747 were developed based on technological research into wide-bodied aircraft while competing for the C-5A military transport contract. The initial engine for the DC-8 and the Boeing 707 was first developed for military use while the wing geometry was based on designs from the B-47, B-52 and B-66. The early U.S. business jets were widely used by the U.S. military.

—In Europe, grants, reimbursable advances and equity investments have long characterized all new developments of aircraft designs.

—In Japan, a newly-emerging participant in the high-precision airframe business, a public civil aviation development corporation serves as a publicly-supported umbrella for the country's entry into aerospace manufacturing.

Canada cannot expect to be different. But to date most of the public support for Canadair has been through loan guarantees instead of direct cash support. This has burdened the company with high interest costs and has the effect of placing the company in peril if the venture thus funded does not prove to be an *immediate* success. I would point out that some aircraft which did not immediately gain high sales volumes did, over time, turn out to be highly successful and profitable products. de Havilland's Twin Otter is a good example. Cessna's Citation and the Gulfstream are others.

It is also important to keep in mind that we now have in the Challenger an attractive product by any objective assessment. The plane provides comfortable, long-range transportation, with considerably less fuel consumption and a lot less noise than the competition. The aircraft is, in fact, the only new-technology large business jet on the market today. The competition have developed different versions of 1960s technology—we have developed a 1980s state-of-the-art aircraft with significant growth potential on this more recent aerodynamic and engine base. The aviation industry has learned things over the years which have been built into the more recently designed Challenger but which were not known or required when the competitive planes currently on the market were designed. These are not forecasts or promises. They are today's reality. We are proud of this fine aircraft.

It is true that it cost us too much to get to the stage we are at with the product today and that the excessive cost is a reflection of earlier deficiencies in design, management, manufacturing control and financial control in the company. It is true that the sales to date are below desirable levels. The critical point is to recognize that we have a good product and to separate our assessment of our financial problems from a judgment on the product.

The Government has made a substantial commitment to Canadair since it acquired the company in January, 1976 for

$46.6 million. Debts of Canadair guaranteed by the Government of Canada total almost $1.35 billion. Late last year Parliament approved a $200 million equity investment in Canadair. At the time I advised members of the Finance Committee we would be seeking additional funds.

Some Members may ask whether additional money should be invested. Others will be concerned that there will be further requests for funds in the future. If I did not believe an additional investment was justified, I would not be here today. But as I have indicated, there are sound commercial reasons for the additional funding. However, I must acknowledge that further funding and financial restructuring will be needed. CDIC, with Canadair's board and management, is in the process of rebuilding and restructuring Canadair. But that will take time and money as experience with Chrysler and Lockheed has shown. Companies are not turned around overnight nor are they turned around with additional resources.

While I have said that this Government is committed to building a strong aerospace industry in this country, I would have to admit there have been difficulties and disappointments. But to quote the Prime Minister, we are not about to lose our nerve. What we are going to do is to try harder, to make changes where they are necessary, and to apply sound management and commercial know-how to ensure that Canadians participate in this vital, exciting and high-technology industry.

Canadair has had a long and important history in Canadian aviation. From 1920 to 1944 it operated as a division of the British-owned Canadian Vickers and during World War Two played a vital role in helping meet Allied war needs. In 1944, with the war coming to a close, Canadian Vickers decided it wanted to concentrate on its shipbuilding activities and withdraw from aircraft production. Thus in 1944 Canadair became a Crown corporation, reflecting the Government of Canada's desire that the company continue to operate as an integral part of the country's aviation industry, an industry which as a result of its wartime efforts had gained considerable international recognition.

In 1947 Canadair was returned to the private sector when it was purchased by the U.S. submarine manufacturer, Electric Boat Co., a predecessor of what was to become General Dynamics.

Canadair manufactured 3,800 aircraft between 1943 and 1974 and employed a peak of 13,495 people in 1953. Of these 3,800 planes, almost 3,000 were sold to the Canadian Government, primarily for military purposes. This dependence on military sales, the cornerstone of airframe manufacturers the world over, became the principal cause of Canadair's problems in the early 1970s and the reason for its U.S. parent's declining interest in the subsidiary. Military procurement by the Government of Canada had fallen significantly from the late 1960s and this had a dramatic negative impact on a company whose business had been built primarily around military sales to the Canadian Government. By 1974 Canadair had only 2,400 employees. In 1969 sales were $138 million; in 1974 sales were only $43 million.

The decline of Canadair was obviously a matter of great concern. Canadair represented a high level of production skills. It was an important vehicle through which to obtain military and commercial aviation manufacturing offsets for Canada. As a result of our foreign purchases from suppliers with a base of defence procurement support, it could provide larger and more modern equipment sought by modern defence forces. Canada lacked the critical mass to remain its own supplier of these larger and more sophisticated aircraft. If we lost this base in Canada, however, we would be unable to retain the capacity to benefit from manufacturing components and carrying our subcontracts for foreign-built aircraft for which Canada was and remains a leading market.

Nor could the Government be unmindful of the decision in 1959 to terminate the Avro Arrow. That decision had cost the country dearly. Some 13,500 employees at Avro and Orenda Engines were laid off, including more than 1,500 with engineering and high technology backgrounds. A critical mass of top engineering and technology talent left Canada and went to work in the U.S. space program and aviation industry.

The 25th anniversary of that fateful decision occurred in March. Some 2,000 people showed up at a trade centre in Toronto to, in the words of the editor of *Canadian Aviation*, "pay homage to the greatest technological achievement in Canadian history, an achievement which, for Canada, was akin to the U.S. reaching the moon". Regrettably, as the editor added, "the Arrow passed into history without being given an opportunity to show what it could do".

When the Government reviewed the company in 1975, Canadair possessed the necessary engineering and operating expertise to compete successfully in various areas of the aviation industry including designing and manufacturing surveillance drones for some NATO countries, meeting the rigid specifications demanded by a manufacturer of military and large commercial aircraft of its subcontractors, developing, in the Water Bomber, a unique aircraft for world markets, and conducting research and development related to these activities.

It is true, as well, that Canadair's engineering, marketing and management skills necessary for it to remain a major aviation company had been allowed to deteriorate. At the time the Government was trying to decide whether to acquire Canadair, the company had only 150 engineering employees.

It was against this background that in 1975 the Government of Canada was faced with a critical choice: Should it allow Canadair to shrink, become mainly a maintenance centre for the military and no longer an active and important player in the Canadian aviation industry; or should the Government exercise its option to acquire Canadair to help ensure a strong Canadian presence in the aerospace industry?

Canadair was, after all, one of the only two aircraft manufacturers in Canada. To reduce Canada's ability to produce aircraft, thus denying Canadians jobs and high-technology component manufacturing an important market, would in-

crease Canada's trade deficit in manufactured goods. It would also signal a Canadian reluctance to face the risks of high technology.

Thus the decision by the Government of Canada, in January, 1976, to acquire Canadair, with the intention of returning it to the private sector when the opportunity arose in the future.

At about this time Canadair embarked on the development of a new business jet, the Challenger. The Challenger evolved into a wide-bodied business jet competing with the U.S.-made Gulfstream and the French-made Falcon 50.

The difficulties that emerged with the Challenger program are at the root of Canadair's financial troubles today, as I shall discuss later. But essentially, the plane cost more and took longer to develop than was expected, failed to meet its presold specifications, was delayed because of problems with its initial engine manufacturer and in the certification process, encountered break-in problems, failed to achieve projected sales targets and ran head-on into the recent global recession.

As a result, increasingly severe financial problems have emerged at Canadair although their full implications were not clear until last year. Identification of the financial difficulties was, I must say, seriously hampered by the excessive optimism of Canadair itself and in particular its over-optimistic projection of sales, and its limited disclosure of information.

It is my intention to focus principally on the Challenger business jet program in today's presentation since it currently represents about 60 per cent of Canadair's sales and 50 per cent of its employment and is the reason why Canadair faces such serious financial difficulties today.

But before doing so we would be remiss if we did not point out that Canadair has a wide range of other business activities that in total are profitable and which represent significant engineering and manufacturing capability as well as the application of high technology. These include subcontracts for high precision parts of the Boeing 767, the F-18 fighter, the Aurora long-range patrol aircraft and the C-5B U.S. Air Force transport plane, the largest aircraft in the world. In addition, Canadair designs and produces surveillance drones for export markets. And, as I have mentioned, the company has developed an international market for its CL-215 water bomber.

Mr. Chairman, with this background, I would now like to turn to the Challenger business jet program whose development began at about the time the Government of Canada acquired Canadair in 1976.

Canadair began work on the Challenger in 1976 when it acquired the original conceptual design from Bill Lear, the late well-known U.S. aircraft innovator. The business jet market had appeal because of its steady growth and apparent potential for the future. The medium-to-large business jet market was seen to be an industry growth centre for the next several decades. However, embarking upon the plan was a major task for Canadair since its design and engineering staff had never undertaken the development of an aircraft as complex as the Challenger. Moreover, at the time that Canadair undertook the program, the company's engineering staff was at an all-time low.

In addition, Canadair decided early in the development process to expand upon Lear's concept and make the aircraft more spacious and hence potentially more attractive to business purchasers. Canadair decided to increase the length and diameter of the fuselage, to produce a wide-bodied business jet that was more spacious than business jets then on the market. Lear disagreed with these changes to his concept and withdrew from the project as a result of Canadair's changes. He retained, though, a property right in the form of royalties on future deliveries of that aircraft.

Canadair created additional problems for itself by attempting to take the Challenger from concept to commercial production in about 30 months, or roughly half the industry's normal five-year design-to-production process. Because of its then lack of engineering management depth, compounded by the selection of an unproven engine, Canadair committed itself to performance specifications and a design and certification schedule it could not meet.

Even so, Canadair told the Government in 1976 that the Challenger could be brought to the point of commercial production for a cost of $106 million, with peak financial requirements of $128 million, by the Fall of 1979. It was estimated that if a total of 136 aircraft could be sold and delivered by mid-1982, all development costs would be recovered. This was the basis for the Government's go-ahead for the program. In June, 1977, Canadair predicted it would deliver 236 Challengers by June 30, 1983.

While its larger size made the Challenger more appealing to potential buyers, the extra weight the new design added to the plane created serious problems. By 1978, Canadair had a Challenger jet that could fly but it could not meet the specifications.

Frequent modifications to the aircraft were necessary to try to reduce the weight and extend the range. Many such modifications were made after production of the Challenger 600 had begun under the rapid schedule which had been established to permit early penetration of the market. In the case of early production Challenger-600s, modifications were made while the planes were in customer's hands at completion centres where interiors are installed. These after-delivery modifications or retrofits were particularly costly. A few entailed up to 20,000 manhours of work per aircraft. This can be compared to the 65,000 manhours required to build a Challenger today.

The original specifications of the Challenger CL-600 called for a 32,500 pound plane that would carry five passengers a theoretical 4,000 nautical miles and be able to fly from a 5,000 foot take-off field length. When the decision was made early on that marketing requirements made a larger aircraft than the original Lear design desirable, only a belated attempt was made to restudy the weight and specification impact.

As a result, despite the fact that changes impacting the weight and therefore the performance specifications were made as ongoing design changes, the engineering specifications

on which the aircraft were sold remained constant from September, 1976 to November, 1978, except for a very minor 200-lb. weight increase.

It was only with the issuance of certification in August, 1980, that the full impact of these changes became public knowledge. An IFR (Instrument Flight Regulations) range of 3,200 nautical miles was set and that could be achieved only with additional fuselage fuel tanks and a 25 per cent weight increase to 40,400 pounds. The necessary take-off field length was increased to 6,800 feet. (Subsequently, it has been certified at 5,400 feet.)

The need to make significant modifications to the CL-600 and the failure of the CL-600 to meet specifications hurt Canadair in a number of ways. The direct costs of making the modifications were substantial, probably in the order of $300 million. Parts in production had to be scrapped and suppliers were paid for parts that could not be used. The need for modifications delayed the start of commercial production and the delivery of aircraft to customers. Some customers cancelled aircraft because of these delays and the failure of the Challenger-600 to meet specifications. At the same time modifications were necessitated by corrective notices issued by regulatory authorities, known as Airworthiness Directives. The delays and cancellations added to Canadair's problems by delaying or eliminating projected cash flow. All of the modifications to the plane added significantly to its costs and caused reductions in cash flow.

Delays in certification of the Challenger 600, compounded by technical and delivery problems with the Avco-Lycoming engine, also contributed to Canadair's problems. The company had based its planning on certification being obtained from Canadian and U.S. authorities by March, 1979. The combination of new certification standards and modifications in the Challenger design meant that the Challenger 600 was not certified by the Canadian Ministry of Transport until August, 1980. Certification was not obtained from the U.S. Federal Aviation Administration until November, 1980. During this period of certification delay Canadair had to bear the costs of producing aircraft that it was not allowed to deliver. But even when the Challenger was initially certified, a series of changes in the weight and design of the plane to enable it to approach the modified specifications on which it was acceptable to customers also had to be approved by regulatory authorities. In August, 1980, certification was obtained for a 33,000 pound plane. Later, in January, 1981, certification was obtained for a 36,000 pound plane, in May, 1981 for a 38,500 pound plane and ultimately in April, 1982 for 40,400 pounds. These changes had to be made in order to produce Challenger which could meet basic specifications for customers. Only 32 Challengers had been delivered to the end of 1981, the first full year of aircraft deliveries and each one of these planes, to meet final certification standards, had to be significantly modified after it left the factory floor.

In the same 1979-1980 period Canadair encountered delays in engine deliveries from Avco Corp.'s Lycoming engine division in Stratford, Conn. The company consistently failed to meet its agreed-on delivery schedule, forcing Canadair to send in its own employees and consultants to Lycoming as early as mid-1979. In late 1980 Avco agreed to a new delivery schedule which it continued to fail to meet. It promised delivery of 114 engines in 1981 but delivered only 45. As members of this committee will know, Canadair on May 30, 1983, announced it was suing Avco-Lycoming for $109.6 million on the grounds that it has suffered from delays in deliveries and lost sales as well as added costs because of problems with the Avco-Lycoming engine. Morcover, these engine problems continue to hamper the Challenger 600 program.

As a result of delays and problems with the Challenger 600 and the company's desire to manufacture a product that would be fully competitive in the market, Canadair in March, 1980 embarked, with board approval, on the development of a stretched version of the Challenger 600, to be known as the Challenger-610. It was to be powered with General Electric engines. The plane was to have a maximum take-off weight of 49,000 pounds and an IFR range of 3,950 nautical miles, carrying six passengers. The 610 was to become the centrepiece of Canadair's marketing efforts. In many respects the decision to embark on the 610 was a reflection of Canadair's lack of management depth in dealing with a major new aircraft program. The 600 was already overweight and to build the 610 would have required a major redesign of the Challenger wing, improvements to the GE engine and re-certification of the aircraft and the engine. A re-assessment of the program in 1981 disclosed these realities and led to the abandonment of the CL-610 program in August, 1981.

In March, 1980, Canadair also announced the launch of the Challenger 601, in part because of its concern with the problems resulting from the Avco-Lycoming engine. With the cancellation of the 610, would-be customers of the 610 were offered the alternative of either the 600 or the 601 at prices close to $1 million below the list prices of these aircraft at the time.

Another outcome of Canadair's unfortunate experience with the 610 was that General Electric insisted on a renegotiation of the engine contract for the 601. The original agreement with General Electric had contemplated both the 610 and the 601 aircraft. When Canadair cancelled the 610, the U.S. engine company demanded a price increase of nearly 20 per cent on all engines and an increase in the contracted-for deliveries from 100 to 200 engines on the grounds that there was less likelihood of otherwise selling a significant quantity of engines. Canadair felt it had no choice but to accept these terms if the CL 601 program was to proceed.

Canadair's rising cash requirements in this period were met entirely by borrowing, and most of that borrowing was done in periods when interest rates were extremely high. The already high cash needs of Canadair were in turn increased as a result of having to make increasingly large interest payments.

Canadair's financial troubles were compounded by its over-optimistic, sales, delivery, and break-even forecasts. The company's order book gave a misleading picture of its future prospects since it included a large number of soft orders or options which were never likely to result in actual sales. It also included a number of transactions that were not profitable, and hence resulted in losses for the company. Indeed most aircraft to date have been sold and delivered at less than the now-expected average cost of production.

The company needed increasing numbers of orders and rising prices to maintain a break-even scenario for the program as costs kept escalating. See attached Table 1. For example, in the discussions leading to the $1.35 billion loan guarantee, approved by Parliament in March, 1982, Canadair management had projected deliveries of 60 Challenger 600s in 1982, compared to actual deliveries of 33. If Canadair had been able to sell for the original price of U.S. $4.375 million a plane which had met its original 1976 specifications, it would have had a very big market for its Challenger aircraft. But the company could not deliver that plane and, even worse, it failed to recognize the warning signals of rising costs and changing specifications and to tie these into its sales and production forecasts. If anything, Canadair's sales forecasts became more optimistic as the company experienced increasing difficulties in physically designing and building the plane. As problems emerged in meeting the specifications and timing, the company was so anxious to hold orders and compensate for short falls in its performance that it committed itself to contractual terms on sales that are hard to justify.

But as recently as last year, Canadair continued to forecast large numbers of sales. In April it forecast orders of 541 Challengers to the end of 1989 and deliveries of 456 Challengers to the end of 1989. For 1983 Canadair forecast orders for 48 Challengers versus actual orders of one to date. Canadair expected 115 Challengers to be delivered in 1982-1983 alone. Actual deliveries for 1982 and 1983 to date total 45 aircraft.

In addition to basing its cash flow projections on highly optimistic sales and delivery forecasts, Canadair assumed it would be able to make significant price increases each year. In June, 1981, for example, it projected a 15 per cent increase on January 1, 1982 and a 5 per cent increase every six months after that throughout the program period, until 1988. This would have meant a price (including projected escalation) of U.S. $22 million by 1986. Under this schedule the price of the Challenger 600 today would be U.S. $10.98 million and the Challenger 601 U.S. $12.43 million. Average list prices are U.S. $8.25 million for the Challenger 600 and U.S. $11 million for the Challenger 601.

Canadair's approach to marketing created other problems for the company. The initial low prices at which it agreed to make early deliveries encouraged potential buyers to commit themselves to aircraft which they could easily resell on the market at a profit. This indeed is what happened and the resulting overhang of Challengers has acted as a barrier to new Challenger sales.

The excessive optimism on sales also led Canadair to excessive production rate decisions which resulted in deliveries of costly parts and components from suppliers far in excess of what was needed. At the start of 1982 Canadair management planned the production of five Challenger 600s a month for 1982 and 5½ a month in 1983. In April it reduced the number to four a month, although this was due to delays in the delivery of Avco-Lycoming engines rather than a reassessment of the market. It was not until June last year that Canadair began to reassess the production schedule. In July shipments from suppliers were halted and plans were made to halt the CL-600 production line for two months starting in September. Subsequently the only Challenger 600s that have been completed were 18 that were so far along in the production line they could not economically be converted to Challenger 601s. But orders for parts and components were based on the earlier and much more optimistic production rates. These excess parts and components were a contributing cause of Canadair's additional need for funds that was recognized in the $200 million equity infusion made by Parliament in December of last year.

Thus the picture that emerges is that of a program that cost much more to develop than was originally estimated while sales were much lower than projected. The result was that cash requirements soared while cash flow from progress payments and deliveries fell well below company projections. This growing gap was filled by borrowed money, priced at high interest rates, which in turn added to Canadair's ongoing cash requirements.

Today, we are still faced with a period of excessive supplier obligations, large inventories, and very substantial interest burdens arising from the debt built up over the period of 1976-1982. Sales are slow for reasons of the condition of the general economy and our need to satisfy the market that we are through the phases of promises and are now selling what does, in fact, exist. Indeed the Challenger 601 exceeds the original conceived specifications. It has an IFR range of 3,500 nautical miles at low fuel consumption levels and impressively low noise levels. But a period of losses and on-going net cash requirements lies ahead of us before a combination of operating efficiencies and sales can bring Canadair into cash balance.

This brings us to Table 2. This attached table summarizes the ways in which the cash needs of Canadair accumulated from 1976 up to the end of 1982. As can be seen, the cost of the Challenger program to the end of 1982 has totalled $1.9 billion. The table demonstrates the increasing cash needs of Canadair resulting from the costs of redesign and modifications, delays in engine deliveries and certification, failure to achieve sales forecasts and obtain the projected cash flow from progress payments on anticipated sales, the costs of over-ordering of parts and components based on unrealistic production schedules, foreign exchange losses and, more recently, the rising interest burden on borrowed money.

Table 3 shows where the money came from. To the end of last year, sales revenues and progress payments had contributed $635 million. This left $1.3 billion of costs which have

been financed through guaranteed loans and a $200 million equity injection. In essence the story of the Challenger program is one of sharply rising costs financed by steadily growing debts.

Table 1, referred to earlier, shows some of the changing breakeven calculations made by the company as the program progressed. The break-even quantity grew from 136 in 1976 to 349 in June, 1981 and 389 by year-end 1982. (In assessing the achievability of Canadair's break-even estimates, it is worth noting that it took Gulfstream 14 years to sell just under 270 Gulfstream IIs.) Canadair currently calculates that the Challenger program will never break even if Canadair has to pay interest on its debt.

Mr. Chairman, this brings me to the 1982 financial statements for Canadair which we are tabling with the committee today. The financial statements represent, in effect, the moment of truth for the Challenger program. The statements recognize that in excess of $1 billion of past unrecovered costs of the Challenger program are unlikely ever to be recovered. As a result of these actions, Canadair is reporting a 1982 loss of $1.4 billion, leaving the company with a negative net worth of $1.2 billion.

The accounting policy used by Canadair, called "program accounting", was designed to accommodate the unique nature of the aviation industry and is widely used in North America by companies such as Boeing Corp., Lockheed and Gulfstream. Program accounting treats the entire program—for example the Gulfstream III or the Challenger—as a cost centre. This is in contrast to other manufacturing industries, which use inventory accounting and treat each unit of production as a cost centre. A detailed discussion of this policy and its consequences and the 1982 reported loss is provided in the explanatory note distributed with the financial statements.

Development of any new aircraft is a high-risk and costly venture. Large-scale design, engineering, development and production costs are recovered only if there is a successful production run. An aircraft manufacturer incurs substantial start-up costs to launch a new plane, with up to five years of development costs required before a new plane is ready to be delivered. Significant investment in production equipment and inventory must follow after which an aircraft manacturer may need 10 to 15 years of sales to recover the development and production costs and realize a profit. Program accounting recognizes this by allowing the deferral of many costs during development.

When applying program accounting the aircraft manufacturer estimates the number of planes it can prudently expect to sell over the life of the program and the average cost of producing the planes it expects to sell. In developing the estimated costs of producing the planes, the manufacturer also recognizes that as production proceeds, the cost of producing a plane will decline. This is due in particular to the accumulation of production experience by labour and is referred to as the learning curve effects. The production cost per plane in the early life of the program is above the average cost per plane while in the later life of the program the production cost of each plane is below the average cost per plane.

The costs charged against each airplane sold under program accounting is the *average* cost per plane. The excess production costs of each plane in the early life of the program are capitalized as work-in-progress inventory instead of being expensed. In the later life of the program these capitalized costs are expensed when actual costs are below average cost. The result is to produce a relatively constant gross profit per aircraft sold over the life of the program instead of lower profits or, more likely, losses at the start of the program and high profits at the end. The accounting profession believes this method of accounting provides a better matching of program revenues and expenses over the life of the program.

While program accounting is widely used within the aviation industry, other aviation companies have been more conservative than Canadair in the costs they have capitalized. In previous years Canadair capitalized its general and administrative overhead, interest costs of money borrowed to finance the Challenger program, marketing costs, commissions, royalties and product support costs (so-called "soft costs") instead of deducting these from current revenues as other aviation companies have done. In preparing its 1982 financial statements, Canadair deemed that full commercial production of the Challenger program had commenced January 1, 1982, since by that time the planes being produced were of a configuration which was ready for delivery to customers without further modifications. In recognition of this, the company adopted the general practice of expensing soft costs as incurred.

In addition, for 1981 and prior years, instead of calculating the number of Challenger aircraft it could reasonably expect to sell as the basis for its average cost per plane, Canadair has based its projected program costs on an estimated break-even number of sales. In effect, the amount used to calculate Canadair's cost of sales each year has been the actual Challenger sales revenues for the year, with the remaining excess of actual production costs and other expenses related to the Challenger program during the year over sales revenues being capitalized and carried as inventory. The accounting result has been that Canadair has reported a break-even position on the Challenger program for 1981 and prior years when other aviation companies in similar circumstances would have reported losses. If it had used the accounting approach in 1980 and 1981 which it used in 1982, Canadair would have reported losses of $140.6 million and $233.6 million for those years.

To avoid carrying excessive capitalized costs in the balance sheet when employing program accounting the aircraft manufacturer is required to review the program, at least annually, to determine whether the costs capitalized can reasonably be expected to be recovered from future sales. If the manufacturer determines that the costs will not be recovered, it must write-off the portion of capitalized costs that it does not expect to recover.

As a result of carrying out a review for 1982, Canadair determined that there was no longer reasonable assurance that

it would recover $1.054 billion of capitalized costs and therefore wrote off that amount in its 1982 financial year. Having also recognized 1982, for accounting purposes, as the first full year of commercial production for the Challenger, Canadair expensed "soft" costs incurred during the year and recorded a loss of $360.6 million for the year. This plus the write-off results in a $1.4 billion loss for the year.

The $1.054 billion write-off relates mainly to the unrecovered capitalized costs in Canadair's balance sheet on January 1, 1982 and includes the following:

—the unrecovered interest, marketing costs, commissions, royalties, product support costs and general and administrative costs included in work-in-progress inventory;

—the unrecovered initial tooling and development costs included in inventory;

—the unrecovered excess of actual production costs over amounts charged to cost of sales for planes delivered to the end of 1982;

—the write-off of obsolete and unusable items in inventory at December 31, 1982;

—the write-down of completed and partially completed aircraft in inventory at December 31, 1982 to their net realizable value; and

—the provision for claims by suppliers relating to production and delivery slow-downs.

The write-off does not include any provision for future losses on the Challenger program. Such a provision would have been necessary if Canadair had projected that future losses on the entire program were likely and could be reasonably estimated. As noted earlier, Canadair is still incurring losses on the Challenger program. However, for accounting purposes, a reasonable estimate of the final results of the program cannot be made at this time because of the high degree of uncertainty surrounding the critical factors, such as orders, debt versus equity, interest rates, production rates and costs, that enter into such an estimate. As a result of this approach the future reported results of the Challenger program will reflect actual operations, this would not have been the case if provisions for future losses had been recorded in the 1982 financial statements.

It may well be asked in view of the write-offs Canadair is now taking whether a portion, perhaps a substantial proportion, of these should have been taken in the 1981 financial statements. We have considered that question. It is very difficult to reconstruct the circumstances in which such a decision would have been taken shortly before January 22, 1982 when the 1981 audit certificate was issued. It will be recalled that the 1981 audit certificate was issued before the succession of sharp drops in economic activity began or were even widely anticipated. Optimism about the market for the Challenger was a more reasonable sentiment at that moment in time than it later became. On balance we do not feel justified in substituting our judgment at this time for the judgment at that time of management, the Board and auditors of Canadair.

Mr. Chairman, it may be helpful to point out that as a result of CDIC assuming responsibility for Canadair, the public will in the future have much more information than it has had in the past on Canadair's situation. This is the first time members of Parliament have had before them financial statements for Canadair. Under CDIC not only will there be a public annual report each year for Canadair, there will also be quarterly financial statements. These annual and quarterly financial statements will meet, in general, the reporting requirements that have to be met by publicly-traded companies in Canada, which is how publicly-traded companies are assessed and held accountable to those who invest money in their activities.

In addition, CDIC will adopt for itself and its subsidiaries, including Canadair, the discipline of timely disclosure that currently applies to publicly-traded companies. This means that events or decisions of material significance to Canadair will be disclosed to the public at the time they occur.

Mr. Chairman, CDIC assumed responsibility for Canadair, by Order-in-Council on November 23, 1982. That's about six months ago. Since then, CDIC has been working intensively with Canadair to bring the situation under control and to develop a step-by-step plan for correcting the situation.

Let me also set out for you the other actions that CDIC has taken to date at Canadair:

1. It cut production to reduce cash requirements and avoid an undue inventory build up.
2. The reduction of the production rate necessitated a reduction of the work force by 650 people this year to the end of July 1983.
3. It has established a new Executive Committee of the Board chaired by the President of CDIC, which has drawn the Directors more actively into the operations of the company to ensure effective inputs by both the shareholder and the directors in achieving balanced and corrective action.
4. It has initiated a thorough, technical review of the engineering, cost control, financial reporting and production operations of the company. Outside experts with direct operating experience and exposure to dealing with these kinds of problems were called in to support this review. A serious, business-like response is being taken to an essentially business problem.
5. Independent and thorough-going market appraisals are under way with the help of independent advisers.
6. All past contracts have been reviewed from a legal and business perspective and some are under re-negotiation. Other factual situations have been referred to independent counsel for an opinion on whether any wrongdoing has taken place. A case involving bribery in Alaska, which has been the subject of investigative and criminal action in the United States, has been referred to the law officers of the Canadian Department of Justice to determine whether any wrongdoing has occurred on the part of Canadair or any of its employees.

7. All future transactions must meet established standards which reflect the commercial judgment of CDIC.
8. A new Chief Executive Officer is being recruited and an interim President will be appointed later this month. Over the next month or so, CDIC will be making additional appointments to the Board of Directors of Canadair to strengthen its input to the activities of the company.

I believe that close examination of the steps would satisfy you that a process is underway which is leading to an understanding of the situation as it stands, a stabilizing of the situation, an identification of corrective actions needed, the implementation of appropriate changes, and the establishment of a more effective monitoring capacity over the on-going performance. That monitoring will be particularly closely carried on until we can re-establish confidence that a firm footing has been achieved.

We cannot expect that a difficult situation can be turned around overnight. I believe, however, that we have made good progress in taking the initial steps necessary to control the situation and in establishing the more careful assessment of the strengths and weaknesses of the company.

The critical question that has had to be faced is the future of the Challenger program. Should we not pursue the market and development potential of our product? To date, we have identified no reason for believing that the Challenger program cannot be incrementally profitable for Canadair and its shareholder.

We have, in the Challenger 601, a very attractive product which is no longer a forecast or a promise. We have an aircraft which is meeting the original performance specifications promised for the Challenger program. Moreover, there are some positive signs the marketplace is interested. In looking at firm orders on a plane-by-plane basis we calculate that in 1982 Gulfstream III obtained 15 orders, a sharp drop from 32 in 1981. The 601 obtained 13 firm orders, compared to eight in 1981. The Falcon 50 obtained nine firm orders compared to 22 in 1981. And the Challenger 600 obtained five new orders, compared to 10 in 1981. The market for business jets is recovering. Regrettably the Challenger has been handicapped by recent adverse publicity and continued public controversy could impede future orders.

We have to be aggressive in our marketing and we have to be careful to control our costs. But out of all of this I want to repeat that we have a good product. We intend to develop our product to its maximum potential. We will, however, draw lessons from past mistakes and take steps to correct the situation as we have begun to do. We will take steps to cut overhead costs, make our production more efficient, improve cost controls, provide disclosure for more effective accountability and support aggressively profit-making opportunities on the asset base we enjoy.

Let me summarize our assessment of past performance, and of the financial results we have reported today.

1. Canadair promised more to the government than it delivered. The Government authorized the major investments made in the Challenger program on the representations of Canadair's board and management that the costs would be a lot lower than they have in fact been. The project was approved because, on the data provided, even though all such projects involve risks, the program was an attractive investment and an opportunity to advance the company's participation in a high-technology and growing sector of the aircraft business. Part of the unfortunate outcome is attributable to causes beyond the reasonable control of the company, but essentially management must bear responsibility for the initial lack of control over the design and manufacture of the product and an initial overestimation in the technical and operating capabilities of the company.

   The company also promised more to the market than it delivered at the outset, and had as a result to make very costly modifications in the product to reach the desired results. The company was also late in performing on promised deliveries, in part because of problems with the original supplier of engines, but also because it established too ambitious a task for itself from its depleted operating base in 1976.

   The Company had the misfortune of entering the market in the slowest economic period. Since the great depression, the recent world-wide recession has been the most severe slowdown in post-war history—and that eliminates new buyers and causes former buyers to drop out if they can. This is not uniquely Canadair's experience—although its situation was clearly complicated by the fact that the aircraft was not at that time everything the company had promised it would be.
2. The company entered contracts which do not reveal the calibre of business shrewdness which we as shareholders should expect. This as well must be corrected and we are taking steps to do so.
3. We find many strengths in the operations of Canadair, including some highly dedicated people. But we have also identified weaknesses which are undergoing fuller assessment and which are leading to corrective measures. We have found poor financial and cost controls in the company and have launched corrective action.
4. We believe that management's assessment of the Challenger market was excessively optimistic. Furthermore as problems developed with the weight and range of the aircraft, management failed to adjust its market prospects.
5. Canadair has now reported a 1982 loss of $1.4 billion. We believe that Canadair's balance sheet at December 31, 1982, which reflects that loss, fairly presents the position of the company at that date.

I would also draw to your attention that most of the expenditures on the Challenger to the end of 1982 were funded by borrowing. From the date of government's purchase of Canadair in 1976, until December of 1982, there was no cash investment in the company on behalf of the Canadian people. Parliament authorized loan guarantees for borrowed funds on the prospects put forward for the program by management.

Mr. Chairman, in considering this catalogue of management misjudgments we have to consider as well the role played by the Board of Directors. In our view, management frequently failed to communicate to the Board the information required to permit a proper assessment of the company's problems and management's proposals. At the same time, the Board, through its powers to question, to challenge, to deny approval, and if in the last analysis it proves necessary, to change management, could have prevented or corrected some of the problems I have described. The Board membership has certainly not lacked men of distinction in business, finance and the professions, and they have been faithful and industrious in their attendance at board meetings. But there appears to be a special problem with commercially-oriented government-owned corporation boards. This problem is the difficulty directors have in clearly understanding the objectives of the shareholder of the corporation. Inevitably the tendency is to rely on leadership from the one or more government officials who sit on the board. If these individuals appear satisfied, private sector members of the board are likely to assume that management is acting in accordance with government wishes. The fact is, however, that government officials are not engaged, on a daily basis, in business or commercial activities, have many competing demands of public policy on their minds and have moved frequently in their government careers so that little continuity has been achieved. The Government, in turn, believes that the private sector directors are ensuring commercial standards in project management, and the government officials are not inclined to substitute their judgments. Thus government-corporation boards sometimes seem to fail to provide the checks and balances which a board should provide. This is indeed one of the most important advantages which CDIC expects to be able to offer in the administration of Government Corporations. CDIC will represent on the boards of the corporations entrusted to its care clear, continuing and business-oriented representation of the shareholder's interest. It will permit government ministers and officials to focus their attention on the broader policy and financial questions while the board and management of CDIC work actively to translate those objectives into commercial measures. CDIC will regularly report back to Government and Parliament on its plans and budgets and on its progress. This thought will no doubt be fully explored in another place and occasion, but is worth at least a footnote here in considering the role of the Canadair Board in matters we are discussing. It is our purpose to make of such boards a more effective check and assist in businesslike implementation of these government investments in commercial ventures.

The role of Government should also be mentioned. Government made a policy decision to back this program for industrial reasons. Based on the proposals outlined to it, the project was highly attractive and the Government relied on the management and board for its implementation. But after Canadair repeatedly exceeded its cash requirement projections a government task force was set up in 1981 to review Canadair's cash needs to develop agreed-upon plans and performance for the future.

The task force recommended a Government-guaranteed loan ceiling of $1.35 billion which it was felt at the time would represent Canadair's peak cash needs. However, it soon became apparent, as the recession took its toll on sales and backlog, that management was not bringing the Company under better control and that the amount of the loan guarantee would be insufficient. It also became clear that the high interest rates then prevailing were cripping Canadair. A second Government review was organized in 1982 to assess the Canadair situation. This led to the $200 million equity infusion approved by Parliament last December.

The two task forces did more than simply assess cash needs. Together they accumulated a great deal of information on Canadair, all of which pointed to an urgent need for more intense supervision of the Government's investment in Canadair. Something had to be done.

Let me stress that what I am reporting today is simply the culmination of steps initiated some time ago. In early 1982, the then Minister of Industry, Trade and Commerce, Mr. Herb Gray, agreed with Canadair on specific performance targets. These were not met. Management showed no signs of coming to grips with its problems. By the fall of 1982, and after a careful and accurate appraisal by the officials of the Departments of Industry, Trade and Commerce and Finance, the then ITC Minister, Mr. Ed Lumley, informed Canadair that many of its future decisions would require government approval. The Government, which had established CDIC as a commercial holding company, assigned it the task on November 23, 1982 to manage the investment and perform these duties on an ongoing basis, with full-time attention to these issues, and from a traditional business-community basis. It is the next step of this process which I and CDIC have placed before Parliamentarians today.

Canadair's $1.05 billion write-down and modifications to Canadair's accounting method have provided a clear picture of where the company now stands and the dimensions of its financial problems. But it would seem clear that Canadair is not commercially viable with the existing level of debt. A financial restructuring must take place. I wish to announce today that CDIC intends to restructure the debt and equity of CDIC's aircraft manufacturing subsidiaries. The restructuring will take place promptly following the passing of CDIC legislation now before Parliament.

In recognition of the commitment of the Government of Canada to the current programs of Canadair Ltd. and the de Havilland Aircraft of Canada Ltd., CDIC will assume the funded debt of these companies. This debt is now fully guaranteed by the Government of Canada.

This restructuring is consistent with the enabling CDIC legislation which provides CDIC with up to $3 billion in borrowing authority and $1 billion in equity.

What CDIC is currently engaged in determining is how the Challenger program can be made commercially viable when

assessed on an incremental cash basis, disregarding expenditures made to date and interest payments that would be required on the debts incurred to finance these expenditures.

An extensive review of the Challenger's marketing prospects is being undertaken at CDIC's request. But profitability will depend not only on the number of planes that can be sold. The rate of production, the flow of progress payments and the prices charged for the aircraft are just three of the additional factors that have to be considered. Operating efficiency will also be essential to program profitability and expert advice has also been sought on Canadair's operating and production facilities.

To date, CDIC reports it has found no reason to conclude that the Challenger program does not justify being continued in commercial terms. The product, especially the new Challenger 601, is good. Substantially all of the development costs have been incurred. New expenditures will relate largely to production and marketing and therefore should be more than covered by future aircraft sales.

CDIC's analytical work has been carried on for some months and CDIC expects to be able to report further to Parliament on its analysis and proposed strategy before the end of the year. The longer-term strategy to maximize the value which can be realized from the Challenger program and from Canadair's engineering and other skills and production capacity generally is the object of their work. But Canadair clearly needs additional funds before that analysis is completed. The debt ceiling of $1.35 billion will be exhausted in the next few weeks. Canadair cannot generate sufficient net cash flow from operations to meet its existing debt service costs. The company is currently paying monthly interest charges of about $12.5 million.

The money being sought, the $240 million, will be contributed as equity since Canadair is incapable of servicing new debt. Moreover, the company's debt equity ratio for some years has been far out of line with the pattern of the North American industry generally. In spite of the substantial costs of the Challenger program—today in excess of $2 billion—the company had relied exclusively on debt financing from the time of Government acquisition in early 1976 until late last year, when $200 million of equity was invested in the company. No company in the industry has been made to carry out a major development program on borrowed money exclusively—and most significant new aircraft developments have actually been funded in whole or in part by governments throughout the world, either through defence contracts or more directly.

In calculating the funds needed to carry Canadair into the next year, CDIC, its financial advisers, and Canadair have done their best to be as precise as possible. But cash flow projections should be recognized for what they are—analyses and forecasts of what is expected to happen, not descriptions of what will happen.

Although a great deal of assessment effort is brought to bear in the exercise, cash flow projections in the final analysis are more of an art than a science. Among the variables which have been carefully analysed and which can affect Canadair's future cash flow needs are: The rate of aircraft production, the flow of progress payments from customers awaiting aircraft delivery, the possibility of new orders and existing order cancellations, the level of interest rates, the exchange rate of the Canadian dollar, the ability to maintain or increase prices in the marketplace and the outcome of discussions with suppliers as a result of reduced rates of production.

The Government relieves $240 million represents, after careful analysis, a reasonable estimate of Canadair's financial needs for the balance of this year. Canadair has reduced its overhead costs and further reductions will be made. The company has reduced the Challenger-601 production level and no new CL-600s are being produced other than those which were in the final stage of completion when CDIC assumed responsibility for Canadair late last November. Current levels of production will be reassessed against orders on an ongoing basis.

The estimate of additional cash needs reflects anticipated revenues from the delivery of Challengers under existing contracts.

As I stated earlier, there are sound commercial reasons to provide the additional $240 million being requested today, while further reviews are completed. Canadair has good products and it would not make sense to halt things that can be profitable on an incremental basis. Moreover, the bulk of development expenditures for the Challenger have already been made. These are sunk costs and even if Canadair disappeared today, the $1.35 billion of guaranteed loans would still be there, and they and their interest costs would have to be paid. Eliminating Canadair does not get rid of its existing debts.

It should also be noted that there would be termination costs well in excess of the $240 million, if the Challenger program were ended now. Not only would there be substantial severance payments to many of the company's employees, but Canadair would remain committed to substantial additional payments to suppliers even if a decision were made to terminate the Challenger program and more than 1,000 overall Canadian suppliers to Canadair would be affected.

Termination would ensure that the expenditures made to date would not bear fruit and Canada would close an important centre of technology which, properly utilized and managed, should be able to provide greater opportunities for profitable industrial activity in the future.

CDIC would have preferred to appear after its review of Canadair and strategic policy had been completed. But time does not permit. The commercial decisions that CDIC has to make are major decisions and should be made on the basis of information that is as complete as can be obtained. CDIC does not have all that information yet. Its plans to implement long-term corrective action must be carefully considered rather than be quickly formulated and implemented.

You might well ask why it has taken so long. I would say to you, Mr. Chairman, that any troubled business situation takes

time to assess and correct—whether in the public or private sectors. It would be irresponsible to act without information and careful analysis. But we were all satisfied at Ministerial and official levels of Government that we needed to equip ourselves with further capacity to carry out this ongoing and commercially-focussed exercise of reorganizing Canadair, monitoring the implementation plan and representing our shareholder interest on an active basis. It is for that reason that we acted quickly to utilize CDIC. We have, indeed, been criticised for launching this corporate vehicle prior to parliamentary approval of its structure. We felt the problem needed immediate attention. We believe that the Government has the *duty* to act promptly and decisively to exercise its shareholder's role when problems require such initiatives.

Mr. Chairman, my worry today is that the level of controversy over Canadair may do serious damage to the product. If the debate over past business judgments leaves a cloud over the product as well, then the company's prospects could be seriously threatened. We are anxious to aggressively seek out new sales. A good many jobs and export dollars are at stake. But if the product itself is caught up in the debate over past business judgments, then Canadair could lose orders and the company could lose its chance for a comeback.

In summing up, Canadair if properly directed should be able to be successful in this sector. We cannot withdraw from these high technology and high value sectors if we expect to remain an industrially-advanced and high income country. We must organize our holdings and projects to do a better job of achieving the cooperative efforts of both public and private sector risk taking in a disciplined commercial environment.

We have much left to do with respect to Canadair and the aerospace sector generally. These steps will have financial consequences. We will be back with our further analysis and plans for Canadair and we will report regularly on our performance to permit accountability to be achieved. We will be pursuing these responsibilities and our opportunities with vigour.

I believe Canadair's financial report made public today provides very full disclosure and explanations of the status of this company. We make the commitment that Canadair will continue to follow this practice in the future. We believe that such disclosure by corporate managers will make them better performers and that such accountability will permit you to develop the confidence you need to have in CDIC to allow it the latitude to represent your interests with realistic commercial flexibility as to the industrial decisions and transactions. The proper balance of operating freedom to deal in the business world with government and parliamentary control over decisions can be more readily achieved if good disclosure practices permit you to hold us accountable promptly for our actions and results.

Mr. Chairman, Canadair is a diversified company with a long history and important strengths. What it needs is a strategy to make money. That's part of CDIC's role.

In conclusion, let me reiterate what I believe to be a critical point. We do have an attractive product. It is not an uncertain product. It is a real, flying machine. The Challenger 601 was certified on schedule and met its specifications. It is being delivered on schedule, a reflection of the operating improvements that have already been made. It has a General Electric engine that has a long and reputable record of use in the military. The plane clearly beats the competition on noise level and fuel efficiency. It is a technological achievement for Canada.

Canadair should be a part of the future business jet market, a market through which Canadair can make an important contribution to our manufacturing exports.

But, considerable effort will be needed.

This will take time and money. But the Government believes the effort is worth making. Canadair does have business problems. But there are business solutions to these problems and, with Parliament's support, we will proceed to implement them.

We would be happy to answer your questions.

TABLE 1

CHALLENGER SALES AND BREAKEVEN FORECASTS

	Oct./76	Oct./79	March/80	Dec./80	June/81	Dec./82
Estimated Sales						
CL-600	250	250	202	220	201	144
CL-601	—	—	71	58	126	275
CL-610	—	—	150	148	179	—
Total Challengers	250	250	423	426	506	419
Target Date for Production	1Q/84	2Q/84	4Q/86	4Q/87	4Q/88	4Q/93
Breakeven Quantity	136	185	255	298	349	389
Achievement of Breakeven	1Q/82	2Q/83	2Q/84	4Q/85	4Q/86	4Q/92

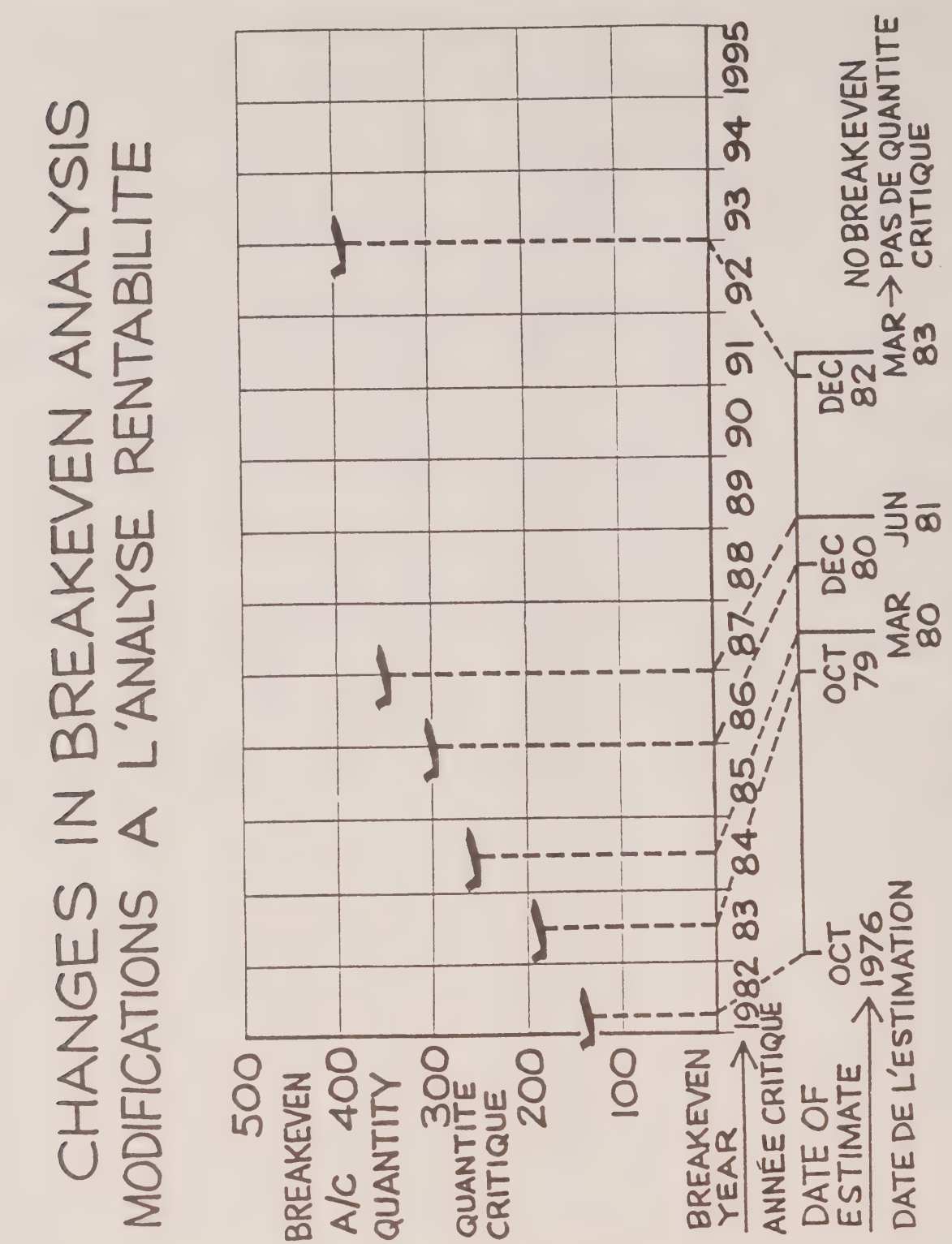

CHANGES IN BREAKEVEN ANALYSIS
MODIFICATIONS A L'ANALYSE RENTABILITE
500
400
300
200
100
BREAKEVEN A/C QUANTITY
QUANTITE CRITIQUE
BREAKEVEN YEAR
ANNÉE CRITIQUE
1982 83 84 85 86 87 88 89 90 91 92 93 94 1995
DATE OF ESTIMATE
DATE DE L'ESTIMATION
OCT 1976
OCT 79
MAR 80
DEC 80
JUN 81
DEC 82
MAR 83
NO BREAKEVEN
MAR → PAS DE QUANTITE CRITIQUE

TABLE 2

CHALLENGER PROGRAM

ANALYSIS OF COST GROWTH
1976-1982 ($ Thousands)

	1976	1977	1978	1979	1980	1981	1982
Excess Early Production	—	—	5,000	10,000	25,000	50,000	61,203
Engineering & Development	2,560	34,562	102,083	157,195	183,891	224,783	261,404
Tooling	418	15,674	45,219	51,872	55,241	63,071	66,337
Production	—	3,728	11,408	91,100	222,411	507,660	737,786
Other Costs*	846	8,800	24,813	40,027	71,634	84,955	90,454
Marketing	754	4,292	8,914	11,093	24,809	41,133	61,357
Finance	112	2,843	15,656	46,159	116,345	249,531	440,261
Sub-total	4,690	69,899	213,093	407,446	699,331	1,221,133	1,718,802
Inventory	137	1,987	9,435	25,186	51,555	77,501	107,788
Finished Goods—Aircraft	—	—	—	—	—	—	70,542
Spares	—	—	—	—	4,766	3,415	24,028
Sub-total	4,827	71,886	222,528	432,632	755,652	1,302,049	1,921,160
Foreign Exchange—L.T.D.	—	—	4,698	4,055	8,764	7,235	27,981
	4,827	71,886	227,226	436,687	764,416	1,309,284	1,949,141

* Includes aircraft leasing, insurance, royalties, manuals and publications etc.

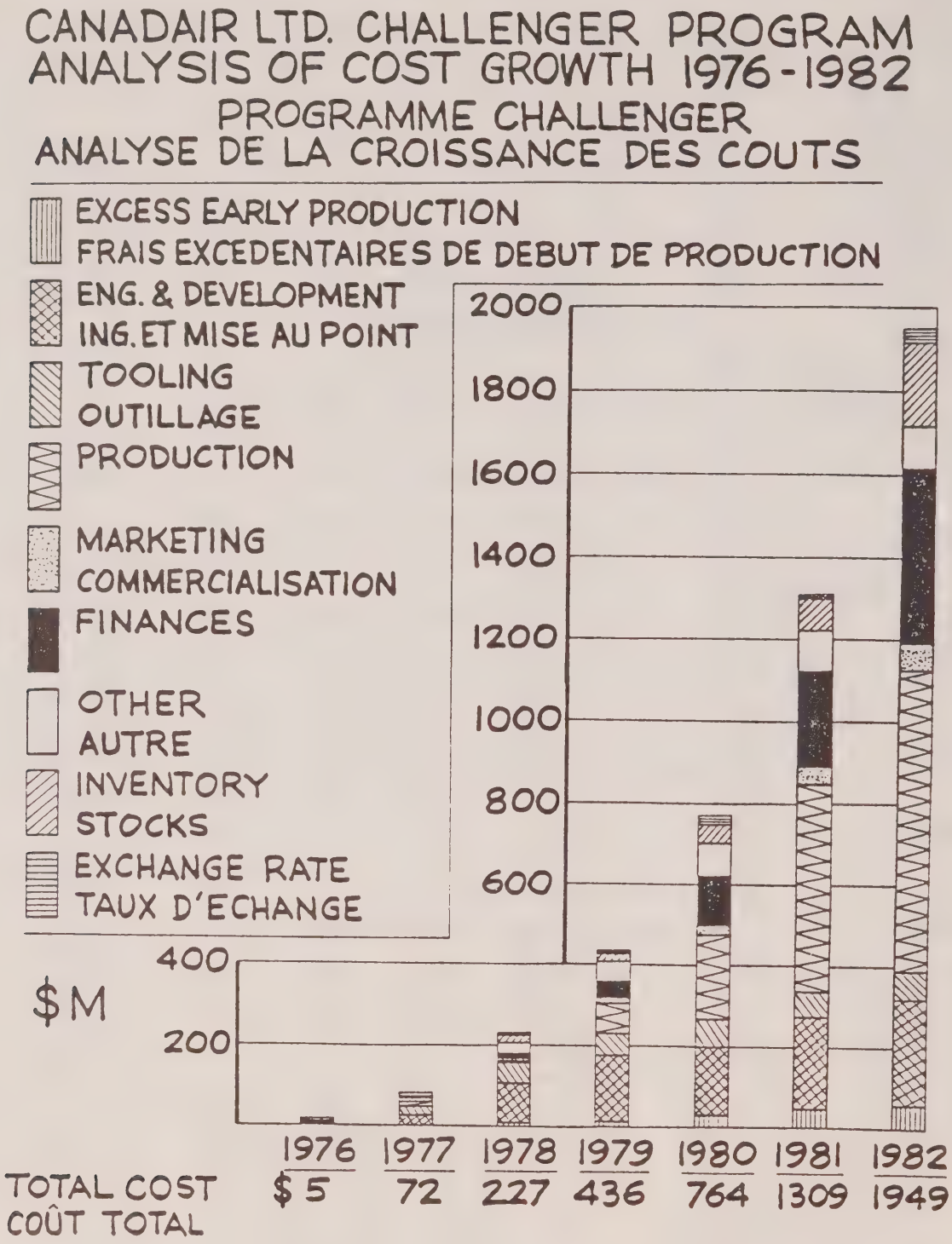

CANADAIR LTD. CHALLENGER PROGRAM
ANALYSIS OF COST GROWTH 1976-1982
PROGRAMME CHALLENGER
ANALYSE DE LA CROISSANCE DES COUTS
EXCESS EARLY PRODUCTION
FRAIS EXCEDENTAIRES DE DEBUT DE PRODUCTION
ENG. & DEVELOPMENT
ING. ET MISE AU POINT
TOOLING
OUTILLAGE
PRODUCTION
MARKETING
COMMERCIALISATION
FINANCES
OTHER
AUTRE
INVENTORY
STOCKS
EXCHANGE RATE
TAUX D'ECHANGE
2000
1800
1600
1400
1200
1000
800
600
400
200
$M
1976 1977 1978 1979 1980 1981 1982
TOTAL COST $ 5 72 227 436 764 1309 1949
COÛT TOTAL

TABLE 3

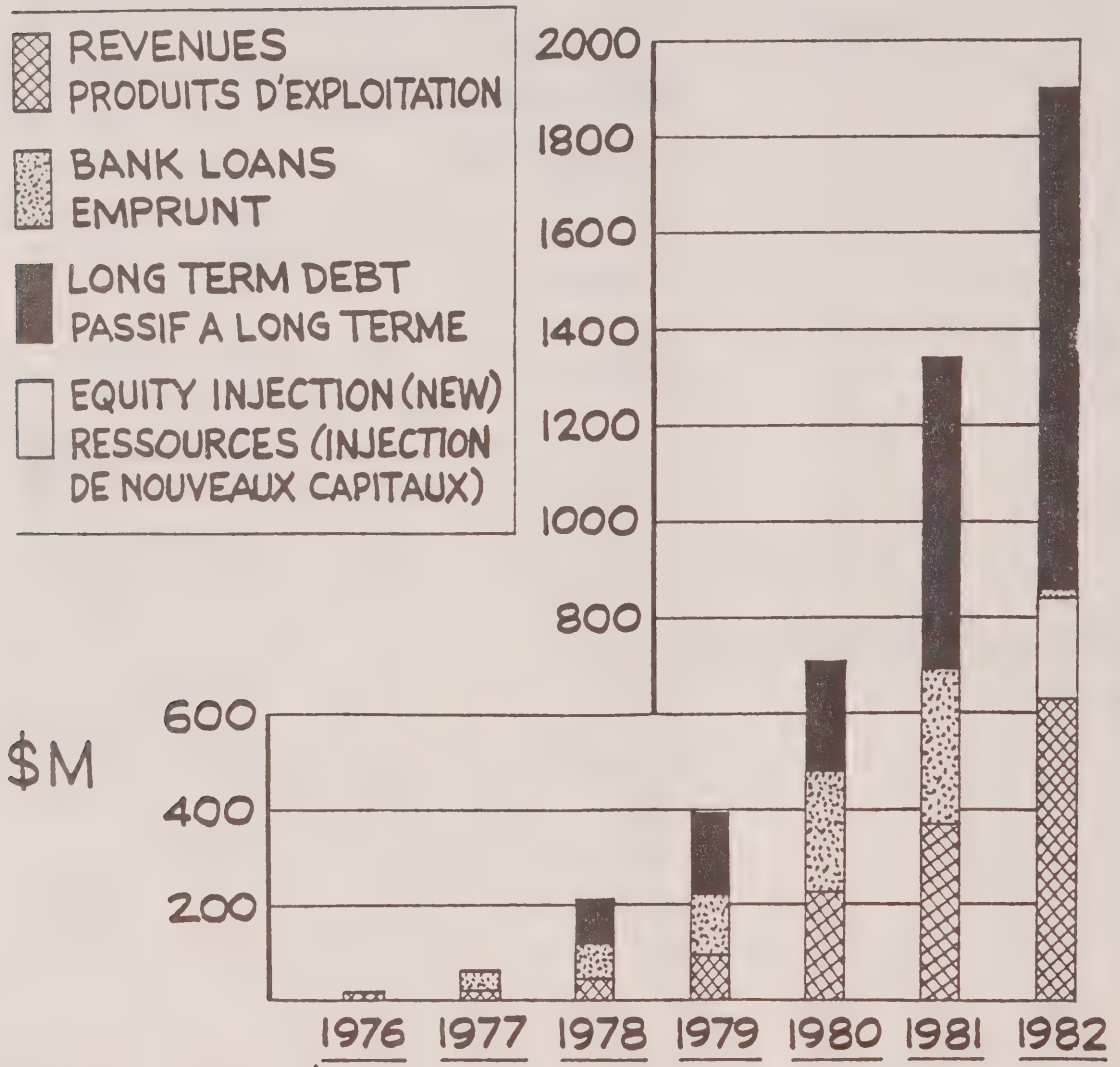
CHALLENGER PROGRAM

SOURCE OF FUNDS
1976-1983 ($ Thousands)

	31 December						
	1976	1977	1978	1979	1980	1981	1982*
Sales Proceeds and Advances from Customers	7,843	24,326	41,796	96,798	223,881	369,153	634,994
Equity Injection	—	—	—	—	—	—	200,000
Bank Loans	—	40,385	78,490	127,305	257,009	322,087	10,575
Long Term Debt	—	150	83,919	169,302	221,646	651,372	1,061,667
Other**	(3,016)	7,025	23,021	43,282	51,880	(33,328)	41,905
	4,827	71,886	227,226	436,687	764,416	1,309,284	1,949,141

* Prior to adjustments for Challenger unusual items at 31 December 1982.
**Includes funds provided from changes in other balance sheet items.

CANADAIR LTD. CHALLENGER PROGRAM
ANALYSIS OF SOURCE OF FUNDS 1976-1982
PROGRAMME CHALLENGER
ANALYSE DE LA PROVENANCE DES FONDS



THE SENATE

Tuesday, June 14, 1983

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tem*, in the Chair.

Prayers.

THE LATE HON. MAURICE LAMONTAGNE, P.C.

TRIBUTES

Hon. H. A. Olson (Leader of the Government): Honourable senators, my colleagues and I were shocked and saddened to learn of the passing of Senator Maurice Lamontagne yesterday. We have lost an outstanding member of the Senate, the Liberal Party has lost an important thinker, and Canada has lost a great Canadian.

Senator Lamontagne made some remarkable contributions to both the academic world and public life in Canada. He served as Professor of Economics and Assistant Dean of the Faculty of Social Sciences at the University of Ottawa, and later helped to found the Faculty of Social Sciences at Laval University in Quebec City.

As an economist, Maurice Lamontagne acted as economic adviser to two prime ministers, Mr. Louis St. Laurent and Mr. Lester Pearson. He was later elected Member of Parliament for Outremont, and served as Secretary of State and President of the Privy Council.

The Prime Minister yesterday described Senator Lamontagne as the "father of co-operative federalism." There could be no more apt description of a man who was credited with devising plans for federal-provincial tax sharing, equalization payments to the less fortunate provinces and federal grants to the universities. These are all policies that Canadians take for granted today, and that have become part and parcel of our national fabric.

He was also very interested in areas other than economics, was responsible for culture being included in the portfolio of the Secretary of State and for the establishment of the Canada Council.

Maurice Lamontagne was always striving to bring Canadians together through contributions he made both inside and outside the parliamentary context. Outside Parliament he published many books and articles that offered constructive criticism on the subject of Canadian federalism.

Maurice Lamontagne also made his mark in the Senate. He served as Chairman of the Special Senate Committee on Science Policy and as Chairman of the Subcommittee on Certain Aspects of the Constitution, a subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs, as well as serving on the Special Joint Committee of the Senate and of the House of Commons on the Constitution.

We shall greatly miss his contributions to the work of this chamber, which were always innovative and of value not only to adherents of the Liberal Party but also to all Canadians.

On behalf of the Senate, I extend our most sincere and heartfelt condolences to Madame Lamontagne and the Lamontagne family.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the death of our colleague has brought sorrow to all of us. First, I should like to speak about my personal sorrow.

I knew Maurice Lamontagne many years ago when he was a professor at Laval University's Faculty of Social Sciences. The first time I really met him and got to know him was during a labour-management dispute; both of us were on the arbitration board, he as union spokesman, of course, I as management representative. So that this little detail will not be held against me, I must say that I did speak for unions on certain occasions.

So that was when I got to know Maurice Lamontagne, and eventually we developed a very friendly relationship. Although his death was expected, I take it as a very personal loss and it has been a shock to those who have known him.

As the Leader of the Government pointed out, Maurice Lamontagne has had a very outstanding career, first as an economist at the Faculty of Social Sciences of Laval University, which he helped to organize and where he was professor and Director of the Department of Economics. Later he came to Ottawa as Deputy Minister of Northern Affairs and Natural Resources. As an economist, he also became advisor to Prime Ministers St. Laurent and Pearson. In the St. Laurent cabinet, he was actually with the Privy Council as an economist, whereas he was more like a personal advisor to Mr. Pearson.

Besides being a well known economist, he was also a constitutional expert. As one of our colleagues said earlier, he chaired the last subcommittee of our Standing Committee on Legal and Constitutional Affairs which published a report on certain aspects of federalism, mainly as they relate to the Senate. He was also co-chairman of the committee which examined that famous Bill C-60 in 1978, which we all remember.

He had published a few books—particularly *Le fédéralisme canadien*—at a time when his opinions on that issue were in direct conflict with those of Maurice Duplessis who was then Quebec premier. In any event, I think that the two sides or two positions on that question have been reconciled since then.

He was also a distinguished parliamentarian. He was elected to the House of Commons in 1963, after two defeats, including

that of 1962 when we both suffered the same fate. He was appointed President of the Privy Council and then Secretary of State, and I think it was in that capacity that he was responsible for the construction of the National Arts Centre, of which the City of Ottawa and all Canadians are so proud.

Of course, I do not remember how he behaved as a member of the House of Commons, but I would say that he avoided politically motivated debates. He preferred to take an interest in major issues and viewed his position here as an exceptional opportunity to use his great talents to promote various causes, among which his role on the Committee on Science Policy has already been singled out, and rightly so. He devoted all his time, all his energy and all his talent to that committee for many years. It published a report which was very well received in all scientific circles. The government considered this report favourably on many occasions and at other times with some reticence. It still remains that the report of the Committee on Science Policy chaired by Senator Lamontagne stands as a monument to our late colleague. As noted by the Leader of the Government, Senator Lamontagne also took an interest in various problems here in the Senate, for instance during debates on the economy, and I must say that he sometimes criticized government policy quite strongly. Senator Lamontagne was a charming man, a well-read man, an obliging man who actually succeeded in making a truly remarkable contribution to public life in Canada.

It is for those reasons that we on this side of the house share the sorrow of all parliamentarians and the Canadian people; we also share in the sorrow and the loss of his wife Jeannette, known informally as Jeannot, and his three children, and extend to them our deepest sympathy.

● (1410)

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I hope you will forgive me for adding just a note about my friend Maurice. I have little to add to what was said by the Leader of the Government and the Leader of the Opposition in the context in which they so eloquently spoke, but because Maurice has been a particularly close friend in recent years, I add a few words. I first met him when, as Senator Flynn has said, he was a principal adviser to Mr. Pearson. At that stage I was active in the Young Liberals and met him in that role. Although I respected and admired him, I did not know him well then, but later he had a close and helpful connection with important parts of my life.

He was the author of the terms of reference of the Laurendeau-Dunton B & B commission, on which I was lucky enough to serve, and I came to know him well during that period. When I was appointed to the Senate we renewed our friendship and became close professional and personal friends, often having dinner together and meeting in my office to discuss subjects of mutual interest, including those matters Maurice Lamontagne was most interested in, as underlined by Senator Flynn—specifically, national unity, federal-provincial relations and constitutional issues.

[Senator Flynn.]

Senator Maurice Lamontagne was a true intellectual, but one with a heart and a passion that combined to make it such a pleasure to be in his company.

Senator Flynn, in particular, can verify that for most of his life Maurice Lamontagne was actively involved in important Canadian events. National unity and federal-provincial relations and relationships between linguistic communities, these were the events with which he was closely associated. A topic would arise in the course of a conversation about some such historic event and Maurice would always have some pointed vignette, some memory that would give a very human and often touching dimension to the event that would also illuminate its historic importance.

I will certainly miss him very much. He was a person of such stature that the usual superlatives fall short. "An outstanding person," "a great Canadian" are expressions sometimes used with less discipline than affection so that, when one wishes to apply them to someone who truly merits them, they have lost their force through loose use.

● (1415)

I am sure all of us are aware that Senator Lamontagne suffered greatly in his last few months. I should like to express my sympathy, and I am sure that of other senators, too, to Jeannot and their three children. As you may know, his daughter Hélène was very close to him and was also of great comfort to him, particularly towards the end.

In expressing my condolences to Jeannot, to Hélène and to his two sons, may I say that I will miss Maurice a great deal, and I know I am only one of legions of friends and admirers who feel the same way. We shall mourn his death all too briefly, but Canadian history will long celebrate his life.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I must confess that it is with considerable emotion that I join in the tribute being paid to the memory of Senator Lamontagne.

I feel very deeply the loss not only of a great Canadian and a friend, but also of a fellow university student. We met for the first time in 1939 while attending the "École des sciences sociales" which at the time did not rank among the "facultés". As a matter of fact, it was Maurice's work which would later contribute to a very large extent to the university school obtaining the status of a university department.

We met, as I said, in 1939 on the same school benches, together with Jean Marchand and several others, and Father Lévesque was our teacher. We were there in the early years of the school, which was established in 1938 since we arrived there in 1939. Maurice was among Father Lévesque's most brilliant students, and therefore he was in the very first group which Father Lévesque sent abroad to study. He went to Harvard to study economics. Jean-Charles Falardeau was sent to Chicago to study sociology and others went elsewhere. This constituted a turning point in the approach to teaching social sciences in those days at Laval University, which were not sciences just yet but something more akin to a sort of social or economic philosophy. As far as economics is concerned, when

Maurice Lamontagne came back, he brought back with him an economic science, because I believe it was from a Mr. Shumpetter, one of his teachers, that he had learned about the new Keynesian theory which had just been developed in the context of the economic recession. He brought back that science to the Laval University School of social sciences and he taught it to a whole generation of students. From the remarks made by his students in those days—I was also a teacher, but in a different school, the "École de pédagogie"—and news spread freely among the various schools confirming that he was their very best teacher.

• (1420)

I think that was one of Senator Lamontagne's basic assets. He was a man of thought who could consider problems from a great many points of view and who had an extraordinary gift for communicating his knowledge as well as his enthusiasm for the study and analysis of problems.

To recall an event both close and intimate, I was there at the time he wrote "*Le fédéralisme canadien*", which he published I think in 1954. At that time, we lived across from each other on the same street. During the summer of 1953 and as early as the spring of that year, he had already decided to join the Department of Northern Affairs at the urging of Mr. Lesage; before leaving, he really wanted to write the book he had been planning for some time on Canadian federalism. I was also working on a book during those same months. So, that summer, we met practically every day, with our respective families and gave each other a report on our day's work. We went through some dry days: "I was unable to write a single page today; what about you?" "It went a little better for me; I wrote five." We did this throughout the summer. I must say that he finished his book before I did.

Recalling this closely shared experience in writing books flowing from our respective reflections reminds me that I then fully realized to what degree Maurice Lamontagne possessed the qualities of rigour and analysis that are also to be found in many other of his works. In my opinion, this great continuity is reflected throughout the career of Maurice Lamontagne, a continuity in the power and precision of analysis, along with the power to inspire the people around him by his approach to problems. Moreover, his familiars were not just anybody because he influenced important people of his time during his years in Ottawa. First, there was Mr. St. Laurent, and if I remember correctly, it was Maurice Lamontagne who suggested to him a formula for grants to universities which later led to a solution. The grants paid to universities across Canada were being refused by Quebec, with the result that Quebec universities could have lost substantial amounts each year. I believe that it was Maurice Lamontagne who suggested to Mr. St. Laurent that in order to prevent those amounts from being denied to the people of Quebec, they be set aside until the Quebec government changed its position. That position underwent a change under Mr. Sauvé, which resulted in the Sauvé-Fleming formula in 1959-1960. However, if the funds had not been put aside, universities in Quebec would have incurred a significant loss. All this serves to underline that Maurice Lamontagne had the knack of finding a new approach to problems, giving rise to position suited to circumstances. I will stop here, but I could add a great many recollections, for example about the decisive role he played when in 1965 certain personalities who later had to be reckoned with entered federal politics. I am thinking of Jean Marchand, of Gérard Pelletier and of a man called Pierre Elliott Trudeau. At that time, Senator Lamontagne had some input in the negotiations between Mr. Pearson and these men. On many occasions, he was right at the core of things, and he always showed a great capacity for analysis and for going to the heart of a matter, a quality he kept until the end, in my view. The 1980 report of the Senate Committee on certain aspects of the Constitution is further evidence of this.

Personally, I mourn a friend, a man with whom I had the opportunity to work very closely at one time, as I have recalled, and less closely at other times. For all Canadians, it is the loss of a man who contributed in a very decisive way to a renewal of what I would call the fabric of Canadian federalism on fundamental points.

To Jeannot, to their children, I extend my deepest sympathy, and I hope I will have the opportunity in the next few hours to express my sympathy to them personally.

• (1425)

Hon. Yvette B. Rousseau: Honourable senators, I must say that other senators have been very eloquent in their tribute to the qualities and the contribution made by the late Senator Lamontagne. I agree wholeheartedly with what was said. Further remarks or comments might even be unnecessary. However, as a Canadian and a Quebecer who worked together with Senator Lamontagne on many occasions, I feel I have an obligation to offer my personal condolences and those of my family to Senator Lamontagne's wife and children and also to add a few comments.

As you know, in the sixties, Senator Lamontagne was a university professor and a professional economist, and was actively involved in public affairs at the time. Not so long ago, this was unusual in Quebec where few economists pursued a career in the public sector. However, through his actions and his publications, Senator Lamontagne inspired two of my sons to opt for political economics, not only as a course of study but as a profession, and I am sure that he has influenced many young people in Quebec.

I have many other reasons for paying tribute to Senator Lamontagne. I was profoundly influenced by his report on Canada's science policy. I think he was ahead of his time with his understanding of the potential and dangers of scientific and technological progress for this country. He fully understood Toffler and his "Third Wave" theory.

At that time, in the early seventies, I was active in feminist groups and organizations as a member of the Canadian Advisory Council on the Status of Women, and I had many opportunities for listening and speaking to women throughout the country. One of women's major concerns, and it has remained so in this decade, is technological change, which has

emphasized the need for implementing appropriate policies and programs. I think Senator Lamontagne understood this, and his work on the subject has not lost anything of its immediacy.

I would like to mention that during the sittings of the Committee on the Constitution, I had the honour of sitting with the Senator. I respected his views and was pleased to be able to share his feelings as a Quebec politician about the constitutional question. He had a remarkable vision of this country and Quebec, especially in the areas of federal-provincial relations and public finance, including the equalization program, which he helped to develop halfway through the sixties.

In conclusion, honourable senators, I think that many of us will agree that Senator Lamontagne's profound interest in economic and scientific questions during his involvement in public life will have had a considerable impact. I would also like to extend again my sincere condolences to Mrs. Jeannette Lamontagne and her three children.

● (1430)

[*English*]

CANAGREX BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-85, to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada.

Bill read first time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker *pro tem:* Honourable senators, is leave granted?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I regret that we cannot give leave to proceed today. However, we do not mind if the bill is placed on the Orders of the Day for second reading tomorrow.

We need an opportunity to examine the situation since this bill was passed only last night by the House of Commons after having been on the order paper of that house for months. I cannot understand why the government is suddenly asking for second reading later this day.

Senator Olson: Honourable senators, I agree with that. I was hoping that, with Senator Flynn's consent, we could begin the debate today. However, I am satisfied if we can proceed with it tomorrow, and do not have to give the usual 48 hours' notice. It would appear—and the house leader will have more to say on this—that we may not sit on Thursday afternoon, which means this matter would extend into next week. However, what the Leader of the Opposition has suggested is satisfactory.

Senator Flynn: Honourable senators, having waited for months, I am sure this bill need not be passed before we adjourn.

Senator Olson: Honourable senators, I was not trying to give any indication on that question. I was trying to agree with Senator Flynn that, with his consent, we proceed tomorrow rather than waiting 48 hours; that is a reasonable proposal.

The Hon. the Speaker *pro tem:* Honourable senators, it is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be placed on the Orders of the Day for second reading at the next sitting.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

THE ESTIMATES 1983-84

INTERIM REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the interim report of the Standing Senate Committee on National Finance on the estimates for the fiscal year ending March 31, 1984. I ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

I might say that, while procedure requires the Chairman of the Standing Senate Committee on National Finance to make the report, the examination of the estimates was made by the Subcommittee on Estimates under the chairmanship of Senator Doody.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix, p. 5794.*)

The Hon. the Speaker *pro tem:* Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to inform you that I have now received a message from the Chairman of the Senate Committee on Legal and Constitutional Affairs, Senator Neiman, in which she states that a meeting of that Committee is scheduled for 4 p.m. tomorrow on Bill S-33. She asks for leave to meet tomorrow. I have not prepared the motion to that effect, but I shall introduce it tomorrow. I am giving notice of this at Senator Neiman's request. I am also informed that a meeting was scheduled for 11.15 a.m. Thursday, but that has been cancelled. I understand that meeting probably will be rescheduled for 2.30 or 3 p.m. on Thursday. I would like to add that I have already discussed with the Leader of the Opposition the possibility of arranging a program for this week; it is agreed we shall meet tomorrow afternoon. Further, since Senator Lamontagne's funeral will be held at 11 a.m. on Thursday in the Cathedral on Sussex Drive, I would move that the Senate do not sit on Thursday afternoon nor on Friday. Of course, if any committee chairman intends to meet on Thursday, he may always do so.

For next week, since a reception has already been scheduled for the Prince and the Princess on Monday at 3.45 p.m., I have discussed the matter with the Leader of the Opposition so that we could meet on Monday evening. We may be receiving bills from the other place. The Leader of the Opposition suggested a specific term earlier, but I have forgotten it.

Hon. Jacques Flynn (Leader of the Opposition): I believe the term you are looking for is "non-contentious."

Senator Frith: Now, we will be receiving from the House of Commons two, and maybe three bills this coming Friday. Since all senators will probably be here on Monday, we will sit Monday evening at 8 o'clock. I also suggest that the Senate should sit for the remainder of June at 2 o'clock instead of 8 o'clock on each of its sitting days. For instance, next week, we would be sitting Monday evening at 8 o'clock, Tuesday at 2 o'clock, Wednesday at 2 o'clock. On that day, Royal Assent could be given to some bills. I also point out that it is quite possible that we will not be sitting on Thursday and Friday of next week. At any rate, we will surely not be sitting on the 24th, because it is St. John the Baptist Day. It is a kind of rough timetable which I am suggesting and I intend to discuss it with Senator Flynn and Senator Roblin. The reason I have been raising these points was to give the senators an idea of what is being considered by the leaders in the Senate.

Hon. Paul C. Lafond: Honourable senators, I do not wish to lodge any complaint nor raise any objection, because I do not have any in connection with the two previous motions to have the two committees sit during the sitting of the Senate this afternoon. It had been agreed, since I have been appointed co-ordinator of committees that when the Senate is sitting, it was quite difficult to have two committees sitting at the same time, because it creates pressures and problems for our staff. When they do not get advance notice they cannot hire additional employees and this creates problems for many of our people. However, the motions have been passed. Today, we cannot do anything about it. On the other hand, even if we are under pressure just before the adjournment, I think that we should be very careful before we continue to proceed in such a manner.

Senator Frith: I take notice of Senator Lafond's comments. I entirely agree that the arrangements made this afternoon are an exception to the rule. The reason for it is that we have altered our plans for tomorrow. Those meetings had already been planned with the witnesses. I entirely agree that normally the Senate and two committees cannot sit at the same time.

• (1440)

QUESTION PERIOD

[*English*]

THE ENVIRONMENT

MANITOBA—SHOAL LAKE INDIAN BAND—ALLEGED DUMPING OF SEWAGE—REQUEST FOR ANSWER

Hon. Natham Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. On December 21 last I asked the Leader of the Government a series of questions concerning the Shoal Lake Indian band and the alleged dumping of sewage, which contributes to the deterioration in the quality of water for the city of Winnipeg. At that time Senator Olson took those questions as notice. I realize I have not pressed him since then, but I now ask him if, perchance, the problem is as acute as it was before. I do not recall having had a response.

I might add that officials of the City of Winnipeg have not forgotten, if he and I have. First, I would ask whether there are answers available to those questions.

Hon. H. A. Olson (Leader of the Government): No, honourable senators, I do not have answers with me today. Also, I do not have an update on the other part of the question that was asked. However, I will give an undertaking to try to have it here tomorrow. If I do not have a complete answer I will at least tell the honourable senator the status of the preparation of the reply.

Senator Nurgitz: I ask the Leader of the Government to look at the various questions at page 5226 of *Debates of the Senate*, and to make himself aware of the fact that two studies have been commissioned by the City of Winnipeg respecting potential solutions to this sewage problem and the problems it creates for the city's water supply? Is the government aware that the city has now endorsed a proposal to provide for on-site disposal of the sewage, certain construction and other matters, in which I believe some departments of the federal government were to have had some input. I ask that as supplementary to my earlier questions, and ask if he would look into that at the same time.

Senator Olson: Yes, I will give an undertaking to look into that too. However, I am sure Senator Nurgitz would agree with me that, while I undertook a few minutes ago to try to get an update on his previous questions and the reason why answers are not readily available, I could not give that undertaking for tomorrow on the supplementary portion of his question.

Senator Nurgitz: I accept what the Leader of the Government has said, but I would point out that the problem is worse now, and there is greater fear on the part of the city officials, who have written to me, and, I am sure, to other honourable senators, asking that the government be pressed on this matter. That is the purpose of my question. I will provide later today some information I have received, in the hope it will be helpful in getting an answer.

Senator Olson: I think that might be helpful. If the honourable senator does that today, my staff will not have to wait until *Debates of the Senate* is printed.

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Deputy Leader of the Government. Apparently, we are going to sit three days next week and possibly four days in the last week of June. Under the rules applicable to the other place, there should be an adjournment on June 30, and because of that I ask the following questions: Will June 30 be the last day of the current session? What are the bills that are considered a "must" before the adjournment?

Hon. Royce Frith (Deputy Leader of the Government): In reply to the first question, let me say that I know the leadership in the other place is making a very serious effort to have the business completed in accordance with the rules; that is, to ask for no suspension of the rules or to have the house called back early, but to finish on June 30. When they finish it will, as far as I know, take the form of an adjournment, not prorogation.

As to the "must" bills, excluding the so-called non-controversial bills, I think we will have a clearer picture on Monday when we see what is disposed of this Friday. At the moment the priorities that I know of are the Canagrex Bill, the Borrowing Authority Bill, 1983-84 (No. 2), supply.

Senator Flynn: The Canagrex Bill is now up to us.

Senator Frith: The Canagrex Bill is now up to us.

Senator Flynn: The Borrowing Authority Bill also.

Senator Frith: As is the Borrowing Authority Bill. I think that later today there will be a vote in the other place on the Appropriation Bill, so we will probably get that tomorrow, and that will be a priority. I will know more on Monday about other priorities when we see what non-controversial bills are looked after. Some of them are a "must" in the sense that there are expiry dates to be extended.

• (1450)

Senator Flynn: If I understood the deputy leader correctly, he said that on June 30 it will be an adjournment and not a prorogation. I understand that technically that is what always happens, in case it is necessary to recall Parliament. But there are adjournments that really are, in fact, prorogations; we return just to prorogue, and then start a new session. So I would hope that we shall get a clearer answer than one that merely says it will be an adjournment. I would like to know what the adjournment will mean.

Senator Frith: Honourable senators, that shows the close connection between the two parts of the Leader of the Opposition's question. I cannot say whether the adjournment will be of the type he referred to, namely, almost a technical adjournment with one day's sitting, then prorogation, and then the commencement of a new session one day later. That, of course, turns on what bills will have been passed by June 30, which leads to a second question, namely: What are the "must" bills? At this stage I cannot say whether or not the adjournment will be of the technical and virtual prorogation kind, or whether it will merely be an adjournment. I will not know anything more about that until next week.

Hon. H. A. Olson (Leader of the Government): Hope springs eternal.

Senator Flynn: On your side that does happen.

NEWFOUNDLAND

SECONDARY ROADS PROGRAM—FEDERAL-PROVINCIAL COST SHARING

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Marshall on May 12 concerning the Newfoundland secondary roads program. I feel certain that it is an answer that the honourable senator will be happy to receive. It is rather long,

and perhaps honourable senators will agree to its being taken as read.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Senator Marshall suggested on May 12, 1983 that the government proceed quickly with the funding and selection of highway improvement projects in Newfoundland.

Perhaps the honourable senator realized that on the very same day the Hon. W. Rompkey and the Premier of Newfoundland were making an announcement to this effect in St. John's.

The federal contribution of $35 million is part of the Special Recovery Projects Program announced in the Budget of April 19. As such, the projects are subject to "fast-tracking" and the honourable senator can be assured that every effort is being made to ensure that the actual work begins as soon as possible.

Some of the specific projects identified in the announcement of May 12 are:

$16 million ($14 million federal contribution) for the Trans-Labrador Highway from Labrador City to Churchill;

$12 million ($9 million federal) for a four-lane arterial connecting the Trans-Canada Highway to the Conception Bay Highway;

$7 million ($5 million federal) to upgrade and pave Route 436 from Route 430 towards L'Anse-au-Meadow;

and several others.

TRANSPORT

NOVA SCOTIA—HALIFAX—CONTAINER TRAFFIC VOLUME

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Donahoe on May 31, 1983, concerning container traffic at the Port of Halifax. The reply is fairly long, and perhaps it can be taken as read.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Senator Donahoe expressed concern on May 31, 1983 about container traffic at the Port of Halifax. Specifically, he spoke of container traffic going up the St. Lawrence, and Canadian National's monopoly in terms of rail service at the port.

On the first question, I think the honourable senator should not downplay the attraction of Halifax as a deep-sea port. Granted, the port, like many others, has seen a recent decline in traffic, but its prospects are excellent. In fact, the world's largest containerline, Sea-Land, has just inaugurated a service to Halifax, and there are reports that as many as three other lines are considering calls at the port. In some cases Montreal may be more attractive because of the longer haul by inexpensive water transportation, while in others, Halifax clearly has an advantage by virtue of its proximity to U.S.-Europe shipping lanes.

On the question of CN's monopoly at Halifax, the Minister of Transport can find no evidence that the monopoly is being abused. For example, container rates between Halifax and Montreal (31.6¢/mile—20-foot container) are considerably less than those between Montreal and Toronto 56.1¢/mile—20′)—a more heavily travelled and competitive route. In the past decade, container rates beween Halifax and Montreal have increased 176%, just slightly higher than the Consumer Price Index (162%). By comparison, Montreal-Toronto container rates went up by 244%.

In fact, CN would have no interest in abusing its monopoly to the detriment of Halifax, as it would only hurt its own substantial investments there, such as Halterm, Halifax shipyards and Autoport.

As the government disagrees with the Hon. Senator's premise, it cannot accept his suggestion that CN's monopoly be removed, or that CN be instructed to increase the use of the Port of Halifax.

FISHERIES AND OCEANS

NEWFOUNDLAND—SMALL CRAFT HARBOURS—EMPLOYMENT RELATED INITIATIVES AND EXPENDITURES

Question No. 97 on the Order Paper—**By Hon. Jack Marshall:**

What is the breakdown, by federal district, of locations in the Province of Newfoundland which received monies under the budget of Small Craft Harbours in 1981-82 (estimate $7,600,000.00) and 1982-83 ($10,500,000.00) and what were the particular projects?

Reply by the Minister of Fisheries and Oceans:

Monies spent under the budget of Small Craft Harbours for the Province of Newfoundland for the year 1981-82 is $7,974,645.00 and present estimates for 1982-83 is $9,036,100.00. Attached is a list of the individual projects. The 1982-83 figure does not include projects funded under the Employment Related Initiatives of EIC; however, a list of these projects is included.

EMPLOYMENT RELATED INITIATIVES (NEWFOUNDLAND) 1982-83

LOCATION	DESCRIPTION	PROJECT COST $000
Anchor Point	CCDP Wharf Repairs	100.0
Baine Harbour	Wharf Extension	15.0
Bareneed	Wharf Repairs & Extension	50.0
Bide Arm	Hardware for CCDP Wharf	4.0
Blue Beach	Wharf Construction	84.0

Boxey	Slipway Repairs	35.0
Cape St. George	Marginal Wharf (Roses Brook)	41.0
Codroy	English Point Breakwater	130.0
Forrester's Point	Wharf Reconstruction	50.0
Fortune	Wharf Repairs	70.0
Frenchman's Cove	Approach Improvements	25.0
Frenchman's Cove	Wharf Extension	30.0
Garnish	Wharf Repairs	25.0
Grand Bank	West Slipway	25.0
Grand Bank	West Breakwater Repairs	55.0
Grand Beach	Harbour Redredging	7.4
Green Island Brook	Demolition & Clean-up	18.0
Harbour Breton	Slipway Reconstruction	10.0
Harbour Le Cou	CCDP Wharf Repairs	23.0
Herring Neck	Marginal Wharf	100.0
Isle Valen	Wharf Repairs	12.0
La Scie	Wharf Repairs	13.0
Little St. Lawrence	Slipway	4.0
Lumsden South	Breakwater/Model Study/ & Construction	50.0
Merasheen	Wharf Repairs	8.0
Old Perlican	Wharf Extension & Slipway	150.0
Pass Island	Wharf Repairs	13.0
Plate Cove West	Dredging	3.0
Point May	Slipway Repairs (CCDP)	12.0
Port au Choix	Marginal Wharf Development Phase 2	125.0
Port de Grave	Breakwater	15.0
Raleigh	Wharf Extension	50.0
Ramea	Slipway Repairs	30.0
Rose Blanche Diamond Cove	Breakwater Repairs	7.0
Savage Cove	Complete Wharf Under CCDP	100.0
Seal Cove (F.B.)	Slipway Reconstruction Breakwater Wharf Repairs	60.0
Tizzard's Harbour	Wharf Reconstruction	100.0
Whiteway	Wharf Extension	95.0
Wild Cove	Wharf Extension	160.0
Woody Point	Wharf Repairs	30.0
		1,934.4

CCDP — Canada Community Development Program
C/O — Carried over (Report)

SMALL CRAFT HARBOUR EXPENDITURES BY LOCATION (NEWFOUNDLAND) 1982-83

LOCATION	PROJECT	PROJECT COST $000
Bartlett's Harbour	C/O CCDP Wharf Extension	5.6
Flowers Cove	C/O CCDP Wharf Extension	3.0
Pinware	C/O CCDP Wharf Phase 1	20.2
Ship Cove	C/O CCDP Wharf Improvements	3.9
St. Carol's	C/O CCDP Wharf Phase 1	38.8
Three Mile Rock	C/O CCDP Slipway	.0
Throughout NFLD	Salaries (2 PY's)	30.0
Throughout NFLD	Salaries (10 PY's)	285.0
Throughout NFLD	CCDP Bulk	100.0
Throughout NFLD	Goods & Services	100.0
Throughout NFLD	Goods & Services Gulf	60.0
Throughout NFLD	C/O CCDP	400.0
Throughout NFLD	CCDP Various Minor Projects	38.0
Throughout NFLD	C/O CCDP Gulf	88.5
Throughout NFLD	Advance Planning	280.0
Throughout NFLD	Advance Planning Gulf	100.0
Throughout NFLD	Minor Capital < 20K	100.0
Throughout NFLD	CCDP Admin Costs	50.0
Throughout NFLD	Minor Capital < $20K Gulf	15.0
Throughout NFLD	Minor Operating & Maintenance < $20K	625.0
Throughout NFLD	Minor Operating & Maintenance < $20K	105.9
Throughout NFLD	CCDP Bulk Operating & Maintenance	100.0
Throughout NFLD	Redredging < $20K	125.8
Throughout NFLD	Vehicle Capital Admin	8.7
Anchor Point	CCDP Marginal Wharf	70.0
Anchor Point[1]	Land Marginal Wharf North	6.0
Anderson's Cove	CCDP Wharf Replace	5.0
Argentia	CCDP Boat Pool Wharf Repairs	4.0
Bacon Cove	CCDP Wharf Extension	3.0
Bank Head Cove (1)	Land Boat Harbour 327198	1.0
Bartlett's Harbour	CCDP Wharf Extension Phase 2	56.0
Bauline	C/O Slipway Repairs	32.0
Bauline South	Wharf Repairs	208.0
Bay Bulls	C/O Breakwater Wharf	91.4
Beaumont	CCDP Rebuild Wharf	100.00
Bellevue	CCDP Breakwater Construction	3.0
Belleoram	CCDP Rebuild Wharf	4.0
Black Duck Cove	C/O Breakwater Repairs	49.9
Blue Beach (1)	Waterlot 061112-328069	1.0
Blue Cove	CCDP Crib & Parking	10.0
Boat Harbour	CCDP Wharf Reconstruction	12.0
Bonavista	Deep Water Wharf Extension	175.0
Branch	East Breakwater Repairs	83.0
Brigus South	CCDP Wharf Reconstruction	15.0
Burin	CCDP Wharf Completion	2.0
Burnside	CCDP Wharf Repairs	13.0
Burnt Cove	CCDP Slipway Repairs	4.0
Burnt Point	CCDP Approach Repairs	3.0
Carbonear South	CCDP Slipway Breakwater	3.0
Coachman's Cove	CCDP Rebuild Wharf	25.0
Codroy	Emergency Dredging	70.0
Codroy (1)	Land Harbour Improvements 328869	12.7
Colliers	CCDP Wharf Repairs	5.0
Conche	CCDP Rebuild Wharf	90.0
Cooks Harbour	CCDP Gear Storage Shed	10.0
Cow Head	C/O Breakwater Extension Phase 1	230.0
Cripple Creek	CCDP Harbour Improvements	2.0
Cupids	CCDP Breastwork	2.0

Cuslett	CCDP Harbour Development	25.0
Dildo South	Wharf Repairs	10.0
Duntara	CCDP Slipway	7.0
Durrell	Redredging	30.0
Embree	CCDP New Wharf	20.0
FlatRock	C/O Slipway Modifications	40.3
FlatRock	CCDP Slipway Repairs	2.0
Fortune	CCDP Ice Breakwater	15.0
Fox Island River	CCDP Harbour Entrance Improvements	40.0
Foxtrap	CCDP Groyne Construction	10.0
Foxtrap/Flatrock	Harbour Development Study	20.0
Garnish	Groyne Replacement	140.0
Glovertown North	CCDP Wharf Repairs	10.0
Gooseberry Cove	Wharf Protection	14.0
Grates Cove	CCDP Slipway Approach Repairs	2.0
Great Brehat	CCDP Slipway	5.0
Greenspond	Wharf Extension	115.0
Hants Harbour	CCDP Slipway Reconstruction	5.0
Happy Adventure	Wharf Reconstruction	170.0
Harbour Grace	C/O Wharf Reconstruction	3.1
Harbour Le Cou	CCDP Wharf Reconstruction	20.0
Harbour Round	CCDP Wharf Repairs	80.0
HBR Main Ezeckiel's	CCDP Fill	35.0
Hickman's Harbour	CCDP Wharf	10.0
Hopeall	CCDP Wharf Replacement	20.0
Jerseyside/Placentia	Dredging	90.0
King's Cove	CCDP Wharf	25.0
King's Point	CCDP Rebuild Wharf	25.0
L'Anse au Loup (2)	Water Lot 062458-328769	9.5
Lance Cove	CCDP Wharf Extension Slipway	4.0
Lawn	CCDP Retain Cribwork	3.0
Little Catalina	CCDP Slipway	5.0
Little Port (2)	Land Wharf Access	3.5
Monkstown	CCDP Slipway	2.0
Mount Arlington Heights	CCDP Wharf Reconstruction	30.0
New Ferolle	CCDP Wharf Extension	10.0
New Harbour	CCDO Wharf Reconstruction	5.0
Newtown	C/O Dredging	4.7
Newtown	CCDP Wharf Repairs	12.0
Ochre Pit Cove	Wharf Protection	191.0
Ochre Pit Cove	CCDP Marginal Wharf	8.0
Old Shop	CCDP Wharf Reconstruction	10.0
Parker's Cove	CCDP Wharf Improvements	10.0
Peter's River	CCDP Slipway Repairs	25.0
Petley	CCDP Rebuild Wharf	20.0
Placentia	CCDP Groyne Construction	50.0
Point au Gaul	CCDP Slipway Repairs	10.0
Point Lance	CCDP Wharf Construction	3.0
Point May	CCDP Slipway	10.0
Port Au Choix	Wharf Repairs	55.0
Port Aux Choix	Wharf Demolition	21.0
Port de Grave	CCDP Wharf	4.0
Port Kirwin	CCDP Wharf Extension	10.0
Port Saunders	CCDP Fish Wharf Extension	50.0
Portugal Cove	CCDP Wharf Reconstruction	50.0
Rose Blanche	CCDP Wharf Extension	60.0
Rose Brook C St-GEO	CCDP Multi-Purpose Building	15.0
Salmon Cove	CCDP Wharf Completion	2.0
Savage Cove	CCDP Fishermen's Wharf	51.0
Savage Cove	CCDP Wharf Phase 2	30.0
Seal Cove	CCDP Fishermen's Wharf	70.0
Shoe Cove	C/O Approach & Marginal Wharf	280.0
St. Bride's	CCDP Breakwater Reconstruction	25.0
St. Bride's (1)	C/O Wharf Reconstruction	78.0
St. Bride's (2)	C/O Breakwater Improvements	115.2
St. John's	Test Quarry	75.0
St. Julien's	CCDP Wharf Extension	10.0
St. Mary's	CCDP Wharf Repairs	5.0
Tapper's Cove	C/O Phase 1 Marginal Wharf & Approach road	260.0
Upper Island Cove	CCDP Wharf Extension & Repairs	60.0
West Bay Centre	CCDP Boat Slipway	10.0
Whales Gulch	C/O Dredging	222.0
Throughout NFLD	CCDP Bulk Small Project	45.0
		7,101.7

SMALL CRAFT HARBOUR EXPENDITURES BY LOCATION (NEWFOUNDLAND) 1981-82

LOCATION	PROJECT	EXPENDITURES $
Admiral's Beach	C/O Wharf Repairs	40,384
Admiral's Beach	Property Manager	375
Admiral's Beach	Canada Works Project	8,553
Admiral's Beach	Canada Works Project	12,523
Admiral's Cove	Canada Works Project	3,793
Anchor Point	Harbour Improvements	12,239
Anchor Point	Property Admin	1,500
Anchor Point	Canada Works Project	38,614
Anchor Point	Canada Works Project	309
Aquaforte	Minor Improvements	2,452
Aquaforte	Canada Works Project	12,701
Arnold's Cove	Property Manager	1,958
Avondale	Canada Works Project	1,716
Baine Harbour	Concrete Wharf Deck	40,633
Baine Harbour	Property Admin	5,700
Bank Head Cove	Minor Improvements	326
Barr'd Island	Property Admin	700
Bartletts Harbour	Canada Works Project	40,835
Bartletts Harbour	Canada Works Project	2,754
Bauline	Slipway Repairs	12,595
Bauline	Property Admin	11,525
Bauline South	Minor Improvements	23
Bauline South	Property Admin	13,111
Bay Bulls	C/O Breakwater Wharf	356,421
Bay Bulls	Property Admin	2,557
Bay de Verde	Minor Improvements	248
Bay de Verde	Property Admin	4,600
Bay de Verde	Canada Works Project	5,978
Bay de Verde	Canada Works Project	4,532
Bear Cove	Property Admin	280

Bell Island	Canada Works Project	850
Bellburns	Property Admin	10,408
Belleoram	Minor Improvements	2,177
Bird Cove	C/O Wharf Repairs	45,635
Biscay Bay	Canada Works Project	525
Black Duck Brook	Property Admin	900
Black Duck Cove	C/O Breakwater Improvements	147,011
Black Duck Cove	Property Admin	2,743
Black Duck Cove	Canada Works Project	7,205
Black Duck Cove	Canada Works Project	18,150
Black Head	Canada Works Project	588
Black Head	Canada Works Project	2,170
Black Head	Canada Works Project	777
Blue Beach	C/O Harbour Development Phase 2	31,983
Blue Beach	Property Admin	2,880
Bonavista	C/O Harbour Improvements Phase I	142,864
Bonavista	Property Manager	3,800
Boxey	Canada Works Project	11,236
Boyd's Cove	Canada Works Project	275
Branch	C/O Dredging	68,241
Branch	Property Admin	220
Branch	Canada Works Project	56
Branch	Canada Works Project	17,069
Brent's Cove	Canada Works Project	1,080
Brent's Cove	Canada Works Project	82
Bridgeport	Property Admin	5,821
Bridgeport	Canada Works Project	54,473
Bridgeport	Canada Works Project	7,868
Bridgeport	Canada Works Project	1,917
Brighton	Minor Works Project	2,894
Brigus South	Canada Works Project	3,624
Brigus South	Canada Works Project	854
Broad Cove	Property Admin	718
Browns Cove (Heatherton)	Minor Improvements	3,380
Bryants Cove	Canada Works Project	1,995
Bryants Cove	Canada Works Project	532
Burnt Cove	Property Admin	1,400
Burnt Point	Property Admin	136
Burnt Point	Canada Works Project	27
Burnt Point	Canada Works Project	1,976
Butter Cove	Canada Works Project	502
Calvert	Property Admin	687
Calvert	Canada Works Project	33,479
Calvert	Canada Works Project	4,154
Campbell's Cove	Property Admin	1,325
Cape Broyle	Canada Works Project	624
Cape Freels North	Canada Works Project	3,710
Cape St. George	Property Admin	3,980
Cape St. George	Canada Works Project	2,506
Cape St. George	Canada Works Project	623
Caplin Cove	Wharf Repairs	9,800
Caplin Cove	Property Admin	4,800
Caplin Cove	Canada Works Project	134
Caplin Cove	Canada Works Project	1,788
Carbonear	Property Admin	4,224
Castors River	C/O Wharf Repairs	89,458
Castors River	Property Admin	2,650
Castors River North	Property Admin	10,116
Catalina	Property Admin	10,290
Cavendish	Canada Works Project	2,620
Cavendish	Canada Works Project	112
Champneys East	Canada Works Project	300
Chance Cove	Canada Works Project	6,090
Chance Cove	Canada Works Project	37
Chance Cove	Canada Works Project	126
Change Islands	C/O Wharf Reconstruction	160,771
Channel	Property Manager	2,848
Chapels Cove	Minor Improvements	2,164
Chapels Cove	Canada Works Project	2,515
Charleston	Property Admin	4,506
Clam Bank Cove	Property Admin	495
Clifty Bank Cove	Property Admin	750
Codroy	Canada Works Project	6,239
Codroy	Canada Works Project	9,334
Codroy	Canada Works Project	2,260
Comfort Cove	Minor Improvements	174
Cooks Harbour	Property Admin	3,500
Cooks Harbour	Canada Works Project	2,477
Cooks Harbour	Canada Works Project	5,522
Cow Head	Breakwater Extension	114,931
Cow Head	Property Admin	7,297
Cow Head	Canada Works Project	3,550
Cow Head	Canada Works Project	23,316
Crabbe's River	Harbour Improvements	27,565
Crabbe's River	Property Admin	5,224
Cupids	Canada Works Project	157
Cupids	Canada Works Project	712
Cupids	Canada Works Project	1,382
Daniels Harbour	Property Admin	4,633
Daniels Harbour	Canada Works Project	1,525
Daniels Harbour	Canada Works Project	3,282
Deadman's Bay	C/O Slipway Repairs	66,989
Deadman's Bay	Canada Works Projects	555
Degras	Property Admin	3,500
Dildo	Property Admin	50
Dildo	Canada Works Project	5,818
Dildo	Canada Works Project	26,119
Dildo	Canada Works Project	17,270
Dildo South	Property Admin	1,606
Duntara	Property Admin	4,960
Duntara	Canada Works Project	2,163
Dunville	Canada Works Project	94
Dunville	Canada Works Project	1,092
Durrell	Minor Improvements	704
Eddies Cove East	Minor Improvements	6,850
Eddies Cove East	Property Admin	5,300
Eddies Cove East	Canada Works Project	3,755
Elliston	Property Admin	2,200
English Harbour West	Canada Works Project	720
English Point	Property Admin	2,200
Fairhaven	C/O Breakwater Wharf	179,872
Fermeuse	Property Admin	3,000
Ferryland	Minor Improvements	240
Ferryland	Canada Works Project	4,250
Ferryland	Canada Works Project	6,761
Flatrock	Slipway Modification	34,092
Flatrock	Property Admin	1,059
Flatrock	Canada Works Project	467
Fleur de Lys	Property Administration	4,900
Fleur de Lys	Canada Works Project	51,571
Fleur de Lys	Canada Works Project	1,571
Flowers Cove	Canada Works Project	25,589
Flowers Cove	Canada Works Project	2,987
Forrester's Point	Canada Works Project	2,000
Fortune	Canada Works Project	968
Fortune	Canada Works Project	5,067
Fox Cove	Property Admin	150

Fox Island River	Harbour Improvements	27,872
Fox Island River	Canada Works Project	1,490
Fox Island River	Canada Works Project	150
Foxtrap	Wharf Repairs	6,625
Francois	Minor Improvements	4,265
Francois	Property Admin	2,800
Freshwater	Canada Works Projects	20
Freshwater	Canada Works Project	369
Garnish	Property Admin	10,825
Gaskiers	Property Admin	50
Gaskiers	Canada Works Project	909
Gaultois	Property Admin	2,048
Grand Bank	C/O Fishermen's Wharf	18,990
Grand Bruit	Wharf Reconstruction	63,689
Grand Bruit	Minor Improvements	29
Grand Le Pierre	Property Admin	331
Grand Le Pierre	Canada Works Project	832
Grand Le Pierre	Canada Works Project	6,000
Grates Cove	Property Admin	2,315
Gravels (Port au Port)	Canada Works Project	785
Green Island Brook	Crib Extension	30,660
Green Island Brook	Property Admin	1,500
Green Island Brook	Canada Works Project	12,165
Green Island Brook	Canada Works Project	10,520
Green Island Brook	Canada Works Project	1,376
Green Island Cove	Canada Works Project	4,000
Greens Harbour	Property Admin	1,192
Grey River	Minor Improvements	2,465
Harbour Breton	Wharf Repairs	22,975
Harbour Breton	Property Admin	579
Harbour Breton	Minor Improvements	531
Harbour Grace	C/O Wharf Reconstruction	228,788
Harbour Grace	Property Admin	1,056
Harbour Grace	Canada Works Project	3,398
Harbour Grace	Canada Works Project	1,305
Harbour Mille	C/O Fisherman's Wharf	83,207
Hare Bay	Canada Works Project	1,564
Hearts Delight	Property Admin	250
Hearts Delight	Canada Works Project	3,450
Hearts Delight	Canada Works Project	450
Hearts Delight	Canada Works Project	2,242
Hearts Desire	Canada Works Project	108,115
Hearts Desire	Canada Works Project	1,125
Hermitage	Canada Works Project	31
Herring Neck	Canada Works Project	436
Hodge's Cove	Canada Works Project	98
Hodge's Cove	Property Admin	240
Holyrood	C/O Breakwater/lighting	11,713
Holyrood	Property Admin	125
Holyrood (North Arm)	Property Admin	3,260
Island Harbour	Property Admin	1,458
Islington	Canada Works Project	5,867
Jackson	Minor Improvements	2,326
Jerseys Ide	Canada Works Project	150
Jobs Cove	Property Admin	6,500
Jobs Cove	Canada Works Project	21,249
Joe Batts Arm	Canada Works Project	8,400
Joe Batts Arm	Canada Works Project	5,160
Keels	Canada Works Project	1,816
Keels	Canada Works Project	2,088
King's Cove	Property Admin	250
King's Cove	Canada Works Project	300
Kingston	Property Admin	2,521
Kitchuses	Canada Works Project	327
L'Anse au Clair	Property Admin	9,201
L'Anse au Clair	Canada Works Project	10,199
L'Anse au Clair	Canada Works Project	1,731
L'Anse au Loup	Feasibility Study	25,990
L'Anse au Loup	Canada Works Project	12,687
La Scie	Property Admin	5,450
Labrador	Fish Landing Facilities	7,170
Labrador	Canada Works Project	2,000
Lamaline	Minor Improvements	2,580
Lamaline	Property Admin	2,200
Lamaline	Canada Works Project	214
Lamaline	Canada Works Project	782
Lamaline	Canada Works Project	6,434
Lamaline East	Canada Works Project	2,100
Lark Harbour	C/O Wharf Reconstruction	110,786
Lead Cove	Property Admin	540
Leading Tickle	Property Admin	1,000
Little Catalina	Property Admin	105
Little Harbour East	C/O Wharf/Approach Reconstruction	44,333
Little Harbour East	Canada Works Project	320
Little Harbour East	Canada Works Project	7,416
Little Heart's Ease	Wharf Repairs	69,298
Little Heart's Ease	Property Admin	135
Little Paradise	Property Admin	15,309
Little Paradise	Canada Works Project	1,243
Little Paradise	Canada Works Project	189
Little Paradise	Canada Works Project	13,844
Little St. Lawrence	Minor Improvements	748
Logy Bay	C/O Seawall Extension	12,426
Logy Bay	Property Admin	151
Long Beach	Minor Improvements	3,088
Long Cove	C/O Harbour Development	10,799
Long Cove	Property Admin	650
Long Cove	Canada Works Project	3,275
Long Harbour	Canada Works Project	520
Lord's Cove	Spray & Retaining/Wall Repairs	120,703
Lord's Cove	Property Admin	161
Lord's Cove	Canada Works Project	9,586
Lord's Cove	Canada Works Project	2,416
Lord's Cove	Canada Works Project	5,635
Low Point	Property Admin	1,000
Lower Cove	Canada Works Project	925
Lower Island Cove	Property Admin	5,527
Lower Lance Cove	Canada Works Project	1,628
Lower Lance Cove	Canada Works Project	17,081
Lumsden North	Property Admin	1,100
Lunsden South	Feasibility Study	14,840
Lumsden South	Property Admin	10,960
Main Brook	Canada Works Project	1,740
Main Brook	Canada Works Project	62
Mainland	Property Admin	4,600
Margaree	Minor Improvements	48
Merasheen	C/O Wharf Reconstruction Phase 2	75,511
Ming's Bight	Canada Works Project	17,230
Moreton's Harbour	Canada Works Project	10,142
Moreton's Harbour	Canada Works Project	8,883
Mose Ambrose	Canada Works Project	105
Mount Arlington Heights	Property Admin	1,225
Mount Arlington Heights	Canada Works Project	6,279
Mount Arlington Heights	Canada Works Project	761

Mount Carmel	Property Admin	5,000
Mount Carmel	Canada Works Project	2,708
Mount Carmel	Canada Works Project	558
Musgrave Harbour	Property Admin	11,331
Musgravetown	Canada Works Project	376
Neddy's Harbour	Property Admin	7,599
New Pelican	Canada Works Project	1,264
Newmans Cove	Property Admin	1,450
Newton	C/O Dredging	260,761
Nippers Harbour	Minor Improvements	3,807
Norman's Cove	Property Admin	2,500
Norris Point	Property Admin	1,325
Ochre Pit Cove	Canada Works Project	660
Ochre Pit Cove	Canada Works Project	217
Ochre Pit Cove	Canada Works Project	1,313
Old Perlican	Minor Improvements	1,523
Old Perlican	Property Admin	500
Old Perlican	Canada Works Project	220
Open Hall	Property Admin	2,302
Outer Cove	Property Admin	322
Peter's River	Property Admin	11,049
Peter's River	Canada Works Project	533
Peter's River	Canada Works Project	19,338
Petty Harbour	Property Admin	4,634
Petty Harbour	C/O Dredging	65,694
Petty Harbour	Canada Works Project	12,792
Petty Harbour	Canada Works Project	1,799
Petty Harbour	Canada Works Project	10,193
Piccadilly	Property Admin	3,000
Picadilly	Canada Works Project	37
Piccadilly	Canada Works Project	1,779
Pigeon Cove	Property Admin	1,800
Pine Cove	Property Admin	2,500
Pine Cove	Canada Works Project	525
Pinware	Property Admin	8,588
Pinware	Canada Works Project	33,724
Pinware	Canada Works Project	4,547
Placentia	Wharf Improvements	11,091
Plate Cove West	Property Admin	4,900
Plum Point	Canada Works Project	924
Plum Point	Canada Works Project	2,456
Point au Gaul	Minor Improvements	1,411
Point au Gaul	Canada Works Project	5,313
Point au Gaul	Canada Works Project	8,067
Point Lance	C/O Storage Area	21,270
Point Lance	Property Admin	1,428
Port Albert	Canada Works Project	380
Port au Choix	Pave Parking Lot—Approach Road	52,820
Port au Choix	C/O Harbour Development Phase 1	287,675
Port au Choix	Crib Demolition	1,990
Port au Choix	Canada Works Project	520
Port au Choix	Property Admin	155
Port Blandford	Property Admin	9
Port Kirwin	Minor Improvements	4,496
Port Saunders	Canada Works Project	4,550
Port Saunders	Canada Works Project	8,191
Port Saunders	Canada Works Project	8,208
Portland	Property Manager	300
Portland Creek	Property Admin	6,100
Portugal Cove	Minor Improvements	3,582
Portugal Cove	Property Admin	125
Portugal Cove	Canada Works Project	645
Portugal Cove	Canada Works Project	373
Portugal Cove	Canada Works Project	1,881
Portugal Cove South	Canada Works Project	257
Portugal Cove South	Canada Works Project	2,172
Pouch Cove	Wharf Repairs	16,047
Pouch Cove	Minor Improvements	5,625
Pouch Cove	Property Admin	6,651
Pouch Cove	Canada Works Project	4,500
Pound Cove	Property Admin	1,700
Quidi Vidi	C/O Feasibility Study	9,500
Quidi Vidi	Property Admin	1,456
Quirpon	Property Admin	1,312
Quirpon	Canada Works Project	1,524
Raleigh	Property Admin	60
Red Bay	C/O Fishermen's Wharf	2,029
Red Bay	Canada Works Project	4,000
Red Brook	Canada Works Project	1,700
Red Harbour	C/O Wharf Reconstruction	44,430
Red Harbour	Minor Improvements	1,246
Red Harbour	Property Manager	2,600
Red Harbour	Canada Works Project	241
Renews	C/O Wharf Repairs	15,127
River of Ponds	Property Admin	4,921
Riverhead	Property Admin	595
Riverhead	Canada Works Project	1,120
Riverhead	Canada Works Project	3,862
Robert's Arm	Canada Works Project	329
Rose Blanche	Minor Improvements	471
Round Harbour	C/O Wharf Repairs	124,586
Sally Cove	Property Admin	3,000
Salmon Cove	Canada Works Project	2,350
Salmon Cove	Canada Works Project	2,471
Salvage	Canada Works Project	4,345
Sandy Cove	Canada Works Project	2,800
Saunders Cove	Canada Works Project	45
Savage Cove	Harbour Improvements	23,374
Savage Cove	Canada Works Project	53,934
Savage Cove	Canada Works Project	76
Seal Cove	Minor Improvements	4,465
Seal Cove	Canada Works Project	136
Seal Cove	Canada Works Project	1,250
Seldom Come By	Minor Improvements	211
Seldom Come by	Property Admin	218
Ship Cove	Canada Works Project	4,975
Ship Cove	Canada Works Project	1,800
Ship Cove	Canada Works Project	3,861
Ship Cove	Property Admin	3,500
Ship Cove	Canada Works Project	500
Ship Cove	Canada Works Project	40
Ship Cove	Canada Works Project	25,430
Ship Harbour	Canada Works Project	8,995
Ship Harbour	Canada Works Project	69
Shoe Cove	Minor Improvements	204
Shoe Cove	Property Admin	1,250
Shoe Cove Bight	Approach & Marginal Wharf	60,086
Shoe Cove Brook	Property Admin	4,100
Sibley's Cove	Property Admin	683
Smith's Harbour	Property Admin	389
South East Bight	C/O Wharf	169,079
South East Bight	Property Admin	763
Southern Harbour	Harbour Improvements	2,995
Southport	Minor Improvements	2,892
Southport	Canada Works Project	8,463
Spaniards Bay	Property Admin	1,500
Spillars Cove	Property Manager	89
Spirity Cove	Canada Works Project	14
Spirity Cove	Canada Works Project	2,180
Spirity Cove	Canada Works Project	5,050
St. Jones Within	Property Admin	125
St. Anthony	Property Admin	2,577
St. Bernard's	Minor Improvements	1,572
St. Bernard's	Property Admin	8,567
St. Bernard's	Canada Works Project	1,079

St. Bernard's	Canada Works Project	748
St. Brides	Temporary Wharf Repairs	45,794
St. Brides	C/O Wharf/Breakwater "A-UNIT"	461,782
St. Brides	Property Admin	288
St. Brides	Canada Works Project	1,123
St. Brides	Canada Works Project	5,871
St. Caroll's	Canada Works Project	66,046
St. Caroll's	Canada Works Project	4,874
St. Georges	Wharf Repairs	9,015
St. Georges	Minor Improvements	184
St. Georges	Canada Works Project	860
St. Georges	Canada Works Project	2,201
St. Jacques	Property Manager	5,549
St. John's	C/O Feasibility Study	38,213
St. Joseph's	Property Admin	365
St. Joseph's	Canada Works Project	2,904
St. Juliens	Property Admin	98
St. Juliens	Canada Works Project	560
St. Mary's	Canada Work Project	818
St. Pauls	Property Admin	3,808
St. Pauls	Canada Works Project	3,936
St. Philips	C/O Dredging	9,102
St. Shotts	Wharf Repairs	23,805
St. Shotts	Property Admin	8,651
St. Vincent's	Minor Improvements	4,041
St. Vincent's	Property Admin	150
St. Vincent's	Canada Works Project	68
Stephenville Crossing	Property Admin	294
Stephenville Crossing	Canada Works Project	4,250
Stephenville Crossing	Canada Works Project	2,460
Stephenville Crossing	Canada Works Project	14,563
Summerford	Property Admin	450
Summerford	Canada Works Project	45,799
Summerford	Canada Works Project	2,449
Summerford	Canada Works Project	2,447
Summerside	Canada Works Project	3,000
Summerville	Property Admin	1,600
Sunnyside	Canada Works Project	75
Sunnyside	Canada Works Project	4,932
Terranceville	Canada Works Project	5,037
Thornlea	Canada Works Project	52
Thornlea	Canada Works Project	3,131
Three Mile Rock	Canada Works Project	1,084
Three Rock Cove	Property Admin	2,000
Throughout Newfoundland	Bulk Operating & Maintenance Projects	9,685
Throughout Newfoundland	Bulk Capital Project	78,712
Throughout Newfoundland	Bulk Operating & Maintenance Projects	8,886
Throughout Newfoundland	Bulk Capital Project	31,390
Throughout Newfoundland	Salaries (Gulf)	40,000
Throughout Newfoundland	Goods & Services	5,014
Throughout Newfoundland	Salaries (NFLD)	240,069
Throughout Newfoundland	Goods & Services	39,574
Throughout Newfoundland	Operating & Maintenance (Bulk)	44,810
Throughout Newfoundland	Property Admin	71,523
Throughout Newfoundland	Bulk CCDP (in full)	89,985
Throughout Newfoundland	Bulk CCDP Capital	80,141
Throughout Newfoundland	Bulk CCDP (in full)	39,506
Throughout Newfoundland	Bulk CCDP Capital	16,592
Throughout Newfoundland	Bulk CCDP 308	19,042
Throughout Newfoundland	Personal Service Contract	54,920
Throughout Newfoundland	Personal Service Contract	140,079
Throughout Newfoundland	Bulk CCDP 308	367,078
Tickle Cove	Property Admin	3,237
Tickle Cove	Canada Works Project	1,739
Tilt Cove	Property Admin	2,500
Torbay	Property Admin	565
Torbay	Marginal Wharf & Approach	113,197
Torbay	Canada Works Project	935
Torbay	Canada Works Project	460
Torbay	Canada Works Project	23
Trepassey	Minor Improvements	2,893
Triton	Minor Improvements	1,394
Triton	Property Admin	1,700
Triton	Canada Works Project	8,564
Triton	Canada Works Project	1,977
Trout River	Harbour Improvements	20,335
Trout River	Property Admin	2,280
Trouty	Property Admin	1,027
Twillingate	Canada Works Project	2,500
Twillingate	Canada Works Project	240
Twillingate	Canada Works Project	740
Upper Island Cove	Wharf Repairs	26,739
Upper Jenkins Cove	Property Admin	108
Upper Jenkins Cove	Canada Works Project	13,505
Upper Jenkins Cove	Canada Works Project	1,692
Valleyfield	Property Admin	2,432
Victoria Cove	Canada Works Project	320
Wareham	Property Admin	4,750
West St. Modeste	Canada Works Project	4,400
West St. Modeste	Canada Works Project	121
Western Bay	Canada Works Project	3,949
Whales Gulch	C/O Dredging	46,090
Whales Gulch	Minor Repairs	300
Whiteway	C/O Breakwater	15,149
Whiteway	Property Admin	150
Whiteway	Canada Works Project	83,414
Whiteway	Canada Works Project	3,114
Whiteway	Canada Works Project	7,558
Wild Bight	Property Admin	2,500
Wild Cove	Minor Improvements	1,849
Winterton	Canada Works Project	2,803
Witless Bay	Property Admin	4,300
Witless Bay	Canada Works Project	24,483
Woody Point	Property Admin	315
Woody Point	Canada Works Project	75
Wreck Cove	Canada Works Project	5,625
Wreck Cove	Canada Works Project	350
Wreck Cove	Canada Works Project	3,208
York Harbour	Property Admin	113
York Harbour	Canada Works Project	1,860
York Harbour	Canada Works Project	645
Culls Harbour	Canada Works Project	198
Horwood	Canada Works Project	2,750
Curling	Canada Works Project	389
		7,974,645

BORROWING AUTHORITY BILL, 1983-84 (NO. 2)

THIRD READING

The Senate resumed from Thursday, June 9, the debate on the motion of Senator Frith for the third reading of Bill C-151, to provide supplementary borrowing authority.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, the subject matter of this third reading debate is Bill C-151, which provides for very extensive borrowing authority to be exercised by the Government of Canada, and includes within it an amount of $240 million earmarked for Canadair.

I believe that the Senate has been a more interesting place during the past few years because we have had four ministers of the Crown on the government bench who have on some occasions had departmental responsibilities. This gives an opportunity, and indeed a responsibility, for the members of the Senate to engage in debate with those ministers when matters of policy affecting them are contained in the bills which they present to the chamber. That is why I was particularly interested to hear Senator Phillips introduce last week this subject of Canadair, in which he dealt with the problems in an extensive fashion. I was also pleased to hear the response given by the minister.

At that time I asked for the indulgence of the house to have the matter stand over until today, so that I, along with others, might have a chance to read not only the minister's statement that he gave in the debate, but also the 60-page report respecting this matter that he made to two House of Commons committees.

I might as well say, right at the start, that my attention has been somewhat distracted over this past weekend. I have not been able to devote all of my time to a consideration of this matter. Therefore, if I fall somewhat short in my appreciation of the problem, I hope that the minister and the house will excuse me. I have been busy with other things. As the house did agree to have the matter stand over from last week, and the deputy leader gave me the impression that he would like to see the matter dealt with reasonably expeditiously, I thought that I had better go ahead today regardless and do the best I could, with perhaps an indifferent preparation.

When the minister spoke to us on June 9, he also asked to be printed in *Hansard* a 60-page memorandum on the subject of Canadair. He states in that memorandum:

> Parliament and the public deserve a full accounting of what has transpired.

I quote that from his statement. Further on, in his introductory remarks, he says:

> In reporting on Canadair, I want to be as informative as possible. The public and Parliament deserve nothing less.

Well, I agree with those observations, and I believe that in many respects the minister has given us a full and interesting account of the Canadair situation, as seen from his point of view. I believe he has been particularly impressive in detailing the events that took place inside the company: its problems of estimating, of budgeting, of accounting, of selling, of manufacturing the product, and all of the rest, that have been the subject of public comment.

However, I wonder whether the minister fully discharges his undertaking when he comes to discussing what the government did. Speaking for myself, I am not concerned on this occasion with dealing with the concept of government intervention in high tech industries. That is for another occasion. I am not concerned basically with discussing CDIC—that will be the subject of a debate in the future—and I shall not try to examine the conduct of the management, the technicians or the directors of Canadair. What I wish to do is deal with what the minister describes on page 5764 of *Hansard* in the sentence that reads:

> The role of Government should also be mentioned.

I am glad that he got around to that, because the bulk of his statement had to do with anything but government, it seems to me, but toward the end he offers that observation. However, he modestly says far less about the role of government than about other factors at play in the situation.

I confirm today the impression he left with me on the last occasion when he spoke, that in his opinion there is little, if any, fault to be found with the government's handling of this problem, even though it has resulted in $1.4 billion being added to the national debt.

It therefore struck me as possibly a useful exercise to look at his statement and to compare it with what I believe to be the facts of the case, so that we might place before the house some further comments or observations on the role of government.

I start with what I think was a basic defence that the minister offered when he described the role of government as being that of "a passive but responsible investor".

When we use the term "passive investor", it conjures up in my mind a life insurance company, or a pension fund or something of that sort, investing in a large corporation. They have a substantial holding, but they are content to leave it in the management of the directors of the company. Their investment is passive, and they do not seek to direct the company.

Of course, in that situation, if they are not satisfied with what happens, they have the significant advantage of being able to sell their shares. So, in that sense they have a recourse from a management that proves to be ineffective, which is certainly not open to the government in this particular case.

The government says that they were "passive investors". I want to examine that idea for a moment, because I suggest to the house that they were something more than passive investors. They were not only passive investors; they were the sole investors. They were the only people who had any equity interest in this company; they owned it completely. The government was not a passive investor, in the terms in which I define it, because it had the right, which it exercised, to appoint directors to this company. Indeed, some of the directors were civil servants who were representing more directly in certain cases the interests of the Crown.

• (1500)

I was interested to note the minister's comment that these civil servants on the board of directors were only in office for about nine months before they were replaced. The minister made the point that it was pretty difficult to find out what might be going on in such a company in a nine-month period. However, he spoiled that argument by relating it to what happened to the Clark government. He went on to wonder what the Clark government was doing during its period in office when all this was going on at Canadair, and suggested that all it did was pay the bills when they were presented. The Clark government had a nine-month term of office as well. But in describing what the Clark government did, the minister could have been more complete by adding the fact that it had set up a special task force or committee to determine whether this company, along with others, should be privatized. I regard that as a significant move. In fact, this committee was to report in February 1980. We know what happened in February 1980—the Clark government was not in power to receive the report. I do not know what the committee reported on or what it said but, in any case, it should be on the record that the Clark government did make that effort.

Speaking of the Clark government, it introduced a bill governing the conduct of crown corporations which, alas, never received the approbation of Parliament. In my opinion, that bill was a much superior bill to Bill C-153, which has been dangling around in the other chamber for some period of time. So while I do not claim any perfection for the Clark government, I think, at least on two counts, it can be said to have had some concern in matters of this kind with which the minister did not credit it. In fact, he left me with the impression that the Clark government was negligent in its duty by merely paying the bills when they came in.

However, this government was not only a passive shareholder; it was not only the sole shareholder; it not only had the right to appoint directors, which it exercised: it was also the banker of the company, because without the support of the government this corporation would not have lasted very long. Anyone who examined its figures, if they had been made available to outsiders—certainly, they were not made available publicly—or if they had been made available to those from whom the company was seeking credit, would not have loaned the money without government support. So the government was the banker.

How did they carry out this role of banker? They were certainly not the banker directly, and I will come to the time element a little later. The government was the banker of this company because, when asked, they supplied it and its creditors with what is called a letter of comfort. A letter of comfort is a very interesting document because it gives the person lending money some assurance that somebody is taking interest in the matter besides the person who gets the loan. In other words, some responsible body assures the lender that it will not see the lender suffer if the loan goes sour. That means that lenders to Canadair did not have to lend money on the credit of that company; they lent money on the credit of the government. So, in fact, the whole of the credit of the Government of Canada was placed behind this company.

The process of letters of comfort is an interesting operation because, in using them, parliamentary supervision, parliamentary reporting and parliamentary approval are bypassed. There is a legal loophole here. Letters of comfort are not considered to be one of those things on which the government must report to Parliament in the normal course, as they are doing now with this request for $240 million for this company. So, for six years, since the company was bought, there was a sequence of letters of comfort backing the borrowings of Canadair. Those letters of comfort covered an amount of over $1 billion—and I stress "billion"—without parliamentary approval. In his report, the minister quite correctly states that Parliament was brought in—six years later, on March 31, 1982—to give retroactive consent and validation to those financial operations. But the fact is that for six years, by means of letters of comfort, Parliament was bypassed, the company was financed and everybody at that point was happy, except Parliament and the Auditor General, who brought to the notice of Parliament, by turning over the stone, that this question of letters of comfort was something that should require Parliamentary approval.

My colleague, Senator Doody—

Hon. C. William Doody: The minister is leaving.

Senator Roblin: That is his business.

Senator Doody, Senator Deschatelets and perhaps some other senators, in dealing with this matter in committee, were zealous to make sure that the matter was brought to public attention, and I think that was a good thing to do.

Any impression left by the minister's statement that the role of the government was that of a passive investor certainly understates the situation to a very considerable degree. It was an active participant—the sole owner, the appointer of the directors, the active provider of the money—for a period of six years. So, to say that the government was a passive investor understates the position the government actually occupied, and it seems to me that there is more to be expected of it in that connection than the minister has indicated in his statement. That is the first argument the minister felt would exonerate the government from any criticism in respect of this matter.

The second point has to do with the nature of the operation. It is to the effect that in high tech industries, particularly in aircraft industries, one is exposed to the risk of failure, to cost overruns, to difficulties arising from being on the leading edge of new technology and so on. Probably the Challenger jet qualifies for that description. I think that statement is correct and that it ought to be given full weight. The minister gave examples of what had happened in other jurisdictions with respect to the supersonic transport; of what had happened to some of the jet aircraft we have; and he referred to a number of different experiences in which other jurisdictions and management had run into problems of overruns, difficulties of technology, manufacturing and that sort of thing. I agree with him. I think that he has made a statement of fact.

However, it seems to me that the minister has not stated anything that is new. We have known for years that these kinds of operations can be troublesome, and long before we got into Canadair we saw the troubles which other people had run into. What occurs to me is that reasonable people might be expected to profit from such experiences. If we find that we are the sole supplier of money et cetera for a highly risky, high tech operation, then it seems to me that we might be a little more cautious in the way in which we organize and discharge our responsibilities in respect to it. So the idea of being content with the passive investor description and then saying that because it is a high tech industry the government is not to be blamed for what happened leaves that question in my mind. It seems to me that it would have been the part of wisdom, based on the experience of several years before we got into Canadair, to recognize the kind of proposition we had before us and to take the necessary steps to tighten up or to introduce extra special measures to make sure that we knew how that firm was getting on.

The minister said that governments generally provide a high level of "deliberate" public support for these high tech operations. That is right, but the key word there is "deliberate". If the government were a passive investor, where is the deliberation there? And as far as Parliament is concerned with regard to supplying the money, when did Parliament have a chance to deliberate on the wisdom or otherwise of continuing to invest in this corporation or of supplying money in the first place? It seems to me to go to the very heart of what I regard as the government's failure to bring Parliament and the public into their confidence as they proceeded with the development of this particular project. There was a clear warning, even to a passive investor, that extra care should be required, which all lends point to the statement made by the minister in his report, which can be found at page 5762 of *Hansard*. He said:

● (1510)

> This is the first time members of Parliament have had before them financial statements for Canadair.

The first time after six years! I wonder about that, because if you look at the Financial Administration Act, and particularly at sections 72 and 75(3) of that act, you will see some information as to what crown corporations are supposed to do in the way of presenting financial statements to Parliament. Section 75(3) of the Financial Administration Act says that:

> A corporation shall, as soon as possible, but within three months after the termination of each financial year submit an annual report to the appropriate Minister in such form as he may prescribe, which shall include the statement of accounts specified . . . and the appropriate Minister shall lay the report before Parliament within fifteen days after he receives it—

et cetera. That is one of the standard provisions in the Financial Administration Act.

Section 72 establishes the same requirement with respect to the capital budget for the fiscal year for companies of this kind.

You may ask why it is that we have received no reports for six years. The minister says that the first report was made just recently. He is right about that. It seems to me that he might, in examining the role of government, explain to us why we have not received such reports before. My information is that the legal status of Canadair to submit such reports is quite clear. Canadair clearly comes under the provisions of the Financial Administration Act. The first consideration is that the corporation shall be wholly owned by the government. Canadair is. The second consideration is that the corporation shall report to Parliament through a minister. Canadair does. Moreover, there is a legal opinion in the files of Treasury Board indicating that Canadair is covered by this act.

When considering the government's role, therefore, one must ask oneself what has happened. Why are we only now receiving this report on Canadair? It seems to me that the minister could well have arranged to submit this information on a yearly basis so that, year by year, as these letters of comfort were being issued, of which Parliament knew nothing at all, at least there would have been a statement from Canadair. Such a statement would have been valuable, even if it had not been as informative as it should have been, which it probably would not have been according to what the minister said when dealing with accounting in Canadair. I wish to touch on that, too, before I am through.

In his examination of the problems the government had experienced, the minister made this statement—and I am reading from page 5758 of *Debates of the Senate:*

> Identification of the financial difficulties was, I must say, seriously hampered by the excessive optimism of Canadair itself and in particular its over-optimistic projection of sales, and its limited disclosure of information.

Admittedly, it is a real problem, if you are trying to administer a company and do not obtain that kind of information. What do you do about it? Well, I do not know why the government got itself into this particular position, but, if it had accepted the advice offered by numerous Auditors General over the years, who recommended that there be a comprehensive report of crown corporations, including this one, then probably such Auditor General's reports might have elucidated some of these difficulties and would have made sure that the information presented was really informative from the policy-parliamentary point of view.

The minister went on to say that there had been an abuse of the accounting processes. He said there was something called "program accounting." Program accounting means that you can postpone the recognition of costs from the time they are incurred over the life run of the production so that, instead of taking them all as one lump sum in the beginning, you spread them out over each one of the items produced during the life of that run.

From a theoretical point of view I do not complain about that, but, if costs are underestimated—and they were—and if sales are overestimated—and they were—the result of program accounting becomes fatally misleading. Well, we have

seen that, because it is only in the last six months that anyone has admitted that Canadair is in difficulty.

So we have identification, lack of information from the company, a bad accounting system and the abuse of the program accounting system, and the other problem that the minister raised, namely, the difficulty that the directors of the company had in clearly understanding the objectives of the shareholders of the corporation. Every one of those topics has been covered by reports of the Auditor General. The Auditor General has complained about the difficulty of defining government purposes with respect to crown corporations. The Auditor General has complained of his inability to make a comprehensive audit of these companies because they are audited in some other way.

Although they may be justified, for every one of the complaints made by the minister there was a remedy available, which can be expressed in two words: "Auditor General"—or, if you like, "comprehensive auditing." If those matters had been attended to, if the continual stream of recommendations from the Auditor General and, indeed, from the Public Accounts Committee of the other place, asking for better rules for crown corporations and particularly for an input by the Auditor General, had been accepted, then I think we would have been able to become aware of the problems involved in this corporation much sooner. If they were running into problems associated with hi-tech industries, as indeed was the case, we would have known when it happened, and that "deliberate support" the minister speaks of would indeed have been deliberate support instead of a salvage or rescue operation after the damage had been done.

For several years the Auditor General has warned about crown corporations and the lack of parliamentary accountability and the lack of administerial responsibility. If the Auditor General had been in place, I think each of the complaints the minister made in his statement would have been satisfied. The honourable minister would have learned that the sales estimates were grossly inflated; he would have learned that the cost figures were questionable; he would have learned that program accounting was being carried to undue extremes; he would have learned that the directors were not fully aware of what the government wanted them to do. But, alas, the Auditor General was barred by a deliberate act of policy from being able to discharge any of those functions, and he still is. It seems to me greatly to the public detriment that we are in this situation today.

The last time we discussed this topic, Senator Deschatelets raised a question about the role of the Auditor General and the minister answered the question. He said that we could not have the Auditor General in there, because, if we did, we could not get any people from the private sector to act as directors. He said:

> I have been told by one person whom I have approached to become a director, "I don't know why I should risk public reprobation in statements of the Auditor General. Why should I be made to look like a fool in case the management or the board collectively takes difficult decisions that do not turn out to be perfect?"

That is the problem, says the minister. I regard that as a fatuous excuse. It is fatuous. How do the directors of that company feel now, not having had the benefit of the Auditor General? What would they have said had the Auditor General been of some assistance to them in the early proceedings in preventing this kind of thing arising? They would have thanked him. They would have been grateful for that outside advice coming to them disassociated from the management of the company but bearing on public interest and taking into account the concept of comprehensive auditing. They would have thanked him. That is what they would have done.

But even if they were not thankful, which is a supposition I reject, can one say that we will run again the risk of losses of this nature simply because to have the Auditor General in would limit the people we could ask to be directors? I think not. In my opinion, that is a fatuous argument, and yet it is the only substantial argument the minister used. In fact, it is the only argument he used with respect to why the Auditor General would not be a suitable person to bring into the affairs of Canadair and other corporations covered by the Canada Development Investment Corporation. The word I used was "fatuous." I think that is an accurate reflection. It is not a substantial reason, and certainly not one which this house should be prepared to accept. The Auditor General would have saved the directors of the company some embarrassment; he would have saved us some embarrassment.

• (1520)

Even now, when we consider Bill C-153, respecting crown corporations, and Bill C-158, respecting CDIC and certain other corporations, which will be before us soon, the Auditor General is barred from doing this comprehensive audit which the minister complains would undercut the proper management of these businesses, but which seems to me would be something which would yield important and profitable results. It would certainly help the public and Parliament to know what is going on, rather than being left in the dark for six years, as they have been.

I would like to deal with another aspect of the government's activities in this matter which has to do with the statement of the minister that in 1981 a task force was set up to look into Canadair. That is true. He then stated that in 1982 there was another task force set up to look into Canadair. That, too, is true. It is also true that these task forces reported to cabinet in October 1982, which is not long ago. Even then, Parliament and the public were still in the dark about the real nature of things at Canadair.

Those reports have never been published, so we do not know what they contain. It is alleged, however, that one of them said that we should no longer continue with the Challenger program. I do not know if that is true, but I think it safe to make the assumption that both those reports told the government that there were problems in Canadair; that there was a can of worms to be exposed. Those reports have been kept from us. However, the point I want to make is that, subsequent to those

reports being tendered to the government, in November 1982 Mr. Kearns, who was then the person running Canadair, came before a committee of the other place asking for more money, and he got it. At the time, he left the House of Commons with the erroneous impression, I suggest, that things were in pretty good shape at Canadair.

The ministry, however, at that time had had two task force reports. They knew the worst, perhaps not in detail but they certainly knew in substance that there were problems with sales forecasts, problems with cost overruns, problems with accounting procedures, and I would like to know why they did not reveal those matters at that time to Parliament.

Hon. Douglas D. Everett: I would like to ask the senator a question, for elucidation.

Senator Roblin: I would prefer to deal with questions at the end of my speech.

Senator Everett: I wonder if the honourable senator could tell me which minister he is referring to.

Senator Roblin: I think that at that time the CDIC was in charge, because shortly afterwards the minister himself, Senator Austin, appeared before the committee to deal with some matters in connection with Canadair as well. It was about the middle of 1982 that the CDIC was created by order in council. It was subsequently given power and entrusted to the care of the minister, so it seems to me that at that time Senator Austin was probably in charge.

Whether he was or was not does not alter my argument, since some minister was in charge, and, whoever that minister was, he clearly had to consider whether or not it was his duty to tell the committee that the optimistic reports being submitted by the man in charge of Canadair—those same reports of which the minister later so eloquently complained—did not reflect the facts. The facts were known in government circles in October; this gentleman came before the committee in November; and it seems to me that some explanation should be offered as to why the House of Commons was left in a situation where it did not have possession of facts which were germane and relevant to the issue, namely, how this company was getting along, and why the chairman of the company had not given a picture which was consistent with the real guts of the matter with respect to Canadair.

I do not wish to detain honourable senators much longer. I am sorry I was unable to detain the minister. He has obviously more important fish to fry, but if he were here I would say to him that his statement regarding the government role in this matter is incomplete. In fact, it might be described as self-serving. It seems to me it was designed to show that, while there was a terrible mess there, it was certainly someone else's fault and not the fault of the government, and that there was no responsibility to be attached to them for the unfortunate situation in which we find ourselves.

Except in response to Senator Deschatelets' intervention, the minister does not mention the recommendations and the warnings issued by the Auditor General over a long period of time. I have in my hand what the Auditor General actually said about this question of letters of comfort, which I will read because it emphasizes my point.

> In the last six years, more than a billion dollars has been advanced to Canadair through a sequence of Letters of Comfort. These were authorized by Parliament on 31 March 1982—

That was six years after the event.

> The authorized limit is $1.35 billion—

That is only slightly less than the amount they lost.

> This amount of taxpayers' money is at risk without what I would consider clear criteria and objectives for providing, continuing, or terminating support. This example is all the more disturbing because there is no assurance that $1.35 billion is sufficient.

I can add, in parenthesis, that the minister says the same thing. He has told us that he does not rule out the fact that further losses may be experienced in this matter, or that more money will be required.

Hon. David Walker: Isn't Senator Austin ultimately responsible for this mess?

Senator Roblin: I thank my colleague, but I will come to that in a minute.

To continue the quote from Auditor General Kenneth Dye:

> In this period of severe recession, government support for such troubled companies as Massey Ferguson, de Havilland, Canadair, . . . represents very big risks, even against the scale of current budgets.

That is certainly the truth. We have this question of the Auditor General continually warning Parliament, warning the Public Accounts Committee and warning this chamber of the problems he could see, and yet, in the statement of the minister to this house, he completely omits to say why the government policy has persisted in ignoring these observations of the Auditor General. Comprehensive auditing by the Auditor General of crown corporations is still stubbornly refused, and it seems to me that it is a matter which the government should not be allowed to persist in. It must address this problem. It seems to me that there is great confusion in the mind of the minister, and perhaps some other members of cabinet, as to just what his duty is. When I read the minister's statement, I noted he talked about his responsibility to report. I agree with that. He has, indeed, a responsibility to report, but something more than that attaches to ministerial responsibility. He has not just to bring the good or bad news, whatever it may be, but he has to accept responsibility for the items on which he is reporting. In that respect the minister clearly seems to me to have forgotten that that is part of the constitutional system in this country.

His is not the first instance. One could point to others where the government seems to have thought that, if it reported to itself, that would be enough; that reporting to Parliament would be somewhat superfluous. If it issues a report to Parliament about things which come to its attention, even though they are the fruit of government policy, the government does

not accept that parliamentary and constitutional responsibility which I think is theirs. They have refused, it seems to me, to accept the responsibility of Parliament in the traditional sense. Even now, they intend to keep the Auditor General out of crown corporations.

We have seen how helpful to Parliament outside auditors were in connection with Canadair. Canadair has been audited by someone for six years, even though the reports were either late or not submitted to Parliament. How valuable to Parliament was that outside, professional auditor? I make no charges that they did not do their job properly. Of course they did their job properly. They examined the accounts; they certified the bills; they did things auditors normally do. They are not to be faulted, but it was not part of their mandate, as I know it, to present a comprehensive audit, as the Auditor General does in order to give Parliament an idea of what is really going on and in order to alert Parliament to any problems in order to avoid them in the future. We have been told that that kind of comprehensive audit simply would not do, and that the Auditor General was prohibited from conducting such an audit.

• (1530)

Honourable senators, all I can say, in conclusion, is that we need something better than what the minister seems to offer. While the minister gave us, in many respects, an illuminating account of what had transpired, he was something less than detailed and forthcoming respecting what the government itself was responsible for. It is perhaps useful to place one man's observations on the record so that we may know where the shortcomings fall and can pinpoint the problems so that improvements can be made.

Meanwhile, the sad fact is that $1.4 billion has been added to the national debt, and the minister gave us the frank statement that we may have to borrow more money for this company. Whether or not that borrowing will appear in the national debt remains to be seen. I hope it does not, but there is $1.4 billion in borrowing there now and, at 10 per cent, that will cost the Canadian public $140 million a year forever, because we will never pay that debt off. We will have to pay $140 million a year forever as the price of the learning experiences involved in this tragic situation.

What concerns me about the matter is that there is no evidence at all that the government has learned anything from this experience, certainly not with respect to the use of the Auditor General as part of the machinery by which the Canadian public and the Canadian Parliament can be kept informed as to how public moneys are being spent.

I share the minister's hope that all may not be lost; I share the minister's hope that the Challenger will become the cutting edge of the private jet industry; I share the minister's hope that it is technically sound in every respect and can meet the airworthiness requirements and the requirements of its customers; I share the minister's hope that sales will revive, and that if we put new money into this company in the future some good may come of it. But it seems to me that he is taking far too casual an attitude towards the record of the government's involvement in this process. The fundamental fact that I wish he would reflect upon is whether or not, from here on in, at least, a comprehensive audit, such as that conducted by the Auditor General, will be made use of in the future so that we may know the true facts of these matters. If the minister would give use some—I do not like to say "repentance", because that is probably not the right word, but his appreciation of the responsibility of the government to Parliament, particularly in financial matters, I believe it would be found to be far more traditional than this government has exhibited so far.

On every occasion in this situation the government has found some way to avoid reporting to Parliament, even though large sums of money were being authorized in the name of the people of Canada, without the knowledge of the people of Canada or of Parliament itself. I should like him to come to us and say, "We have made a mistake." That would be fine, because we do not expect perfection. I should like him to say, "We have learned two things: we want to be more candid with Parliament; we want to have an Auditor General's report that will give the information Parliament needs to judge the effectiveness of a particular policy."

If the government would consider dealing with those two problems in the future, that would make many of us feel more confident about the operations of the government of this country.

Hon. Douglas D. Everett: Honourable senators, I had not intended to speak to this order, so my remarks will be rather disjointed, and for that I apologize to you in advance.

At the outset, I should like to congratulate Senator Roblin on his magnificent presentation.

Some Hon. Senators: Hear, hear.

Senator Everett: I know of no one in this house who can wrap his mind and his rhetoric around complicated financial matters as well as Senator Roblin does. He has done an outstanding job in this particular case.

First of all, in defence of the minister I should like to say that I asked the question I did because it occurred to me that he might not have been the minister responsible during the period when reports should have been made from Canadair to the government.

Also in his defence, he did in fact cause a comprehensive investigation to be made of the situation at Canadair and laid the report before Parliament. He gave us an opportunity to see the terrible mess the company is in.

Having said that in defence of the minister, I want to say that there is no excuse for what occurred. Senator Roblin is absolutely right when he says that the government cannot hide behind the fact that it was a passive investor. The government owned all of the shares and had complete control of the situation.

We ran into this problem in respect of CCI, Consolidated Computer Incorporated. The government eventually wrote off $125 million on that operation. When we spoke to the minister who was responsible for the loans to CCI, he told us that the

government had appointed a board of directors of the loaning agency and that they were there to ensure that the government's interest was protected.

Those of us who have sat on boards of directors know full well that directors are really not in a position to protect shareholders from the technical depredations of management. They do have certain obligations, and directors are required to fulfil them, but to go into the intricate details of how a company is operating is not a function of a board of directors, and directors rarely exercise it.

It mystifies me that the government is saying that we were protected by appointing a board of directors. I do not think that is any protection at all. The main thing that was happening here was that the management was capitalizing development expenses. They were putting the expenses of the operation into the development of the plane itself in the hope that when the plane sold they would get those expenses back.

That is legitimate accounting. If somebody erects a new building, the realty taxes payable during the period of construction are capitalized into the cost of the building, as are other expenses, but it is a matter of degree as to how far you carry it. In this case, Canadair carried it to an extreme beyond belief. I share Senator Roblin's wonderment as to how the auditors could have produced a certificate year after year as they did. Perhaps there was some justification, but even if there were, it just shows one how far matters can go before it becomes apparent to the shareholders—the Canadian public—that there is a problem.

To give you an example, as I understand it in the last fiscal year prior to the one in which they reported the $1.4 billion loss, Canadair reported a profit of $3 million. Had they used the accounting standards that I gather they are using now, they would have reported a loss of $270 million. There is a big difference between a loss of $270 million and a profit of $3 million.

● (1540)

When we were confronted in the National Finance Committee with the Consolidated Computer loss of $125 million, we recognized at that time that investments in high technology can lose a lot of money very quickly. We realized that perhaps there had to be some ground rules on which these investments would be made by government, and, indeed, the subcommittee under the chairmanship of Senator Doody, is making a study of this matter. I do not believe that the problem is solved by the appointment of a board of directors, because if that were the case it would probably constitute unwarranted interference with management. It is fairly clear that outside auditors are not capable of doing it. Somebody has to do something in that regard, because we cannot go on losing this kind of money. The suggestion that the Auditor General should be authorized to do that sort of investigation is eminently fair and should be pursued.

As I understand it, what we have done is take the Canadian Development Investment Corporation and interpose that between the government and certain of the crown corporations. That is fine, but that in itself does not protect the public. What is essential is some means of getting at the facts. I think Senator Roblin is quite right in saying that the Auditor General must be given the power to make a detailed audit of all crown corporations and to report to Parliament.

What has happened here is a disgrace. It is an absolute disgrace that the government did not know what was going on, and we have to take the responsibility for it. To protect ourselves in this sort of situation is absolutely wrong because we made the mistake. What is really important here is not the mistake, as such, but that we put in place a mechanism which will ensure that it cannot happen again.

Hon. David Walker: Honourable senators, Senator Everett very ably summarized this matter, but I am still at a loss to understand how, under any circumstances, the government could have taken this matter away from the Auditor General and handed it to outsiders from whom none of us could get any information and with regard to whom the Auditor General had no power whatsoever. This is an unbelievable situation. We are not here to criticize, but we would like to have it explained to us and then we can criticize.

Senator Everett: I do not think the Auditor General ever had the right to audit this particular type of crown corporation. I believe that is the issue that is now being raised by Senator Roblin and others, whether or not the power should be extended to the Auditor General to make that sort of audit.

Hon. John M. Godfrey: Honourable senators, I should like to join Senator Everett in congratulating Senator Roblin on his speech. Like Senator Everett, I had no intention of participating in this debate, but I rise to comment on a remark Senator Everett made about the duties of boards of directors. This is a subject in which I have taken considerable interest.

Senator Everett is quite right when he says that a board of directors should not manage a company, and when he says they should not unduly interfere with management. There was a study by the Conference Board of Canada on the duties of boards of directors, and I took part in various discussions in connection with that study. Everyone unanimously agreed that boards of directors should monitor the performance of management, and that when they noted that something was not right, that the company was not performing well, they should take some action. In my opinion, that is where the Canadair board of directors fell down. They did not seem to alert the government to just exactly what management was doing, where it was falling down—for example, the way they were not taking proper write-offs, and so on.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, speaking to third reading of the borrowing authority bill, I have only a brief intervention to make.

First, respecting Canadair, as Senator Roblin hinted, we shall have another opportunity to discuss this matter, and I do not mean that therefore we should not seize this opportunity—

Senator Roblin: May I ask, what other opportunity?

Senator Frith: —to discuss the question of Canadair. Our opportunity will come, of course, when the CDIC legislation is before us, which is directly connected to Canadair, as has been pointed out by the honourable senators who have spoken. I do not intend to take the opportunity away from Senator Austin to reply—

Senator Roblin: He cannot.

Senator Frith: —to some of the allegations and statements that were made today, when the CDIC legislation is before us. Of course, as Senator Roblin has pointed out, he cannot speak again on third reading because he has already spoken.

I consider the observations made by Senator Roblin, Senator Everett and Senator Godfrey to be a very useful sort of "pre-trial" for our further discussions on Canadair, including the methods that were used to capitalize development costs, the role of the Auditor General, or further elaboration from Senator Austin as to why he feels it would be inappropriate to have the Auditor General audit in this case. I remember his mentioning, for example, the comprehensive audit that is done by the Auditor General. "Comprehensive" is a word used to describe what amounts to the benefit and wisdom of hindsight after certain decisions have been made. As Senator Roblin said, this is very useful for many organizations.

Senator Austin's position, as I understood it, is that if he is going to now admit, as has been suggested, that mistakes were made earlier, and is going to try to correct them by this more direct role of the government in the management of Canadair, and wants to recruit high-quality persons from the private sector to the board of directors to help by giving their best judgment on business issues at the time, the "comprehensive" audit will be an inhibition. Any of us who have served on a board of directors knows that all we can do is our best and that we can make mistakes.

I think the objection is—and he will elaborate on this, I am sure—that if we or others are asked to serve on the board of directors of a company of this kind and are asked to bring our best judgment to bear, we may be reluctant to play that role if we think that, two years later, someone with the benefit of hindsight can sit back and coolly judge our decisions and say that such-and-such a decision was not right at the time because it did not turn out to be right. No doubt he will want to speak at some length on this important question as to why the Auditor General's comprehensive audits are not as appropriate for Canadair or for CDIC as they might be in other cases.

Again, the subject is not closed. I make no criticism of its having been raised under the borrowing authority, but we shall have an opportunity to discuss it further when the CDIC legislation comes before us.

As for the rest of the debate on the borrowing authority, I think we all agree that borrowing authority bills are necessary for whatever the budget may be, that this bill is in correct form and is directly linked to the budget. Therefore, I ask honourable senators to support it on third reading.

The Hon. the Speaker *pro tem:* Is it your pleasure, honourable senators, to adopt the motion?

Senator Roblin: On division.

Motion agreed to and bill read third time and passed, on division.

• (1550)

THE ESTIMATES 1983-84

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—DEBATE CONCLUDED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1984.

Hon. Douglas D. Everett: Honourable senators, earlier today I presented an interim report on the main estimates during the Reports of Committees stage. I believe that will give us an opportunity to discuss the matter of estimates.

Therefore, I do not wish to speak to supplementary estimates (A), since much of what I would have said was covered in the debate on the borrowing bill. What I have not said, I propose to say during the debate on the report on the main estimates.

Accordingly, if no other honourable senator wishes to speak, I move that this item be dropped from the Orders of the Day.

The Hon. the Speaker *pro tem:* If no other honourable senator wishes to speak, this order is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 5776*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

INTERIM REPORT ON THE ESTIMATES LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1984

June 14, 1983

The Standing Senate Committee on National Finance to which the estimates laid before Parliament for the fiscal year ending March 31, 1984, were referred, presents, in obedience to the Order of Reference of Tuesday, March 1, 1983, its interim report as follows:

The Subcommittee on Estimates, chaired by the Honourable Senator Doody, examined the expenditures proposed in the main estimates laid before Parliament for the fiscal year ending March 31, 1984.

OVERVIEW

The Subcommittee held six sessions during which it heard evidence from the following witnesses:

Issue No.	Date	Witness
5	March 15, 1983	The Honourable Herb Gray, P.C., M.P. President of the Treasury Board
8	April 20, 1983	Mr. Michael McCracken President Informetrica Ltd.
10	April 28, 1983	Mr. Michael McCracken President Informetrica Ltd. Ms. Elizabeth Ruddick Chief of Forecasting Services Informetrica Ltd.
13	May 31, 1983	Mr. J.J. Noreau Deputy Secretary Program Branch Treasury Board
14	June 2, 1983	The Honourable Marc Lalonde, P.C., M.P. Minister of Finance
15	June 7, 1983	The Honourable Jean Chrétien P.C., M.P. Minister of Energy, Mines and Resources

When reviewing the estimates the Subcommittee chose to focus on four themes. These were:

1) Part I of the Estimates: The Expenditure Plan.

2) Short and long term considerations of deficits.

3) Energy pricing in Canada and its impact on government expenditures and revenues.

4) Measuring the size of the Public Service.

PART I OF THE ESTIMATES, THE EXPENDITURE PLAN

When the main estimates, 1983-84 were tabled, the Minister indicated that there were two reference points for comparing this year's total outlays to those of 1982-83. These were:

1) the total value of the main estimates 1982-83 at the time of their presentation to parliament in 1982.

2) the value of total government ependitures for 1982-83 as of 1983-84 main estimates time.

Comparing main estimates 1983-84 to main estimates 1982-83, total outlays rose by 17.4 percent. However, comparing main estimates 1983-84 to the latest data for total outlays for 1982-83, expenditures rose from $81.1 billion to $88.9 billion; an increase of 9.6 percent. The Subcommittee expressed concern that the reasons of consistency, main estimates for any year should be compared to main estimates of the previous year. While the President of the Treasury Board indicated that the government attempts to include, under envelope reserves, the amounts necessary to finance future supplementary estimates, the Subcommittee noted that such forecasting in recent years has been underestimated and, therefore, the only basis for consistent comparisons was main estimates of one year with main estimates of the previous year.

The Subcommittee also expressed concern that in 1982-83, 59 percent of the estimates were statutory. For this fiscal year, 1983-84, the statutory component rose to 63 percent; this left a decline of 4 percent of total estimates available for government to meet contingencies or deal with emergencies without increasing total spending. This increase in the statutory component means that once Parliament approves the legislation, no authority from year to year is required from Parliament for expenditures based upon these statutes.

SHORT AND LONG TERM CONSIDERATION OF DEFICITS

In his testimony Mr. Michael McCracken identified four major areas of concern related to the financing of the deficit. These are:

1) Monetization of the deficit and its impact on inflation.

2) Financing the deficit and the "crowding out" of private sector borrowing.

3) Financing the deficit and its effect on the exchange rate.

4) The structural portion of the deficit and the size of the deficit compared to GNP.

1) Monetization of the Deficit and its Impact on Inflation

In his testimony, Mr. McCracken stated that:

> "We have seen real growth come down with lower [growth in the] money supply, and we would expect that out of symmetry that with some increase in the [growth in the] money supply you might get some real growth and not necessarily inflation."

But both Mr. McCracken and the Subcommittee felt that such symmetry is possible only if the lag between the growth in the money supply and real income is known. That is, if there is uncertainty about the length of time it takes for an increase in the money supply to have an affect on economic growth, then such increases can lead to inflation through two channels. Firstly, if inflationary expectations remain strong, expansion of the money supply may not lead to immediate economic growth and may rekindle inflation. Secondly, if economic growth begins as a result of other events between the time of the decision to expand the money supply and its effect on the growth in the economy, then such an expansionary monetary policy may cause the economy to overheat and further fuel inflation of prices and interest rates. While the Subcommittee recognized the importance of both factors, they expressed particular concern that inflationary expectations still remain high in the economy today. In light of this, Senators were perturbed by remarks by the Minister of Finance that the inflationary effects of expansionary monetary and fiscal policies were not a matter of concern at this time because of the low level of utilization of industrial capacity and the high level of unemployment. While the Subcommittee agreed with the Minister of Finance that there is a need to stimulate the economy, they expressed concern that an expansionary monetary policy in this economic climate will be inflationary.

2) Financing the Deficit and the "Crowding Out" of Private Sector Borrowing

None of the witnesses expressed any indication that this is a matter for concern at the present time. The Minister of Finance stated that the private sector is currently in a period of consolidation after facing sharp declines in corporate savings last year, and when this fact is combined with the high rate of saving that Canadians are generating it is unlikely that federal borrowing would put upward pressure on interest rates.

3) Financing the Deficit and its Effect on the Exchange Rate

The Subcommittee also heard testimony describing the relationship between deficit financing and the exchange rate. The witness testified that the relationship is highly complex and is intertwined with the rate of interest. If the deficit does not stimulate the economy by creating growth in real income, then it is likely to generate an increase in both inflation and interest rates. Inflation will put downward pressure on exchange rates while a rise in interest rates, relative to other countries' rates, will have the opposite effect. Overall, the effect of a deficit on the exchange rate is not clear but depends, among other factors, on the strength of the competing forces of inflation and rising interest rates.

The Subcommittee also expressed concern that the Canadian dollar may be under pressure to the extent that there is international concern that the Canadian deficit is out of control. The witnesses indicated that Canada, relative to other countries is not seriously burdened by its deficit. The Department of Finance in *Federal Deficit in Perspective*, released at the time of the Budget, reports that over the period 1975-1981, the deficit as a percent of GNP for the total Government Sector in Canada was 2.1 percent; this was lower than in the U.K., Germany, Italy or Japan. However, in 1982, the figure for Canada was 5.3 percent and was surpassed only by Italy. (see *Federal Deficit in Perspective*, Table C-1)

4) The Structural Portion of the Deficit and the Size of the Deficit Compared to GNP

The Subcommittee then examined the components of the deficit to determine whether there is any permanency to such deficits. Witnesses indicated that there are two main components of the deficit.

1) The first is the cyclical component brought on by weak economic activity which results in increased government requirements for social programs such as unemployment insurance and a fall-off in government revenues.

2) The second is a structural component resulting from a structural imbalance between expenditures and revenues. This is brought about by discretionary government action in the form of new programs such as those introduced in the recent budget and changes to existing programs such as unemployment insurance.

The Department of Finance reported that the actual federal deficit in 1982 as a percent of GNP was about 6 percent or $21.1 billion (see *Federal Deficit in Perspective*, p. 34, Table B-1). When the cyclical component is removed, (i.e. the value of automatic stabilizers such as unemployment insurance is dampened to account for troughs in the business cycle) the federal government was left with a structural deficit of about 3 percent of GNP. By 1987 the Department of Finance estimates that this structural deficit will decline to under 2 percent while the actual deficit will fall to under 3 percent.

But as Mr. McCracken pointed out, there remains a problem in defining how great the cyclical influences are on government revenues and expenditures. That is, to remove the cyclical influences, the government must have in mind some level of unemployment which is consistent with a level of economic activity without cyclical influence. The Department of Finance used high and low measures of unemployment (7.0 percent and 6.3 percent) when defining the cyclical component of the deficit in 1982 and indicated that these measures are not indicators of full employment but of an average rate of labour utilization. With the cyclical adjustments, the Department of Finance indicated that even then there remains a structural

deficit which implies that Canada will be running a deficit even at 6.3 percent unemployment.

It is the view of the Subcommittee that deficits that contribute to real growth, and are declining relative to the size of GNP each year, are not a burden especially when the economy is operating below capacity. To achieve this objective government should continue its expenditures financed through deficits only as long as such expenditures remain more productive than private sector investments, and the economy is not in danger of overheating.

The Subcommittee also recognized that in considering the effect of a deficit, provincial and municipal budgets cannot be ignored and therefore assessments of deficits should take into account the budgets of all levels of government.

ENERGY PRICING IN CANADA AND ITS IMPACT ON GOVERNMENT REVENUES AND EXPENDITURES

In examining energy pricing in Canada the Subcommittee began its review by focusing on two issues:

1) The three key price setting elements of the Canada/Alberta energy agreement,

2) The impact of stabilizing world oil prices on Canadian energy policy.

1) The Three Key Price Setting Elements of the Canada/Alberta Energy Agreement

(a) Prices for Conventional Old Oil

The governments of Canada and Alberta agreed that the overall average wellhead price of conventional old oil will increase from the August 1981 price of $18.75 per barrel, in accordance with the schedule shown in Table 1, but subject to the condition that the overall average field price of conventional old oil plus transportation costs to Montreal, adjusted for quality, **will not exceed 75 percent of the actual international price.**

Table 1

FIELD PRICES OF CONVENTIONAL OLD OIL

($/bbl)

	Increase	Level
Oct. 1, 1981	2.50	21.25
Jan. 1, 1982	2.25	23.50
July 1, 1982	2.25	25.75
Jan. 1, 1983	4.00	29.75
July 1, 1983	4.00	33.75
Jan. 1, 1984	4.00	37.75
July 1, 1984	4.00	41.75
Jan. 1, 1985	4.00	45.75
July 1, 1985	4.00	49.75
Jan. 1, 1986	4.00	53.75
July 1, 1986	4.00	57.75

For the purposes of the Agreement, "old oil" means oil recovered from a pool initially discovered **prior to January 1, 1981.**

(b) New Oil Reference Price

Effective January 1, 1982, a New Oil Reference Price (NORP) came into effect and applies to new oil. New oil is defined as conventional new oil in Alberta, synthetic oil and oil from Canada Lands. The NORP "base prices" are those shown in Table 2 under the heading "Delivered at Montreal".

Table 2

NEW OIL REFERENCE PRICE SCHEDULE

($/barrel)

	Delivered At Montreal	Estimated Wellhead
1982 January 1	47.30	45.92
July 1	50.60	49.22
1983 January 1	54.50	53.06
July 1	58.50	57.06
1984 January 1	61.70	60.18
July 1	65.00	63.48
1985 January 1	68.40	66.83
July 1	71.80	70.23
1986 January 1	75.70	74.08
July 1	79.10	77.48

The NORP (adjusted to the average quality of imported crude oil laid down at Montreal) is **not to exceed 100 per cent of the actual international price.**

(c) Natural Gas Prices

During the term of this Agreement, natural gas destined for domestic markets east of Alberta is priced at the Alberta border. The Alberta border price in effect on September 1, 1981 was to be increased by 25 cents per Mcf (1000 cubic feet) commencing February 1, 1982 and thereafter increased by 25 cents per Mcf every six months.

It was the intention of the federal government to establish the level of the tax on domestic sales of natural gas and gas liquids so that, taking into account a range of factors including gas transportation costs, the parity relationship between the wholesale price of natural gas at Toronto and the blended price of crude oil at Toronto **will remain at approximately 65 percent.**

2) The Impact of Stabilizing World Oil Prices on Canadian Energy Policy

Based on these price agreements, Mr. McCracken indicated that the federal government anticipated generating revenues between 1981 and 1986 of $38.8 billion. (This excludes corporate income tax.) As of the April budget, the expected value of these revenues had fallen to $13.8 billion. These data are summarized in Table 3, which was presented to the Subcommittee by Mr. McCracken.

Table 3
ESTIMATES OF FEDERAL ENERGY REVENUES 1981-86
(Billion $)

	"Agreement" Sept. 1981	NEP Update May 1982	Budget** April 1983
Canadian Ownership Charge	1.5	1.6	5.7
Natural Gas and Gas Liquids Tax	13.8	4.1	2.6
Oil Export Tax*	0.7	1.6	0.8
Incremental Oil Revenue Tax	7.1	3.7	0.5
Petroleum and Gas Revenue Tax	23.0	16.6	11.9
Petroleum Incentive Payments	(7.4)	(8.9)	(8.1)
Corporate Income Tax	22.0	16.9	N/A
Petroleum Compensation Charge	0.1	—	0.4
TOTAL	60.8	35.6	13.8
(excluding corporate tax)	38.8	18.7	13.8
Estimated Price of Imported Oil, Landed in Montreal (Cdn.$/barrel), 1986	$77.60	$56.54	$49.11 ***

* Excludes portion to provinces.
** Estimated on fiscal year basis.
*** Estimated by Informetrica from Budget.

Source: Energy, Mines and Resources June 1982, The Fiscal Plan, Department of Finance, April 19, 1983, and Informetrica Ltd.

These estimates were calculated on the assumption that the pricing agreements for domestic old oil, new oil and natural gas would remain in effect until 1986 as would the respective ceilings.

The testimony of Ms. Ruddick and Mr. McCracken indicated that the government has little option but to try to renegotiate the Canada/Alberta agreement. They indicated that in doing so, there were two general options. The first is to give up the 65 percent gas/oil parity and attempt to maintain the parity for domestic/world oil near 75 percent by rolling back oil price increases previously agreed to between the federal government and Alberta. The second option is to raise the 75 percent domestic/world oil parity either to world prices or close to them, but leave the 65 percent gas-oil parity. The Minister of Energy, Mines and Resources indicated that there was a third option which calls for maintaining the 75 percent and 65 percent parity ratios by rolling back both gas and oil price increases previously agreed to by the governments of Canada and Alberta. However, the Minister warned the Subcommittee that any move to deregulate domestic oil prices and shift to world prices for oil, could mean an end to a "made in Canada" energy pricing policy.

The Subcommittee concurred with the testimony from Mr. McCracken that higher net-backs to the producers encourage the development of domestic energy supplies. However the Subcommittee had reservations about the price domestic consumers would pay for oil and gas when the greatest part of the price is going to governments in taxes. If consumer prices were to rise in proportion to increases in wellhead prices, provincial revenues (for both consuming and producing provinces from gas and oil sales) and federal revenues would no doubt rise. The Subcommittee expressed concern regarding the use of these revenues and whether government expenditures would prove to be any more productive than if the money were left in the hands of consumers.

MEASURING THE SIZE OF THE PUBLIC SERVICE

In examining the size of the public service, the Subcommittee found confusion as to which departments and agencies are included as part of the public service. The Subcommittee learned that there are two ways of classifying that part of the Public Service which is controlled by Treasury Board.

1) the part of the Public Service where total authorized person-years is controlled by Treasury Board and for whom the Treasury Board is the employer and bargaining agent;

2) the above part plus the additional part of the Public Service where the Treasury Board is not the bargaining agent.

Officials of the Treasury Board also testified that there are other organizations which are not included in the main estimates but which are included by Statistics Canada in reporting federal government employment. These organizations include:

1) the Bank of Canada

2) Commissions of Inquiry

3) Enterprises which do not require appropriations and in which the government owns more than 50 percent of the voted stock.

The Subcommittee expressed concern that the Treasury Board is not making use of productivity criteria in determining the authorized level of person-years for any program. Officials of the Treasury Board indicated that the introduction of productivity criteria is now the responsibility of the Comptroller General and this includes responsibility for the Operational Performance Measurement System (OPMS) which was introduced some years ago by Treasury Board to measure productivity in the public sector. When questioned, the Treasury Board officials did not know whether OPMS was effective or is still being employed nor did they have any information on the methods used or the progress made in measuring and improving productivity in the federal government.

The Subcommittee pointed out that while the government has indicated its concern for productivity in the private sector, it should also show its concern for productivity within the public sector. One way of doing this is to develop measures for productivity performance. As an example the Subcommittee noted that in the report of the Standing Senate Committee on National Finance, *The Accommodation Program of the Department of Public Works*, 1978, it recommended that the productivity measure of "revenue dependency" be introduced for the Department of Public Works (DPW). Such a system would make DPW operate its realty activities on market criteria. The concept of "revenue dependency" put forward by the Committee was accepted by the Treasury Board and by the Department of Public Works as indicated by the Ministers and

officials of those departments when they appeared before the Committee at its hearing on March 20, 1979. The Treasury Board officials advised the Subcommittee that the implementation of "revenue dependency" is proceeding following a test run of the concept in Halifax.

Respectfully submitted,

D. D. EVERETT
Chairman

THE SENATE

Wednesday, June 15, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. MAURICE LAMONTAGNE, P.C.

FUNERAL ARRANGEMENTS

The Hon. the Speaker: I wish to remind honourable senators that at 10.40 a.m. tomorrow a bus will be made available for their transportation to Notre Dame Basilica for the funeral of the late Senator Maurice Lamontagne.

I have invited the family and close friends of our dear colleague to my drawing room following the funeral, to afford senators the opportunity of offering their condolences to the family.

APPROPRIATION BILL NO. 2, 1983-84

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-164, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Leave is granted on the condition that the debate be adjourned this afternoon by a senator on this side and continued next week.

Hon. Royce Frith (Deputy Leader of the Government): That is the plan.

Motion agreed to.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

STATEMENT BY MINISTER OF STATE FOR SOCIAL DEVELOPMENT PRINTED AS APPENDIX

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I ask leave to have appended to today's *Debates of the Senate* my statement on the financial results for de Havilland Aircraft of Canada, Limited.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

(*For text of statement see appendix, p. 5812.*)

NATIONAL DEFENCE

CONSIDERATION OF SECOND REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE ADJOURNED

Hon. Paul C. Lafond, for Hon. George C. van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, tabled the second report of the Subcommittee on National Defence entitled "Canada's Maritime Defence."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Lafond: With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Lafond: Honourable senators, I regret having to present this report in page proof form, but the Canadian Government Printing Bureau defaulted on its commitments to deliver the finished product, initially last Friday, then yesterday and again this morning. The text, however, is intact, final and, I suggest, most valuable.

First, I should like to express my gratitude to members of the subcommittee who laboured so assiduously and successfully on this study. While the Senate itself suffered a grievous loss last December in the demise of Senator G. I. Smith, his loss was felt most seriously in the Subcommittee on National Defence. Honourable senators will recall that Senator Smith's last intervention in this chamber was on the first report of the subcommittee.

In preparing my notes for this presentation today, I went over what I had to say in similar circumstances on February 10 last year, when I tabled the first report of the Subcommittee on National Defence. I could repeat myself with more emphasis and more vehemence and it would be entirely appropriate. If the government would only give more heed to what we have to say, there might then be some hope of Canada's emerging from the sorry situation it has complacently settled into.

The story we have to tell is not a pleasant one; it is a sad one. We have been and are being terribly imprudent in ignoring elementary safeguards for the protection of our sovereignty, in peace as well as in conflict, and we are unacceptably deficient in honouring our commitments to our allies in the defence of our continent or of the alliance of democracies.

The most recent issue of the Canadian foreign affairs magazine *International Perspectives* carries a lead article by Professor Nils Orvik entitled "Canada needs defence against help." The title says it all, but I commend this article to honourable senators.

Help we would receive from our neighbours to the south, certainly, against any hostile act towards Canada. But if we were, as I believe we are close to being, in a situation of self-induced helplessness, such help would be to the detriment of much of the sovereignty for the assertion of which we had to go through such constitutional throes some months ago, as we were told.

It seems to me that of equal priority in peacetime as in time of conflict are the preservation of Canada's sovereignty and the creditable fulfilment of her commitments to her allies. It also seems to me that Canada's maritime forces have the major role in both endeavours.

Honourable senators, sovereignty is more than a concept to be repetitively proclaimed. It must be continuously asserted and exercised in tangible and visible fashion. Our geography dictates that this be done, particularly in our Arctic and our extended sea frontier. We must keep in mind that encroachments, from friend or foe, on our sovereignty can easily be invited through inertia. This is a task our maritime forces are best fitted to execute efficiently and visibly, given the manpower and the equipment.

● (1410)

With respect to the purely military scenario in peace and in war, our geography again dictates that our first priority, for purely selfish reasons as well as for the reasons implicit in assuming our responsibilities to our alliances, is keeping the sea lanes and our harbours open and operative. This again is a task only our maritime forces are fitted to execute competently if they are provided with the manpower and the equipment.

The conclusions and recommendations in this report are not revelations. Much of the testimony before our subcommittee has been public, and the conclusions have been obvious. It is only normal that in recent weeks commentators have drawn them and published them. This is all to the good, since it is your subcommittee's basic purpose to call the attention of Canadians to just how shaky our defences are.

A public debate on defence policy is required now, so that the people of Canada can be thoroughly acquainted with just how much defence they do possess, and make a rational decision about whether that much is good enough.

If the Canadian people decide, and I think they will, that their defence has been allowed to slip below an acceptable level, they would be prepared to make available resources to rectify the situation.

[Senator Lafond.]

We are fully aware of the fiscal and financial difficulties currently confronting our national government. These difficulties severely constrain what can be done to bring about improvements in any area of national policy. Nevertheless, the time has come to abandon the pretense that all is well with our armed forces; to place the facts before the public and, following a free, frank and open discussion, to set a course for the next two dangerous decades.

Canada, one of the world's greatest industrial powers, one of the resource-rich nations of the world, and one of the world's few democracies, has put this incredible patrimony at risk through lack of attention to its defence posture and lack of support for its men and women under arms. I am confident the people of Canada would agree with this conclusion if the facts were placed squarely before them.

I suggest the best way open to us to achieve this is to have a thorough debate on the substance of our report in this chamber. It is reasonably succinct and concise, and should be read thoroughly by all honourable senators. We have endeavoured to spell out the state of our Maritime Command, to identify the tasks we expect it to perform, to define the perils, to suggest steps to counter them and to establish their cost.

I also suggest there is no such thing as lack of interest in defence matters, and there should not be. All honourable senators should put on record their views, observations or reservations on the protection of our territory, our peace and our way of life. I am sure our colleagues who are members of the subcommittee or I, when closing the debate, will be pleased to present explanations or reply to questions.

The Leader of the Government can assume that we would expect, as with our first report, a response from the government to be placed on the record of this chamber before this debate is concluded. I have already intimated as much to the Minister of National Defence.

Your subcommittee now wishes to pursue its inquiries by examining Air Command, with particular attention to continental air defence, detection and resistance, and strategic and tactical transportation of personnel and equipment.

On motion of Senator Marshall, debate adjourned.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(*a*) moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation hereto.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today, it do stand adjourned until Monday, June 20, 1983, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

● (1415)

[*English*]

Senator Frith: Honourable senators, as we discussed yesterday, the adjournment until Monday evening at 8.00 o'clock is in accordance with the plan we launched then. It is that the Senate adjourn until 2 o'clock each day, except for Mondays, until it adjourns for the summer recess. So, we shall be sitting at 8 p.m. on Monday, at 2 p.m. on Tuesday, and at 2 p.m. on Wednesday.

We hope to have Royal Assent on Wednesday. Then, if there are no further bills expected or business before the Senate, we shall adjourn until the following Monday or Tuesday. If we decide to adjourn until Monday, we shall adjourn until Monday at 8 o'clock in the evening rather than at 2 o'clock in the afternoon.

Hon. Jacques Flynn (Leader of the Opposition): Would that be Monday, June 27?

Senator Frith: Yes. I say that so all chairmen of committees and honourable senators are aware that that does depart from the practice of leaving Wednesdays free for committee meetings. The plan is to sit at 2 o'clock so that, if we require further debate on a particular piece of legislation coming from the other place, or on reports of committees dealing with legislation, we shall have the evening in our pocket, so to speak.

Summarizing, except for Monday sittings, when we will likely sit at 8 o'clock in the evening, we shall sit at 2 o'clock in the afternoon.

Senator Flynn: I agree with the proposal made by the deputy leader. However, I suppose he is not in a position to tell us anything more regarding the program the government hopes to accomplish before we adjourn, as was suggested yesterday by the deputy leader, on June 30, if that is still the objective.

I wonder if we can be told what bills are likely to come before the Senate that the government considers must be approved by Parliament before June 30, or before the summer adjournment.

● (1420)

Senator Frith: Honourable senators, I have very little to add to what I said yesterday. As is implied in what Senator Flynn said, several priority bills have now cleared the other place—namely, the borrowing authority bill, the supply bill and Canagrex. We know that the bill relating to the Crow rate has some priority, and I shall have more information next week as to its degree of priority. As I understand it, that leaves us with the bill relating to the sports pool—

Senator Flynn: That is the one I wanted to talk about.

Senator Frith: There are bills that fall into two categories: those that are controversial but that the government might want passed by June 30; and those that are non-controversial. I hope I will have more detail some time next week.

Senator Flynn: My understanding is that the only controversial bills are those relating to the Crow and the sports pool.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): There is nothing controversial about them.

Senator Flynn: Probably the reason they have become controversial is because they have been prepared by the former Leader of the Government, Senator Perrault. I understand that with reference to the bill relating to the Crow rate, the government's objective might be only to have it referred to committee, and that we would not have to deal with it before the summer adjournment. Does the deputy leader have any information on that?

Senator Frith: Not yet.

Motion agreed to.

QUESTION PERIOD

[*English*]

HEALTH AND WELFARE

MEDICARE—USER FEES AND EXTRA BILLING

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Social Development. Has the government decided, as indicated by the Minister of National Health and Welfare, to introduce legislation in the fall to make user fees and extra billing in medicare illegal?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, the government is considering legislation respecting our medicare program. When a decision is made, the Minister of National Health and Welfare will announce it.

Senator Murray: The Minister of National Health and Welfare has taken it upon herself to make such an announcement in New York, namely, that the federal government plans to introduce a new Canada Health Act in the fall that will make user fees and extra billing illegal. Is that the intention of the government or not?

Senator Austin: I will have to let the minister's statement, as quoted by Senator Murray—if it is accurate—stand on the record. I have no comment to make with respect to it, except

to say that I shall ask her what point she intended to make in that speech in New York.

Senator Murray: May I ask the minister whether it is the position of the government that there is some authority under which the Government or the Parliament of Canada could impose these conditions on the provinces, given the constitutional jurisdiction, which he is aware of, and the fact that any intervention by the federal government in this field has always been taken after negotiation and agreement with the provinces?

Senator Austin: Honourable senators, I understand that the Minister of National Health and Welfare has been conducting discussions with provincial health ministers in such provinces as Alberta, Ontario and New Brunswick, and those consultations, I suppose, will continue. It is the position of the government—and the matter has been discussed in this chamber—that the universality of medicare is a policy which will be protected by this government. Whether legislation will be introduced in the fall making amendments that enhance that universal program is something I will be glad to report on if I am in a position to do so, or that the Minister of National Health and Welfare will report on when she is in a position to do so.

I should like to mention that I very much welcome the public position taken by the new leader of the Progressive Conservative Party on universality and medicare. It is a statement that shows sensitivity and awareness of an issue that is of concern to all Canadians.

● (1425)

Senator Murray: The minister should not be at all surprised by the position taken by the Conservative Party, since medicare was brought in as a result of a decision taken by the Diefenbaker government following the royal commission of Mr. Justice Emmett Hall.

Senator Austin: What I should like to hear from Senator Murray and other senators on his side is some tone of approbation with respect to medicare. What I heard in the last exchange I had with some of his colleagues was a suggestion that user-pay and extra billing were to be permitted activities under a national and universal medicare program.

Hon. Jacques Flynn (Leader of the Opposition): Who said that?

Hon. Martial Asselin: Name him.

Senator Austin: Senator Donahoe said it very clearly.

Senator Asselin: No, he did not say that.

Senator Murray: The minister should read the record and should have listened more carefully when the discussion was taking place in this chamber.

I was interested in the minister's statement a few moments ago that discussions have been under way between his colleague, the Honourable Monique Bégin, and the provinces on this matter. I noted that the Minister of State for Social Development mentioned Alberta in particular. In view of the statement made yesterday by the Alberta Minister of Hospitals and Medical Care, the Honourable David Russell, that:

> It does get a bit frustrating. She—

Meaning Miss Bégin.

> —and the prime minister say there are ongoing discussions about the new health act, but we haven't heard about them.

would the Minister of State for Social Development tell us when, where and how these discussions have taken place without the participation of the Province of Alberta?

Senator Austin: Honourable senators, the quotation Senator Murray has just read is somewhat puzzling to me because I have seen, on the press record, acknowledgements by Mr. Russell that he has met with Miss Bégin within the last four weeks to discuss the question of user-pay and extra billing, and that he is aware of deep ideological differences between himself and Miss Bégin over these questions.

Miss Bégin, in turn, has said in the press that these discussions will continue in the hope that these differences may be settled, but that the federal government will not step away from its commitment to universal medicare.

Honourable senators, I will be pleased to review the various press statements on this subject to assess whether I am being too hard on Mr. Russell. Perhaps he does not intend to introduce user charges.

Senator Murray: I would ask the Leader of the Government whether the Minister of National Health and Welfare was speaking for the government when she said in New York yesterday that she will introduce a new Canada Health Act in the fall, which will make user fees and extra billing illegal.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the answer to that is very simple. It is that the Minister of State for Social Development has already answered the question.

Senator Murray: No, he has not. I am asking the Leader of the Government, whose responsibility it is in this chamber to tell us what the policy of the government is, whether one of his colleagues was speaking for the government. I want to know whether Miss Bégin spoke for the government in giving that undertaking in New York yesterday.

Senator Olson: The reply that was given by the Minister of State for Social Development was completely accurate. It was to the effect that he would examine that; and, furthermore, that when announcements are to be made for and on behalf of the government, the minister directly responsible—in this case, Miss Bégin—will make them.

In the meantime, if Senator Murray is attempting to draw either Senator Austin or me into making statements—

Senator Flynn: Speak for yourself.

Senator Olson: —on government policy based on newspaper reports, I think he should do what he has reminded us to do on a number of occasions, and that is, look at the rules. It is

improper to ask the question; and it is even more improper, under citation 357, to answer the question.

Senator Murray: Would the Leader of the Government obtain from Miss Bégin's office, or perhaps the Consul General in New York, a copy of the speech made in New York yesterday and have it tabled in the Senate so that we can all see it and ask further questions on this subject?

Senator Olson: The Minister of State for Social Development has already given Senator Murray an undertaking that he will look into that matter. I believe that he is also going to have an interpretation from Madam Bégin, which will be far more profound than the interpretation put on some newspaper report by Senator Murray.

• (1430)

Senator Flynn: Honourable senators, I have a supplementary question. The suggestion that the user fee could be made illegal makes it necessary that it be attached to some jurisdiction of the federal government. I do not see how this can be done other than by making the charging of user fees, or even the adoption by a legislature of legislation providing for user fees, a criminal offence. Is that what the minister had in mind when she mentioned that she would make user fees illegal? Would it become a criminal offence for a doctor to charge a user fee or even for provincial legislation to provide for such a fee?

Senator Olson: Far be it from me to give a former Minister of Justice and a long-time expert on rules and the constitutional division of powers either an interpretation or legal advice on what is constitutionally possible. I could go into some discourse—

Senator Flynn: You win, you win.

Senator Olson: —as to the constitutional basis on which the federal government can make legislation respecting the protection of the universality of medicare, but I am sure that my honourable friend knows all of that even better than I do.

SPORT

WORLD UNIVERSITY GAMES—FEDERAL FUNDING

Hon. Paul Lucier: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport. I was in Edmonton earlier this week and heard some concern being expressed about the funding for the University Games which will be held there this summer. Can the minister assure the people of Alberta that the federal government is doing its share to ensure the success of those games?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I appreciate the opportunity to state most emphatically that, largely because of the outstanding efforts of the Honourable Senator Olson, the Leader of the Government in the Senate, a generous amount of federal government funding has been made available for the second largest multi-sport international event in the entire world—the World University Games to be held in Edmonton between July 1 and July 11.

Honourable senators, this is a very important athletic event. Many Canadians do not, as yet, fully appreciate the size and scope of the games. At this event, 98 countries and over 4,500 athletes are expected to compete. The Soviet Union and China will each be sending more than 300 athletes to participate. Together with representations from other nations, they will form part of the largest sports delegation from abroad that this country has ever hosted. Nine hundred media representatives will be covering the event. The Canadian team consists of 250 athletes, all of whom are hopeful that they will go on from Edmonton to the Olympic Games in Los Angeles. The World University Games are second only to the Olympics in size and scope.

Yesterday in Ottawa there was a flame ceremony held on Parliament Hill. The University of Ottawa and Carleton University played key roles in conveying the games torch to Ottawa, maintaining its continuity, and relighting it for successive runners to convey it all the way to Edmonton in time for the opening of the Games on July 1.

I urge honourable senators to plan to go to Edmonton to attend this outstanding Canadian-hosted event. The work done by our colleague in the Senate, Senator Olson, and by many others, including those of different party affiliations, deserves the support of all of us. This is an opportunity to indicate to our Canadian athletes that we appreciate all they have done to train for this outstanding event. Honourable senators, this invitation to Edmonton is not a partisan or regional one. It is extended to all Canadians, because sport transcends our political and regional differences.

In terms of federal government investment in the Universiade '83, may I say to Senator Lucier that the federal government is providing a total estimated amount of approximately $14 million to cover direct and indirect costs. We regard this as an investment. The thousands of people who will be attending the games will leave behind in Canada a great deal of purchasing power, and the jobs created will be totally consistent with our program to increase employment during this time of economic stress.

Some Hon. Senators: Hear, hear!

Hon. Jacques Flynn (Leader of the Opposition): That is a good commercial.

Hon. Jack Marshall: Honourable senators, I have a supplementary question. In view of the fact that the minister is advocating that as many people as possible attend, and in view of the fact that Air Canada has just asked for an increase of 5 per cent because they cannot get enough people to fly at special fares, has the minister had any consultation with Air Canada to allow special rates for people from the other end of the country to attend the games in Edmonton?

• (1435)

Senator Perrault: Senator Marshall has asked a good question. I hope that there will be some domestic charters put in place to enable citizens from, for example, Newfoundland to

come to Alberta. May I offer this suggestion to Senator Marshall? We have a good rail system. VIA Rail is attempting to attract an increasing clientele. Here is an opportunity for Senator Marshall and other citizens of the great province of Newfoundland and other Atlantic provinces to board the VIA Rail train in those provinces and spread purchasing power all across Canada on their way to Alberta. That will help Alberta, Manitoba, Ontario and all the other provinces. Let us make this a summer when thousands of Canadians will plan to see Canada, and that includes the great Yukon and Northwest Territories.

Senator Marshall: Could the minister explain how the people of St. John's will get to Sydney to get on that train? Will they walk the 560 miles from St. John's to Port aux Basques, and probably miss the games?

Senator Perrault: There were many suggestions at the Conservative Party convention at the weekend that many Conservatives are capable of walking on water. If this is true, this may be one way for some Canadians to get across to the mainland.

Hon. Martial Asselin: That is a good suggestion.

Senator Flynn: We were trying to copy Trudeau.

VETERANS AFFAIRS

HONOURABLE DANIEL MacDONALD MEMORIAL BUILDING, CHARLOTTETOWN, PRINCE EDWARD ISLAND—LAYING OF CORNERSTONE

Hon. Heath Macquarrie: Honourable senators, before I refer to another event, which, in the immortal words of Senator Perrault, is also non-partisan, I can tell him that, while the Conservative Party is not at the moment walking on water, there are very good portents that we are walking very definitely upward, and I hope he will be prepared for that.

I wish to direct a question to the Leader of the Government in the Senate concerning an event that took place in Charlottetown, Prince Edward Island, this morning, namely, the laying of the cornerstone of the Honourable Daniel MacDonald Memorial Building, which will be the Department of Veterans Affairs centre for the whole of Canada. I remember many months ago suggesting, as my colleague, Mr. McMillan, did in the other house, that nothing could be more appropriate than naming that fine building after that most outstanding minister, Mr. MacDonald, who was a colleague of mine for many years, and a friend for longer.

I hope the minister will convey to those concerned, if there are any, that I, as a member of the upper house, as a former colleague and as a representative of Charlottetown for over a quarter of a century, would very much like to have been at that opening today. However, since I heard about it only a few minutes before noon on Monday, since Air Canada had no space and so many people were wisely wanting to go to Prince Edward Island, since Senator Perrault's suggestion about VIA Rail would not get me there in time, and since although I once won a walkathon of 20 miles I would not trust myself to walk, I feel great regret that I could not make it. I would like to have been there with Senator Phillips and some of our colleagues from the lower house. I do not see Senator Bonnell here, and I cannot say where he is or for where he is destined.

I want it conveyed that we believe that the designation of that building for our dear colleague, an outstanding Islander, was one of the finest things that this government has done, a government not distinguished for fine things. However, in this case it has done a fine job. I regret that, because of either ineptitude, lack of consultation, slow planning, or whatever, I was not able to be there. Certainly it had nothing to do with a lack of desire to be there on that most auspicious occasion.

• (1440)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish to thank the honourable senator for his kind and appropriate remarks. I was going to say "generous" remarks but I am sure he will understand if I say that the word "appropriate" is more suitable on this occasion with respect to our colleague, the late Honourable Daniel MacDonald. I concur with the honourable senator. The government recognized some time ago the contribution made by Mr. MacDonald to Canada and, in particular, the Department of Veterans Affairs and the functions of that department. It is therefore appropriate to name that building after him. I regret if there was insufficient time for the honourable senator to make travel arragements in connection with that event. I do not have sufficient knowledge of the situation to give a more adequate reply to the question, but I appreciate the honourable senator's comments regarding our colleague.

Hon. Frederick W. Rowe: Honourable senators, further to Senator Macquarrie's comments and the courteous reply of the Leader of the Government, I should like to ask the leader if he plans to have this matter of invitations looked into, as there may be other incidents of a similar nature that require examination. Recently in St. John's, Newfoundland, Canada's most modern hotel was completed and opened. I understand that approximately 600 guests were invited to the opening ceremony of that hotel, which is an adornment not only of St. John's but also of Canada as a whole. I understand that no senators from Newfoundland were invited to attend that opening. Most of us receive far more invitations to events of that kind than we can attend, but it seems to me that on such a special occasion it would have been a matter of common courtesy to extend an invitation to the Newfoundland members of Parliament of both houses. I am sure that some of us would have been happy to have attended that function.

When the Leader of the Government is looking into the matter raised by Senator Macquarrie, perhaps he will also inquire into this matter, because there is a principle involved.

Senator Olson: Honourable senators, I will see that the honourable senator's comments are conveyed to those who made the arrangements.

CONSUMER AND CORPORATE AFFAIRS

PERFORMING RIGHTS FEES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government, who has been kind enough to keep me up to date on developments concerning agricultural fairs and performing rights fees. Recently there has been some publicity concerning the increase in performing rights fees for all concerts and performances. It is my understanding the federal government has imposed an increase of 600 per cent on performing rights fees paid in respect of any public concert or performance. People in the concert promotion business complain that—

Hon. Royce Frith (Deputy Leader of the Government): It was not imposed by the federal government.

Senator Nurgitz: A performing rights fee is charged in accordance with a tariff approved by the government by regulation.

Senator Frith: But it is not the government that imposes it.

Senator Nurgitz: No, I am sorry. The government does not impose it. In any event, the increase is now 600 per cent, and concert promoters indicate that because of the increase concerts will not be performed in other than the six or seven major cities in Canada. Smaller centres such as Moncton, Saskatoon and Regina are concerned about this matter. I should like to know whether the Minister of Consumer and Corporate Affairs is looking into the situation and what the government proposes to do about the matter.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will ensure that the Minister of Consumer and Corporate Affairs is advised of this matter, and I shall make further inquiries in response to the latter part of the question as to what is in process and what has been done.

THE SENATE

REFORM—GREEN PAPER—APPEARANCE OF MINISTER OF JUSTICE BEFORE SPECIAL JOINT COMMITTEE

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government. The Minister of Justice is expected to appear before the Special Joint Committee of the Senate and the House of Commons on Reform of the Senate of Canada tomorrow afternoon. On that occasion is he going to table in committee the green paper of the government on Senate reform?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I feel sure that my honourable friend can patiently await tomorrow afternoon's committee meeting. He knows that the Minister of Justice, the minister responsible for this matter, will appear before the committee, and no doubt he will have something to say, otherwise he would not have requested an appearance. I am sure that my honourable friend would not want me to scoop my colleague.

Senator Asselin: Then I will direct my question to the joint chairman of the committee, Senator Molgat.

Hon. Gildas L. Molgat: Honourable senators, I am living in the same fond hope as Senator Asselin, who has asked on a number of occasions when the green paper might be tabled. I have the same expectation as the honourable senator and hopefully we will be rewarded tomorrow afternoon, when the minister is scheduled to appear before the committee at 3.30 p.m.

Senator Asselin: The green paper should have been tabled in the Senate before being tabled in the committee.

Senator Olson: Honourable senators, I do not accept that interpretation. I believe that both houses of Parliament passed a motion delegating to a committee authority to consider a number of aspects of Senate reform. If it was not passed unanimously, the motion that we delegate to the committee the responsibility for looking into that matter was certainly passed by a majority vote. It is certainly proper for anyone to appear before a body that has been properly and legally set up and has received delegated authority from this house to receive submissions.

Senator Asselin: I do not share your view.

Hon. George J. McIlraith: Honourable senators, I wish to direct a question to the Leader of the Government as a member of the Government of Canada. Is the government proposing to publish its green paper by presenting it to a committee of Parliament before presenting it to either house of Parliament?

Senator Olson: Honourable senators, the question again arises as to whether or not the so-called green paper, that was discussed briefly in this house some time ago, is going to be presented to the committee tomorrow. As a member of the government, I believe the Minister of Justice will attend that committee meeting and will make some comments regarding the subject matter that is before the committee. I believe it is entirely proper for him to make his own views and that of the government known to the committee.

Senator McIlraith: I do not think that reply deals with the point I raised. I too am interested in seeing the green paper and I am pleased that it is being presented to the committee tomorrow. There is no question about that. My point is as to whether the government, in its area of responsibility, is proposing to table that government document or have it presented to the committee before it is presented to either house of Parliament. I am wondering whether the government is proposing to table it in the other place tomorrow afternoon before the committee meets.

Senator Olson: Honourable senators, I am not quite sure how to answer that question, because I am uncertain of the significance of the difference between presenting information to the chamber and presenting it to a body that has been authorized by both chambers to receive it. That is where the difficulty lies in giving a reply to the question.

● (1450)

Certainly, the Minister of Justice, as the leading minister with respect to this matter for and on behalf of the govern-

ment, will have something to say. Obviously, the presentation will be made to a body that has been set up jointly by both houses. It seems to me, in the circumstances, that such a proposal should be placed before that body.

REFORM—REPORT OF DELEGATION TO AUSTRALIA

Hon. Jack Marshall: Honourable senators, I have a supplementary question for the Deputy Leader of the Government. It has to do with the remarks he made during his intervention on the inquiry, including those about his trip to Australia and an elected Senate. On re-reading the deputy leader's remarks I was surprised to note that there are no objections or contrary remarks by anybody in the Australian Senate or the Australian government on an elected Senate. During the deputy leader's visit to Australia, did he hear any comments against an elected Senate?

Hon. Royce Frith (Deputy Leader of the Government): I do not recall that there were, but I am not in a position to say that there were not. I will have to think about it.

Senator Marshall: I have heard from different individuals that to run for the Senate in Australia a person has to appear before a committee of representatives of the Senate and representatives of the party for which he or she intends to run, and must abide by the policies of that particular party. In other words, senators cannot be independent in their positions but must abide by the parties' traditions and policies or they will not be allowed to run for the Senate.

Senator Frith: On reflection, I can tell honourable senators that while in Australia I bought a cassette recorder and taped the interviews we had. The quality of the taping is not extremely good in some cases, but I have had those tapes transcribed. Both the tapes and the transcriptions are available to any honourable senator who wishes to review them. In addition, we obtained a film which explains the voting system for the House of Representatives and the Senate and, in particular, how they count the ballots for proportional representation and it, too, is available. I am sorry if I have not mentioned these items before. I ought to have.

As to Senator Marshall's second question, in essence he is correct although, as I understand it, he is not in all respects. Rather than appearing before a committee, I recall it is much more like the U.S. system of primaries. In other words, there is in place party machinery which enables a person to ask to be put on a party ticket. So there is more involved than merely being interviewed. The parties do push very hard for their tickets. It is also true that one of the major parties—and I cannot remember which one but I will get the information—requires the contestant to vote the way the party wants him or her to vote, and to agree to resign if he or she refuses to vote with the party. The other party does not have the formal requirement. From what I remember, it is unusual for someone in either case not to vote according to the party line.

In my speech in the chamber, in the paper I wrote on policy options and in my testimony before the committee, I stressed that I do not like the very strict party control element of the Australian system. It is something we should not borrow, and I do not think such a system would result in Canada if we were to adopt the model I am proposing.

Hon. Martial Asselin: It is not decided yet.

Senator Frith: Of course, it is not decided. I am giving my best opinion, and another honourable senator's opinion is just as good as mine. I may be wrong; I am just not in doubt.

Senator Asselin: Is it your opinion or the government's opinion?

Senator Frith: The reason for my opinion is that there does not seem to have been a tradition of regional parties in Australia. The voting patterns in Australia follow very closely the two major parties and show a strong loyalty to them. Canada does have a tradition of regional parties. There have always been some parties in the federal system that represent regional interests, and that is why I think that if we had non-simultaneous elections for senatorial regions on the basis of proportional representation, the system would evolve in a Canadian way and not in the Australian way. That is my prediction based on past voting patterns.

Senator Marshall: What you have just said confirms my opinion that such a proposal is wrong for Canada. It is ridiculous.

Hon. Daniel A. Lang: Honourable senators, I have a supplementary question for the Deputy Leader of the Government. I suppose that when he was in Australia he had the opportunity to study the report of the committee of the Victoria government on second chambers, and read about the results of that report in the April 1983 issue of *The Parliamentarian.* One of the conclusions of that committee was that an upper house was no longer valid because the party system dominated both houses to the same extent and, therefore, issues were not judged on their merits but on political considerations alone. If under the deputy leader's proposition such a system should eventuate in Canada, does he not see that inevitably there would be no need for a second chamber?

Senator Frith: As I have said on many occasions, if the House of Commons and the Senate are simply carbon copies of each other, a strong argument can be made for the case that both chambers are not required. I think an argument can also be made for the opposite. However, I argue that the chambers will not be carbon copies of each other if one is elected on the basis of ridings, the other on the basis of proportional representation by regions and non-simultaneously. I believe that the two chambers are necessary and that, if there were elections on that basis, they would not be carbon copies of each other, for all the reasons I mentioned in my article, my speech and my testimony.

As far as the Victoria situation is concerned, I remember discussing that topic in Melbourne and I informed the people to whom I was speaking that Canadians also felt that insofar as state or provincial legislatures are concerned there was not a need for two houses. I don't think the case that is made for a state or a province has any application at the federal level.

Frankly, I believe that whether senators are elected or not elected, every federal state, particularly a large one, needs a bicameral system.

Senator Lang: Honourable senators, may I add that the committee investigating this matter in Australia did not confine its investigation to the state upper houses but included the federal upper house, and that all those upper houses are elected by proportional representation, and that, notwithstanding those facts, its judgment is that they are mere carbon copies of each other.

● (1500)

Senator Frith: Their history is against that. That is not what has happened. Since 1949 they have elected their Senate by proportional representation, not by preferential ballot, as they did before 1949.

What you say may be true with respect to the situation before 1949. The upper house was totally controlled by one party or another, usually by the one which had even the slightest margin of the popular vote because of the system. However, since 1949, when they went to proportional representation, it is not common for the government to control the Senate. It is more common for the government not to control the Senate. So the premise for that argument is entirely wrong.

CANAGREX BILL

SECOND READING—DEBATE ADJOURNED

Hon. H. A. Olson (Leader of the Government) moved the second reading of Bill C-85, to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products in Canada.

He said: Honourable senators, I wish to make a few points with respect to Bill C-85, or what is commonly known as the Canagrex bill. I am pleased to speak in support of this legislation which will establish an agency designed to promote, facilitate and engage in exporting agricultural and food products.

Canagrex has long been advocated by major farm organizations, including the Canadian Federation of Agriculture, the National Farmers' Union and the Canadian Horticultural Council. During the Commons and Senate standing committee hearings on Canagrex, those groups were among those who came forth with their comments on the bill.

As a result of the suggestions made during the Commons standing committee hearings, a number of substantive amendments were made to the original bill, and I believe they provide the kinds of safeguards and guarantees needed to ensure that Canagrex will be the loyal servant of the agri-food industry.

I would now like to go through the highlights of this much-needed legislation.

Canagrex will be a corporation consisting of 11 directors, including the chairman of the board, the vice-chairman and the president of the corporation. The majority of the 11-person board of directors will be chosen from the private sector.

The board shall direct and manage the corporation, which will have a staff of about 20. The president is the chief executive officer, and his or her duties are assigned by the board.

While it is not part of the legislation, since the minister already possesses this power, the Minister of Agriculture intends to establish a policy advisory committee which will include representatives from all parts of the Canadian agri-food industry, and it will advise him on the operation of Canagrex and the long-term strategy it should follow.

Turning to the purposes and powers of the corporation, the basic role, as indicated in the title, is to promote, facilitate and, in a limited manner, engage in the export of agricultural and food products and services.

Working in co-operation with, at the request of, or jointly with other governments, Canadian companies or Canadian producer organizations, Canagrex will have a wide variety of assistance tools. Canagrex may purchase, package, process, store, ship, insure, import, export or sell agricultural and food products. It may undertake promotion, publicity and improvement of quality and variety. It will be able to enter into contracts with individual Canadians, firms, marketing boards, and so on, and act as their agent. It may enter into contracts with foreign governments, enter into joint ventures, and buy or lease property such as warehouses or containers. It may provide loans and guarantees.

On that last point I want to stress that it is often difficult or impossible to get loans for agricultural exports, mainly because of their perishability. It takes a specialized agency to know how to handle this kind of export, and that's part of the reason Canagrex is needed, especially in promoting new business in agricultural products that does not exist today.

Canagrex will not engage in paying subsidies as a means of getting contracts or products, and it will not duplicate the work of the Canadian Dairy Commission or the Canadian Wheat Board, although those agencies may, in some cases, seek Canagrex's assistance. Where appropriate, Canagrex shall make use of existing federal government programs.

Canagrex will prepare for the minister and the Governor in Council a three-year corporate plan which will be binding on the corporation. The annual corporate plan will be kept confidential to protect the business interests of the corporation, but a summary will be tabled with the minister's annual report.

Each year, through the minister, Canagrex will approach Parliament for an appropriation to cover its capital and operating budgets. Its request will be based on the three-year corporate plan, and a summary of the capital budget will be tabled in Parliament.

Honourable senators, since the original bill was introduced, amendments have been made which will impose extremely thorough safeguards on the corporation, protecting the interests of both the industry and the taxpayer.

In response to the concerns raised during committee hearings, we amended the original bill to make it perfectly clear that Canagrex would only engage in exports in co-operation

with, or jointly with, or at the request of, governments, Canadian companies, co-operatives, marketing boards, associations or other Canadian enterprises and individuals carrying on business in Canada.

Another amendment which the minister has made is to have the entire performance of the corporation referred to the House of Commons Standing Committee on Agriculture for report and review five years from the date Canagrex is created.

Other amendments were made to prevent conflict of interest and to allow for an annual comprehensive audit.

The safeguards that have been built into the legislation, plus the corporation's relatively modest budget of $12.3 million over three years, ensure that the private sector will have nothing to lose and much to gain from this new initiative.

Why do we need Canagrex? I would say that the chief reason is that Canadian producers, processors and dealers—especially the smaller ones—need the kinds of assistance and services that Canagrex will provide. Competing countries have these tools at their disposal now, and we need them as well, if we are to succeed in expanding the market for the agri-food sector. Canagrex will also serve as a central guide for prospective foreign buyers and exporters and will generally act as a catalyst in bringing the two parties together.

In asking for your support of this bill, I would just repeat that it does have the support of the vast majority of people in the agri-food industry. They know that exports are responsible for about 40 per cent of farm cash receipts, and that future growth of the industry will depend in large part on how successful we are in expanding the volume and diversity of agricultural exports.

We believe that Canagrex can help to assure the success of that process.

In conclusion, I would ask honourable senators to support this bill so that the enabling legislation—bearing in mind that not all pieces are put in place at the beginning—can be enacted to set Canagrex up to respond to some of the needs and efficiencies that are now apparent relative to other countries, and so that we can put together the kind of structure we need to enhance Canada's export trade in agri-food products.

I hope honourable senators will support the bill on that basis and because it is badly needed in the agricultural sector.

● (1510)

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. I would like to ask which products are covered by the bill, and I am particularly interested in the canola or rapeseed products. Are these products covered under the Canagrex provisions?

Senator Olson: Honourable senators, there are a number of these products, including the ones indicated by Senator Phillips, that are not at the moment under the jurisdiction of the Canadian Wheat Board and some are, and I think it is clear in the bill that any commodity that is now being handled by the Canadian Wheat Board or the Canadian Dairy Commission, for that matter, are exempted or excluded from the provisions of Bill C-85.

Hon. Martial Asselin: On behalf of Senator Roblin, I move the adjournment of debate.

Senator Olson: Honourable senators, I would plead with Senator Asselin to move through second reading so that we can send this bill to committee to be dealt with there. It did not come as any surprise to honourable senators opposite that this bill was coming up today. It was well known that it was passed by the House of Commons on Monday last. It was also well known, from the discussion yesterday when I asked for leave to proceed with second reading, and through some discussions and negotiations across the floor, that we agreed to proceed with second reading today. I would therefore plead with Senator Asselin and others to allow the bill to be read the second time so that the committee can proceed with it.

The committee has already pre-studied the bill, and there will certainly be an opportunity in committee, and even on third reading, for Senator Roblin and any other honourable senator to make his or her comments respecting it.

Senator Asselin: Senator Roblin is the opposition spokesman respecting this bill, and unfortunately he cannot be here this afternoon. However, I promise the Leader of the Government that we will not be opposing second reading.

There has been a pre-study of this bill and, therefore, the committee will not take too long to consider it and report it back to the Senate, with Royal Assent perhaps taking place next week. I think the Leader of the Government can take my word that we will not unduly delay passage of the bill. However, Senator Roblin cannot be here this afternoon. Senator Phillips, who would like to speak on second reading, is not ready to do so this afternoon. I promise the government that we will do our best to proceed with second reading as soon as possible.

Senator Phillips: On the matter raised by Senator Olson, I would refer him to yesterday's discussion in which I said that we may not sit on Thursday afternoon. That means that this matter will extend into next week. On Monday there is a reception for Their Royal Highnesses, The Prince and Princess of Wales. I would ask him when the bill would go to committee, since the committee cannot meet before Tuesday in any event.

Senator Olson: Honourable senators, I appreciate the comments made by both Senator Asselin and Senator Phillips. I think we can agree to the proposal that Senator Asselin has made. I take it that we can expect to deal with the bill on Monday evening at 8 o'clock, so that we can refer it to the Standing Senate Committee on Agriculture, and perhaps the committee can commence its consideration on Tuesday morning. If that is understood, I am ready to accede to Senator Asselin's request.

Senator Asselin: That is acceptable to us, and we will do our best to be ready for Monday evening.

On motion of Senator Asselin, for Senator Roblin, debate adjourned.

APPROPRIATION BILL NO. 2, 1983-84

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-164, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

He said: Honourable senators, the bill before you is the Appropriation Bill No. 2, 1983-84 and provides for the release of the balance of the main estimates for 1983-84 amounting to some $23.6 billion, plus the whole of supplementary estimates (A) 1983-84, amounting to almost $1.4 billion. If you add these two amounts together, $23.6 billion and just a little less than $1.4 billion, the total is just under $25 billion.

Honourable senators, the main estimates were tabled in the Senate on March 1, 1983 and were, as usual, referred immediately to the Standing Senate Committee on National Finance. Those estimates were discussed in committee with the President of the Treasury Board and his officials on March 15, 1983. An interim report of the committee was tabled last night on the main estimates. Senator Doody tells me that it is described as an interim report because the committee wants to continue to focus on particular estimates and does not want to preclude itself from making a final report. However, so far as these estimates for appropriation and supply purposes are concerned, that is their report.

The supplementary estimates (A) were tabled in the Senate on March 24, 1983 and were referred to the Standing Senate Committee on National Finance. Officials of Treasury Board discussed the estimates with the committee on May 31, 1983, and the committee reported back on June 2 last. Those, then, are the two main features: the balance of the main estimates; and the supplementary estimates (A).

There are two $1 items in these estimates. A listing of these votes and an explanation of why they were included was provided to the committee and can be found in the committee proceedings.

Honourable senators, there are two more things I would like to do before asking you to support this bill on voting these estimates and furnishing the supply. First, I want to discuss the tables and then go through the bill to summarize its main provisions. I ask permission to have them appear in *Hansard* at this point.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The tables follow:*)

ESTIMATES TABLED TO DATE FOR 1983-84

Main Estimates	To Be Voted	Statutory	Total
Budgetary	$32,548,669,511	$53,069,529,722	$85,618,199,233
Non-Budgetary	398,490,800	1,444,163,000	1,842,653,800
	$32,947,160,311	$54,513,692,722	$87,460,853,033
Supplementary Estimates (A)			
Budgetary	$ 1,362,110,001	$ 22,743,000	$ 1,384,853,001
Non-Budgetary	7,342,001	2,100,000	9,442,001
	$ 1,369,452,002	$ 24,843,000	$ 1,394,295,002
TOTAL ESTIMATES TABLED			
Budgetary	$33,910,779,512	$53,092,272,722	$87,003,052,234
Non-Budgetary	405,832,801	1,446,263,000	1,852,095,801
	$34,316,612,313	$54,538,535,722	$88,855,148,035

SUPPLY TO DATE FOR 1983-84

Only one Appropriation Act has been approved in respect of Estimates for 1983-84:

Supply Approved to Date		
Appropriation Act No. 1, 1983-84 which granted Interim Supply for *April, May and June* including 31 additional proportions, based on the *Main Estimates* for 1983-84.		$ 9,328,506,277.74
Awaiting Approval		
Supply for the balance of the *Main Estimates* for 1983-84	$23,618,654,033.26	
Supply for the whole of *Supplementary Estimates (A)* for 1983-84.	$ 1,369,452,002.00	
		$24,988,106,035.26
Total to be voted		$34,316,612,313.00

Senator Frith: The first table shows the estimates tabled to date for 1983-84.

• (1520)

As can be seen, under "Main Estimates" appear the budgetary figures—that is, the actual departmental estimates—both under the heading "To Be Voted", which is approximately $32.5 billion, and "Statutory", which is approximately $53 billion, for a total of actual departmental estimates of $85,618,199,233. The key figures will also be reflected in the bill.

Non-budgetary estimates essentially require authority to be advanced, but usually take the form of loans and, therefore, appear in the Canada Accounts as assets because they are secured by loans. Senator Asselin will recall administering them with reference to CIDA, for example.

With regard to supplementary estimates (A), I have the figures for estimates tabled to date for 1983-84. For budgetary items to be voted the figure is approximately $1.3 billion; for statutory, the figure is approximately $22 million, for a total of $1,384,853,001.

The figures relating to the total estimates tabled appear as the third item in that table.

The second table deals with supply to date for 1983-84. There has been only one appropriation act approved in respect of estimates for 1983-84. The table shows that the supply approved to date, under Appropriation Act No. 1, 1983-84—which has received Royal Assent—was interim supply for April, May and June, including 31 additional proportions, based on the main estimates for 1983-84. The figure in that case is $9,328,506,277.74.

Awaiting approval are the figures that appear in the bill before you today, honourable senators, which is for supply for the balance of the main estimates—that is, $23,618,654,-033.26.

So, the total to be voted, including the supply approved to date and the two items before us—namely, supply for the balance of the main estimates for 1983-84, and supply for the whole of supplementary estimates (A) for 1983-84—is $34,316,612,313.

Finally, honourable senators, by way of explanation as to what the bill purports to do, we should look at the preamble because, of course, it does say what the bill is all about, namely:

> the sums hereinafter mentioned are required to defray certain expenses of the Public Service of Canada, not otherwise provided for, for the—

And this is the important part.

> —financial year ending the 31st day of March, 1984; and for other purposes connected with the Public Service of Canada.

The first clause, honourable senators, is the short title, which is Appropriation Act No. 2, 1983-84.

Clause 2 is the clause we have already made passing reference to, and authorizes payment out of the Consolidated Revenue Fund of a sum:

not exceeding in the whole twenty-four billion, nine hundred and eighty-eight million, one hundred and six thousand and thirty-five dollars and twenty-six cents—

That is the figure that appears in the tables and to which I have already referred.

The breakdown appears at the top of page 2 for the balance of clause 2 of the bill. That breaks it down into two figures, namely, the balance that is provided for main estimates by this bill, and the full amount in the supplementary estimates (A).

Clause 3 is the normal clause found in these types of bills that links the provisions of the bill—and the authority to pay out of the Consolidated Revenue Fund—to the schedules which have the individual votes and the individual estimates.

Clause 4 deals with commitments, and honourable senators will recall that this is more or less a standard form also. That clause deals with the authority required for commitments under contracts that go beyond the year provided for in the bill—that is, beyond the fiscal year 1983-84. The commitments must be shown in the estimates and must have the approval of the deputy head or other person charged with the administration. The limit, of course, is the limit to the amount of authority stated in the commitment portions of the schedules.

Clause 4(2) states:

> Where an item in the Estimates referred to in section 2—

Which is the main one.

> —or a provision of any Act purports to confer authority to spend revenues, commitments may be entered into in accordance with the terms of such item or provision up to an amount—

And this is important, although it is the usual provision.

> —equal to the aggregate of
>
> (*a*) the amount, if any, appropriated in respect of that item or provision; and
>
> (*b*) the amount of revenues actually received or, in the case of an
>
> item in the said Estimates, the estimated revenues set out in the details related to such items, whichever is the greater.

What those words mean is that some departments not only receive their moneys from this parliamentary authority for supply but also from services rendered. The Department of National Defence actually provides services and receives revenues as a result of those services. The department is permitted to spend the amount that Parliament authorizes in the schedules and in the appropriations, and is also allowed to spend the amount of revenue it receives, but it requires authority to do that. That is the clause that gives it that authority.

Clause 5 deals with the fiscal year ending March 31. Although the fiscal year end is March 31, the books are not closed at that time. Because there are adjustments to be made at that time, the Financial Administration Act keeps the books open for 30 days beyond the end of the fiscal year, but after that time has elapsed, no more cash payments may come out of the Consolidated Revenue Fund. However, there are three more weeks when there can be settlement of accounts between departments, but that does not permit additional payments out of the Consolidated Revenue Fund. From May 21 to approximately June 15 there are internal adjustments, and then the finalization of the books for the Public Accounts.

That brings us to the last clause, clause 6. It deals with that very subject, the Public Accounts, and refers specifically to section 55 of the Financial Administration Act.

Section 55 of the Financial Administration Act states:

> (1) A report, called the Public Accounts, shall be prepared by the Receiver General for each fiscal year and shall be laid before the House of Commons by the Minister on or before the 31st day of December next following the end of that year, or if Parliament is not then sitting, within any of the first fifteen days next thereafter that Parliament is sitting.

That completes the three subjects I wish to address in explaining this bill to honourable senators—namely, the basic provisions of the bill, the details provided in the schedules, and the clauses of the bill itself.

I ask honourable senators to support second reading of this bill.

On motion of Senator Phillips, debate adjourned.

THE SENATE

DAILY ATTENDANCE OF SENATORS—SUSPENSION OF RECORDING—NOTICE OF MOTION

Leave having been given to revert to Notices of Motions:

Hon. Charles McElman: Honourable senators, I give notice that on Monday next I will move:

> That the practice of recording the daily attendance of senators in the Senate be suspended effective April 14, 1981, and remain suspended until the beginning of a new session of the Thirty-second Parliament, or the first session of the next succeeding Parliament, whichever may firt occur.

Honourable senators, it had been my intention today to ask for leave to proceed with this motion, but in the absence of the Leader of the Opposition, his deputy leader and other honourable senators, I think it would be improper to do so.

The Senate adjourned until Monday, June 20, 1983 at 8 p.m.

APPENDIX

(*See p. 5799.*)

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

STATEMENT BY MINISTER OF STATE FOR SOCIAL DEVELOPMENT

On May 25, at a press conference unveiling Bill 158, an Act with respect to the Canada Development Investment Corp., I made the following statement:

"I have written to the Chairman of the House of Commons Standing Committee on Finance stating that, along with officers for CDIC, I would like to appear in early June to provide a report on financial and other business matters concerning Canadair and de Havilland."

At this time, the Government had just tabled in Parliament supplementary estimates seeking $240 million in funding for Canadair and $60 million in funding for de Havilland.

While an opportunity has been found to report on Canadair, no opportunity has been found so far to report on de Havilland because of House of Commons Committee scheduling. Therefore, I am releasing today the audited financial statements for de Havilland, for the seven months to the year ended December 31, 1982. A report on de Havilland will be provided when scheduling of a committee permits.

The financial statements I am making public today are for the seven months ended December 31, 1982. The de Havilland financial year, in previous years, has run to May 31. However, de Havilland has changed its financial year to December 31 to accord with the financial year of CDIC's other aircraft company, Canadair. CDIC has had responsibility for managing the Government's investment in de Havilland since November 23, 1982.

In the seven-month period, de Havilland recorded a $69.6 million loss, of which $30.5 million was a loss on operations, $35.4 million represented interest costs and $3.7 million research and development. In addition, a write-down of previously incurred and capitalized costs which are no longer recoverable of $196.5 million is reflected in these statements, for a total pre-tax loss and write-down in this period of $266.1 million. In the same period, sales amounted to $151.6 million.

Like other aircraft companies, de Havilland uses the program method of accounting which permits it to capitalize certain costs which it can reasonably expect to recover from its forecast of future sales. But the use of this method of accounting requires the management and board each year to review each program to determine whether past capitalized costs can still be recovered from future sales.

In reviewing the Dash-7 and Dash-8 programs, de Havilland and CDIC were both of the view that there was no longer any reasonable assurance that past capitalized costs would be recovered, under any reasonable scenario, through future profits from these programs.

In the case of the Dash-7, as with other commuter aircraft, sales have been very weak through the recent recession. And the original city-centre to city-centre market for which the Dash-7 was uniquely suited did not materialize at the volume level projected. New aircraft entering the market, including the Dash-8, will be competing for the same general commuter traffic volumes. Some $83 million of capitalized costs on the Dash-7 program have consequently been written off.

In the case of the Dash-8, while first commercial delivery will not occur before the fall of 1984, it is the opinion of de Havilland and CDIC that capitalized costs of $113 million incurred to the end of December, 1982 for development and tooling are unlikely to be recovered over the life of the program. Hence this amount was written off in the financial statements.

De Havilland is a key element within the aerospace industry of Canada. It is one of only two companies with a complete aircraft design capability. Sales have grown from $70 million in 1975 to $450 million in the year ending May 31, 1982. In the most recent seven-month period, however, sales fell to $151.6 million as a result of the economic recession and its impact on aircraft sales worldwide.

The Dash-7, a 50-passenger aircraft with four Pratt and Whitney Canada PT-6 engines, was launched into production in 1975. Its concept market was seen to be high-density short-haul commuter airlines. But it was a market that did not develop as fully as projected. In addition, the current economic recession has cut into the projected growth of U.S. commuter airlines. Since the first delivery of the Dash-7 in 1977, some 88 have been delivered to customers in 16 countries.

The Dash-8 is a 36-passenger aircraft, powered by two Pratt & Whitney Canada PW 120 engines and designed to fill the middle point of the commuter aircraft market between the 19-passenger Twin Otter and the 50-passenger Dash-7. It has other possible uses including maritime patrol, corporate transportation and a resource or regional development aircraft. Preliminary design work was largely completed in 1979 and a prototype was rolled out at a ceremony in Toronto on April 19, 1983. The first Dash-8 will be ready to fly within the next few days.

In short, de Havilland is an important part of the Canadian aerospace industry and the Government is anxious that it should recover its financial health and continue to make an

important contribution to the Canadian economy. In particular, it represents an important achievement in a specialized area of technology, namely short-take-off-and-landing or STOL.

A full analysis of the company's problems and prospects developed in the course of CDIC's work with de Havilland's Board and management will be presented to Parliament as soon as committee time is available for a hearing. In the meantime, CDIC has pledged for all of its subsidiary companies, including de Havilland, that full and timely disclosure will be provided on a quarterly basis.

Later this year CDIC will be reporting back to Parliament on the Dash-8. I want to proceed with this plane. It represents a potentially significant market opportunity for Canada. The plane is on schedule and within budget and the market is responding with a large share of the total contracts and options being entered into for this class of aircraft going to the Dash-8. It is also a reflection of good Canadian technological skills. It could provide excellent jobs and generate important export dollars.

But the program also faces difficulties. In particular de Havilland is one of six aviation companies bringing a plane into production to serve the same commuter market segment. And unlike its competitors who are receiving strong government support, de Havilland has received no government risk-sharing support for the Dash-8. It will not be fair to expect de Havilland to operate and be judged against its competitors if it is not supported as they are.

This summer and fall, CDIC and de Havilland will be concluding their analysis of the range of financial risks and commercial and national benefits of the Dash-8 program. This will lead to a corporate plan that Parliament can study. While, as I have said, I want the plane to proceed, I also believe it is vital that Parliament be aware of the risks and participate in deciding how the Dash-8 should proceed.

Last month, the Government asked Parliament for $60 million to meet the ongoing cash needs of de Havilland for the balance of the year. At the same time, I announced last week, in my report on Canadair, that once CDIC's enabling legislation is passed, it will assume all of the de Havilland debt.

These are the questions I am prepared, along with CDIC and de Havilland officers, to discuss with the relevant House of Commons committee when an appropriate opportunity arises in the scheduling of those committees. I want Parliament to be informed and I am ready to present a full report on de Havilland as soon as the request is made.

THE SENATE

Monday, June 20, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE CANADA STUDENT LOANS ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-161, to amend the Canada Student Loans Act (No. 2).

Bill read first time.

[*English*]

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-148, an act to amend the Farm Improvement Loans Act (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-147, an act to amend the Fisheries Improvement Loans Act (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

VISITORS IN GALLERY

MEMBERS OF THE ROYAL WINNIPEG RIFLES

The Hon. the Speaker: I take pleasure in drawing the attention of honourable senators to the presence in the gallery of members of the Royal Winnipeg Rifles, the oldest regiment in western Canada, which is celebrating its hundredth anniversary this year.

Hon. Senators: Hear, hear!

MEMBERS OF GOVERNOR GENERAL'S FOOT GUARDS ASSOCIATION

Hon. George J. McIlraith: I should like to draw the attention of honourable senators to the presence in the gallery of members of the Governor General's Foot Guards Association.

Hon. David Walker: Honourable senators, the members of the association are here to honour our distinguished Gentleman Usher of the Black Rod, a former commanding officer of that famous regiment.

Hon. Senators: Hear, hear!

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the names of the Honourable Senators Rowe and Bonnell be added to the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, last Wednesday I asked the deputy leader to tell us the government's intended program for the remainder of the session, and at that time I think Senator Frith said that he would give me an answer tonight. This evening we have received three bills for consideration, and I am wondering if there are many more to come to us before we adjourn, as I understand it, on June 30.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I hope what I told Senator Flynn last Wednesday was that I would try to have an answer to that question tonight. I know that today and tomorrow the other place will be dealing with the Crow bill.

● (2010)

Wednesday is private members' day, and, as usual, after the meeting of the house leaders in the other place on that day, I should have more information regarding the balance of the week. As was mentioned last week, June 24 is Saint-Jean-Baptiste Day, and I take it that the House of Commons will be dealing with the Crow bill on Thursday, unless something miraculous but pleasant happens on Tuesday.

In any event, I should have more information for the Leader of the Opposition on Wednesday afternoon after I have heard the results of the meeting of the house leaders of the other place.

Senator Flynn: That is not very helpful. I suppose it would be useless to put any supplementary questions.

Senator Frith: I think so. I am just as disappointed in that I cannot give the Leader of the Opposition any further information, but again, back to the operative verb, I shall keep trying.

Senator Flynn: That is not enough.

CONSUMER AND CORPORATE AFFAIRS

PERFORMING RIGHTS FEES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by the Honourable Senator Nurgitz on June 15 regarding performing rights fees. Because the answer is fairly long, I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Last November, the two performing right societies CAPAC and PROCAN had asked that the Concerts tariffs be set at 3 per cent of gross receipts, representing an increase of between 1,600 and 4,000 per cent depending on the example used. After six days of hearings the Copyright Appeal Board has set the Concerts tariffs at 1 per cent of the gross receipts for concerts of popular music and at .25 per cent of the gross receipts for concerts of classical music.

I would like to read an extract from page 20 of the final report which has been sent to the Minister of Consumer and Corporate Affairs:

> "To take an example, a concert given in an auditorium seating 1,500 persons, for which the receipts would total $15,000. would, under the existing tariffs, produce $23.40 for CAPAC ($1.17 per song for a concert consisting of 20 songs) and $26.25 for PROCAN ($1.31 per song). Usage and convention being what they are, it should also be remembered that authors, composers and publishers share in these revenues at rates of 25 per cent, 25 per cent and 50 per cent respectively. In the example given, without taking into account the distribution formulas used by the Societies, this would represent about .30¢ for the author (lyrics), .30¢ for the composer and .60¢ for the publisher of a song. Obviously, an increase limited to 6 per cent would be unacceptable. As some witnesses indicated, 6 per cent of a pittance is still a pittance."

According to Section 50(8) of the Copyright Act, the only responsibility of the Minister of Consumer and Corporate Affairs with respect to this matter is to publish the statements in the Canada Gazette and furnish the society concerned with a copy of them. The Minister does not have any discretion and cannot modify the Copyright Appeal Board's decision.

Finally, you may be interested to know that certain opponents before the Board have served an originating notice under Section 28 of the Federal Court Act asking review of the Copyright Appeal Board's decision.

THE ECONOMY

COST OF DAVEY-JOYAL REPORT

Hon. R. James Balfour: Honourable senators, on December 7, 1982 I posed a question to the Leader of the Government in the Senate. That question can be found at page 5127 of *Debates of the Senate*. That question was with respect to the cost of the Davey-Joyal Report. To date I have not received a response.

Hon. H. A. Olson (Leader of the Government): I wonder if Senator Balfour could identify the question number as opposed to the page number. I could look up the question found on that page, but—

Hon. Jacques Flynn (Leader of the Opposition): There is no number.

Senator Balfour: It was a question addressed to the Leader of the Government in the Senate.

Senator Olson: Oh, an oral question.

Senator Balfour: Yes. It was addressed in terms of giving notice to the Leader of the Government and he undertook to respond, but I have not received a response.

Senator Olson: I understand now. I thank Senator Balfour for that explanation. I shall look into the matter and attempt to get some kind of response, either directly to the question or, indeed—

Senator Flynn: Or indirectly, as is usual.

Senator Olson: No, no, indirectly as to the status of the situation.

AIR CANADA

FREDERICTON-OTTAWA FLIGHT—COMPLAINT

Hon. Daniel Riley: Honourable senators, I have a question to pose to the Leader of the Government in the Senate.

Yesterday I had a confirmed seat from Fredericton to Ottawa on what they call a "direct flight". However, there is a stop in Montreal of 20 minutes. I disembarked at Montreal, but before doing so took my boarding pass and left an "Occupied" sign on my seat. When I reboarded the aircraft I was told to get off.

An Hon. Senator: The Tories get preference.

Senator Riley: Yes, apparently they do, but I did not.

I was told by a young lady that I was not confirmed and that I had to leave the aircraft.

I ask the Leader of the Government in the Senate: Did that happen because I am a senator, or what?

● (2015)

I used both official languages, but it did not make any impression on that girl. She ordered me off the plane, and I was completely humiliated. I said to her that my seat was confirmed and that she should let me remain on board.

I would like to know why that happened. Air Canada is supposed to be a crown corporation and they are supposed to treat people with a certain amount of dignity, but I was not treated that way.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Riley obviously would not expect me to have an answer to that question this evening. The best I can do is take it as notice and refer it to the Minister of Transport, who will ask for an explanation.

[*Translation*]

CANAGREX BILL

SECOND READING—DEBATE CONTINUED

On the order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill C-85, intituled: "An Act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada".—(*Honourable Senator Roblin, P.C.*).

Hon. Martial Asselin: Honourable senators, since Senator Roblin is away on official duties, I ask for leave to resume the debate.

The Hon. the Speaker: Is permission granted, honourable senators?

Hon. Senators: Agreed.

Hon. Martial Asselin: Honourable senators, last week, when I moved the adjournment of the debate, I informed the Leader of the Government that we would proceed this evening with second reading, that perhaps the Bill would be referred to the appropriate committee to continue study on the Bill, and that there was a possibility that the third reading stage would be passed this week.

The Leader of the Opposition has announced that arrangements were made with the Leader of the Government and his assistant, and that agreement had been reached to consider the Bill at the second and third reading stage within the next few days and that third reading and the Royal Assent would be put through the House as soon as possible.

Last week I adjourned the debate on behalf of Senator Roblin. Since he is attending a meeting of our American and Canadian Parliamentarians and cannot be here this evening, I have decided to say a few words about a Bill which I feel is very important.

This Bill has been debated in the other place for many days, and I would even say weeks, and even at the end of the debate, it did not seem likely that the Bill would be agreed to by all Parliamentarians sitting on the other side. It seems that a perhaps somewhat political division appeared when this Bill was being considered, and that in some parts of the country, objections to the Bill are more pronounced than in others.

This important piece of legislation raises a number of questions, and I believe that it is at the second reading stage that any questions or comments that come to mind should be made before the Bill is finally passed. Is the Bill justified? I think that is the first question we should ask when considering a Bill of this magnitude. After all, it involves creating a Crown corporation for the development of agricultural exports. Apparently, there is no quarrel on the principle of the Bill. The problems arise over the manner in which the new corporation is to operate. There is some concern in many parts of the agricultural industry that by establishing a Crown corporation, the Bill will be displacing existing private interests.

Is it really a development tool whose time has come? Is it an effective way of restoring the balance of trade, which I feel, and with me many Parliamentarians, is in a deficit position, although the impression is created that we have a trade surplus.

Why bother to establish a new Crown corporation? Could Canagrex not just be a division of the Department of Agriculture? Should we not organize or establish an organization that would have major ties with External Affairs and the Depart-

ment of Industry, Trade and Commerce? As I said earlier, will Canagrex be competing with a number of already existing private companies?

It is indeed urgent that we should continue our seminars on exports, assessing our external markets, financing, export credits, insurance services, market conditions, and so forth.

The fact remains the Government, by creating this new Crown corporation, will not be immediately correcting the many problems we are faced with today in the agricultural industry. I think Honourable Senators are not likely to forget the financing problems of Canadian farms, the disastrous effects of this situation, and the many bankruptcies that have struck the industry in the course of the current year. Frequent seizures of farm property, and forced sales of farm property have been common across Canada. I do not think establishing a Crown corporation will resolve the problems facing agriculture in this country on the domestic market. We are told that Canagrex will have to be accountable to Parliament, that it will report to a committee of Parliament and that its books will be audited by the Auditor General of Canada. If that is the Government's decision, I think it is a step in the right direction to its setting up a permanent system for monitoring by parliamentary committees of the many Crown corporations we have in this country, most of which are not directly accountable to the Parliament of Canada but to a department or the Minister responsible.

I did some research and I have tried to find arguments for and against the creation of this Crown corporation under Bill C-85. The arguments in favour are many, but it is surprising there are also serious arguments against passing the Bill in question.

● (2020)

[*English*]

I should like, very briefly, to cite some of the arguments pro and con. On the pro side, Canagrex would be a central promotion agency for marketing and exporting agricultural products. It would provide the necessary catalyst to stimulate increased production and the export of farm products. Canagrex could also prove to be a valuable tool for the direct marketing of our agricultural products.

It has been suggested that, with the establishment of Canagrex, large private exporters would be forced to compete and thus to expand their sales and services, thereby increasing Canada's share of the export market. Canagrex could act as an export promotion clearing house, co-ordinating and making use of various programs which are scattered among a host of federal departments. Canagrex would thus be able to take a more orderly and co-ordinated approach to export marketing than is now the case.

Canagrex would be able to provide promotional, informational, legal, financial and other services required for export marketing that are too costly for small operators and organizations. In its role as a crown corporation reporting to the Minister of Agriculture and Parliament, it could complement agricultural, industrial and foreign policy. Canagrex could establish world-wide lines of communication which it could feed back to producers, organizations and processors to alert them to market opportunities. Canagrex would have powers to help finance export transactions, and would thus complement the kinds of bridge financing and credit offered by the Export Development Corporation. Canagrex could also work in co-operation with the Canadian International Development Agency.

Honourable senators, these are some of the "pro-Canagrex" arguments that have been enumerated during the study of the bill at the committee stage in the other place. Perhaps we could consider now the arguments that have been presented against the adoption of this bill.

There is a fear that Canagrex will provide unfair competition, take business away from private export traders and displace provincial marketing boards. Private operators feel they are fairly successful in developing and exporting agricultural products and that federal intervention is not required. Some producer groups, especially western cattlemen, feel no need for government intervention on their behalf. I think this is the main reason why western farmers are not so enthusiastic about the adoption of this bill. If Canagrex becomes the main marketing agency for agricultural products, there is concern that it will dictate to the farmers what they should grow. There may be some concern that the indirect subsidy which Canagrex represents would be viewed by some countries—especially the United States—as unfair competition and would result in retaliatory trade regulations.

Concern has been expressed as to the efficiency of such a crown agency. Could private sector interests be induced to fulfill this role more efficiently?

Fears have been expressed that Canagrex would grow and take unto itself increased market powers. It has been called the "Petro-Canada" of agriculture. Some claim that, once in place, the government might be tempted to expand its mandate. The complicated nature of the corporation's mandate plus the severe constraints on its area of operations may render the corporation ineffective. Concern has been expressed that the reduction in start-up funding for the corporation has already rendered it ineffective.

● (2025)

One could argue that the corporation, if effective, might distort the market and inadvertently bring about production to fulfill contracts which are subsequently terminated, leaving producer groups in a severe over-supply situation. Transportation systems might also be temporarily over-taxed. There are those who would argue that the Canagrex bill is an attempt to expand national marketing powers, thereby bringing cattlemen and others into marketing boards "through the back door."

Honourable senators, I do not have many arguments against the principle of the bill itself. Speaking for myself, I am ready to vote for the principle. However, I hope this bill will be referred to the Standing Senate Committee on Agriculture, where we should try to put forward some amendments in order

to secure the approval of those in the west who are opposed to the bill.

Senator Roblin will be here tomorrow, when he will explain his objections to the adoption of the bill. Perhaps some amendments could be introduced in committee, where we will study them very carefully, and when the bill comes back to the Senate we will try to discuss those amendments, if possible, on third reading, and approve them.

Hon. Ernest C. Manning: Honourable senators, I will take but a few minutes of your time, because I appreciate the desire to move this bill forward as quickly as possible. However, in a matter as important as the subject of this bill the record should show that, while there is widespread support, both in Parliament and in the agricultural community, for an agency to facilitate and assist in improving the export trade of agricultural products, there is at the same time very deep concern, and strong and valid objections, which have been voiced both in Parliament and in the agricultural community, to the scope of the powers given this crown corporation under this proposed legislation.

As I say, there can be very little quarrel with the government's taking constructive steps to improve our exports of agricultural products. The concern arises because the provisions of the proposed bill permit the corporation to go far beyond being a government agency to facilitate and encourage exports and actually go into purchasing, processing and all the other activities that are normally engaged in by the private sector in handling commodities of this kind.

• (2030)

I suggest that, in the light of our experience of crown corporations in this country, especially in recent months, the last thing Canada needs is another crown corporation to duplicate the excellent work that has been done for years, and is being done today, by structures within the private sector, and by both federal and provincial departments of agriculture.

I am not a member of the committee that will be examining this bill, but I would appeal to those who are members to consider seriously the advantages that would accrue if the agency were structured in such a way that it is nothing more than an agency to facilitate and encourage the export of agricultural products, and one that is not permitted to intervene in processing and physically handling these commodities to the extent that this bill provides.

I will not labour the subject further, because I think the government has indicated by the position it took in the other place that it is determined to force this bill through Parliament, notwithstanding the valid and serious objections that are being raised, in both Parliament and the agricultural community. I certainly hope that the government will be openminded on the subject of reducing the powers of the corporation in order to remove the serious objections which exist at the present time and yet provide an agency which can render a beneficial service to the agricultural community in the important field of the export of agricultural products.

[Senator Asselin.]

• (2035)

Hon. Orville H. Phillips: Honourable senators, one of the better known paintings by the artist Picasso consists of a skeleton or the bare bones of a fish on a plate, and that is the way in which I see Canagrex. It is the skeleton of an organization that will give the Minister of Agriculture complete control of our industry. If we add to the skeleton fins, gills, and possibly a few scales, then the fish will be complete. Those amendments can be made quite simply in the future by means of an omnibus bill, which would give Canagrex a little more authority here and there. The Minister of Agriculture would then complete his goal, and he would become a sort of socialist agricultural Picasso.

The Leader of the Government, in introducing the bill, provided us with the bare bones of the legislation and very little else. His remarks contained two highlights, namely, the number of the bill and the fact that it had been passed in the other place after a long debate. In my opinion, those were the two highlights of his explanation. Therefore, I shall be asking him a number of questions during the course of my remarks, and I hope that in closing the debate he will provide us with the answers.

Canagrex is based upon the vision, or perhaps the hallucination, of the Minister of Agriculture that there is a great big wide world waiting out there with agricultural markets throughout; that all we need are fast-talking salesmen and we can supply those markets. The minister says that we need a government agency to deal with other government agencies, but, honourable senators, we have had government agencies dealing with agencies of other governments. We have Atomic Energy of Canada Limited, a crown corporation dealing with other governments, and that agency found it necessary to hire a Korean to negotiate with Argentina.

We have had the Canadian Dairy Commission dealing with other governments, and we now learn that the Minister of Agriculture sent in the RCMP to investigate that body and is now threatening to disband it. Then, of course, it would be unfair not to mention Petro-Canada. As honourable senators will recall, Petro-Canada was supposed to be a window on the oil industry, and after $1.5 billion of taxpayers' money was invested in that "window", Petro-Canada now has 55 subsidiaries. It reminds me of the leaded windows installed in my office—small but numerous.

Then, of course, we have the Canadian Wheat Board, an organization that has been in existence for some time. It has dealt extensively with other governments yet we find that both wheat sales and the price of wheat are declining.

• (2040)

Honourable senators, we cannot have anything any more direct than the Minister of State for the Canadian Wheat Board, Senator Argue, dealing with another government and this process has not been successful. There have been state visits to Japan and Russia, but other countries continue to undercut us and take our markets away. Therefore, I do not have a great deal of faith in government agencies, whether they be involved in agriculture or any other field.

Perhaps we should consider the potential market. It is impossible to sell to countries unless they have the income to purchase our agricultural products. Haiti, for example, has an average income of $300 per person per year. A side of beef in Ottawa costs about $350 so we will not sell very much beef to Haiti. Mexico, Brazil and Argentina all have extensive problems with their foreign debt. They cannot meet their present debts and it is very unlikely they would get credit to purchase our products. Then, the super salesman of super salesmen, the Prime Minister, went to the Pacific Rim but he was only able to complete sales in that area of the world by bartering. They offered him wicker chairs. It would not surprise me to see the Prime Minister giving out wicker chairs to each of the unemployed. He could probably initiate the Indonesian project that he was interested in, and I am sure the unemployed would appreciate a wicker chair.

We think of the Middle East as having all sorts of money. Certainly there is a high national income but it is not distributed very evenly. The average income in that area is not a great deal higher than it is in South America, so it is impossible to sell in that part of the world. We could move on to the Communist countries of Europe. Admittedly, Hungary, Romania and Poland are all potential markets but there is one thing wrong. They are socialist countries and they cannot afford to pay us for our agricultural products. It is rather ironic that the only countries we can sell to are the socialist communist countries—countries which have the same control over the agricultural industry as that proposed for Canagrex.

The European Common Market has threatened to break up a number of times over sales of agricultural products within the common market. If France objects to Germany for selling products within its borders and vice versa, then we are not going to be able to sell in the common market. In addition, the common market countries provide very high subsidies to their farmers and, therefore, they are our very strong competitors in other parts of the world.

When the Leader of the Government sums up, I would like him to give us the details of the potential market of $500 million which the Minister of Agriculture continuously talks about. He seems to see a vast market somewhere and I do not think it would be fair to pass judgment on the existence of that market without having accurate details of it.

Canagrex has been described as a means of bartering with countries that are unable to pay in cash or obtain credit. In fact, I think it was the Ontario Bean Producers Marketing Board which expressed that very viewpoint in their presentation to the Standing Senate Committee on Agriculture. When I asked that board's representatives who would distribute these products, I received the answer I expected, "But that is not our problem; all we want to do is sell our products in this country and we will take anything in payment for them, but somebody else can distribute them." Can honourable senators envisage the Minister of Agriculture taking Japanese cars in payment for canola oil and distributing the cars in Windsor? I do not expect to see such a thing happening any more than I expect to see a great deal of barter occurring.

The principle that Canagrex can operate on a regional basis is one that causes me a great deal of concern. Let us suppose for the sake of discussion that Canagrex completes a sale of pork in the export market. The three main pork producing areas in Canada are Quebec, Ontario and Alberta, and the shipment will go through the Port of Montreal. Therefore, Quebec would probably feel that it has the priority on that market. Ontario will feel that its price is lower and that since it has a surplus it should receive preference, and Alberta will say that it can produce the pork more cheaply than the other provinces and, therefore, it should receive the order. It will take the wisdom of Solomon to sort out such an occurrence.

The evidence presented before the House of Commons Standing Committee on Agriculture by the Quebec potato producers causes me some concern as well. They see a great potential in joint ventures, and they pointed out that in their view Quebec does not have a large enough share of the domestic potato market. They want a larger share of the market and they expect to achieve this through a joint venture. It is only reasonable that a certain area sees its own possibilities first. However, I ask the Leader of the Government: Which area will lose? Will it be Prince Edward Island, New Brunswick or Ontario? If a joint venture is undertaken to raise the quota in one specific area, the other three areas must suffer.

Sixty-two per cent of the potatoes produced in my province are absorbed in the domestic market and any interference with that amount would be disasterous for the province. The Minister of Agriculture, while appearing before the Senate Agriculture Committee, said that he thought that Prince Edward Island should get out of the domestic market altogether and concentrate on exporting seed potatoes. We produce an excellent seed potato but it is difficult to establish a continuous market. This year we may sell to Argentina but next year Argentina may not have the money to buy the seed potatoes, so that market is gone. The same situation applies to potatoes in New Brunswick.

Interestingly enough, we have established a fairly consistent seed potato market with Cuba, a communist socialist country, and we did that without Canagrex. We did not need to have a Canadian government agency dealing with another government agency in Cuba. The potato marketing board in my province and individual shippers were able to establish that market and maintain it to a fairly steady degree. The only problem they have had is getting paid in Canadian currency.

● (2050)

The Leader of the Government listed a number of organizations that support Bill C-85, but he neglected to give us the name of any organization opposing it. However, if he were to look at a list supplied by the Standing Senate Committee on Agriculture, he would find that most of the provinces oppose the principle of Canagrex. I need not remind him that it is the function of the Senate to protect the interests of the provinces, and in that respect I am curious to know how he could suggest he was protecting the interests of the provinces while at the

same time failing to tell us that the majority of the provinces were opposed to the principle of Canagrex.

The Minister of Agriculture told us in committee that he was enthusiastic about having the authority and opportunity to build storage facilities in foreign countries. In my opinion, that would be a rather risky field to enter. We have already had one experience in that line. We built storage facilities in South America for our bean exports. One problem that arose in that connection was that there were no roads to the storage facilities. Consequently, the beans went into storage and simply stayed there. Once you undertake a project of that kind, honourable senators, you give the people in the particular country the opportunity of asking for roads, railways and trucks to distribute the product.

Moreover, once the storage facility is in existence, other countries can then come along and undercut your prices. For instance, the European Common Market or Russia might say, "All right, last year you paid Canada a price which included a portion for storage costs. This year we will give you that product for much less, because we do not have to pay for the storage facilities."

Many of the countries with which we do business would accept that kind of argument because they are not bound by our principles of contract law. They might well have a change of heart and simply ask, "What are you going to do about it?" and there wouldn't be a thing we could do about it.

Honourable senators, I will make just a brief comment on the list of staff which was provided to the Standing Senate Committee on Agriculture. That list contained one solicitor and one marketing expert. I would suggest that, solicitors being what they are, it would not be too long before solicitors formed the largest department within Canagrex.

Hon. Royce Frith (Deputy Leader of the Government): Old solicitors never die, they just lose their appeal.

Hon. Lowell Murray: They just build empires.

Senator Phillips: However, the marketing end of it will probably stay as one individual. If one individual can deal with every agricultural product in every country, I would really like to meet that individual.

Perhaps the Leader of the Government can give us some clarification on joint ventures. It was my understanding that the bill was amended in the House of Commons to eliminate the possibility that Canagrex would enter the field of growing fruits and vegetables. However, I understand now that there is nothing to stop Canagrex from entering into a joint venture to do that. I would ask him to clarify that when he replies.

I notice, too, that the bill provides for consultants. I suspect that we will find Alastair Gillespie has left the coal mines and has now entered the export field of the agri-industry.

Hon. Jacques Flynn (Leader of the Opposition): The two years have expired now.

Senator Phillips: I would point out to honourable senators that the borrowing authority of Canagrex is actually greater than that provided to the Farm Credit Corporation. At the moment, the Farm Credit Corporation has allocated all of its funds and is waiting for approval from the Governor in Council to borrow $500 million in the European market. Canagrex would be able to do that without going to the government. It seems strange that Canagrex should have that kind of authority but not the Farm Credit Corporation.

In closing, honourable senators, I should like to point out that there is an alternative to Canagrex, and that is to have in our embassies abroad trade officers dealing with agricultural products, as the Americans do. In the Department of Industry, Trade and Commerce there were for years a number of experts on agricultural matters who knew the trade patterns, but they were transferred to External Affairs. Surely the government could utilize their experience to train people to go out to the embassies, having benefited from the knowledge those former officials of Industry, Trade and Commerce had gained over a number of years.

Of course, I realize most officials do not care to deal with agricultural matters because they are rather mundane. Moreover, agricultural groups do not give as lavish receptions and banquets as the hi-tech industry gives. However, we can hope to find that that attitude changed.

The other day I spoke to the minister concerning clause 14(3)(b), and I believe he intends to give an explanation of that when he closes the debate.

Honourable senators, during the winter I took note of some remarks made by the Honourable Senator Roblin in western Canada in which he said that if members of the Senate were elected debate would be much more extensive and more interesting, because elected senators would take a much greater interest in matters such as Canagrex. I am looking now at several senators who are advocates of an elective Senate. I look forward, therefore, to hearing from senators such as Senator Buckwold and Senator Frith, who will no doubt give us the benefit of their views. They do not have to wait to be elected. They can do that now.

Hon. Sidney L. Buckwold: Would the honourable senator allow a question?

Senator Phillips: Certainly.

• (2100)

Senator Buckwold: First of all, I want to thank him for again advocating an elected Senate. I was glad to hear that, and I am sure that all honourable senators will vote for or against this bill on the basis of what they feel their regional interests really are.

However, my question involves the honourable senator's comments on the Canadian Wheat Board. That board is one of the few major achievements of a Conservative government for the farmers of western Canada. It is a rare jewel in the crown of Tory programs, and we are all very proud of it. Indeed, the Canadian Wheat Board has become an institution in western Canada. I was therefore alarmed, on hearing the honourable senator's comments regarding the litany of failures of government agencies, that the sale of wheat is declining and the price is declining. The implication was that this was the fault of a

government agency, namely, the Canadian Wheat Board. Is it the honourable senator's position, then, that the Canadian Wheat Board should be abolished?

Senator Phillips: I do not place the blame for these shortcomings on the Canadian Wheat Board. What I said was that, in spite of the existence of that board, the price has been declining and the acreage has been declining.

I would draw the attention of my honourable friend to remarks made recently by the Minister of Agriculture in which he said that the idea of reducing wheat acreage and other activities of the Minister of State for the Canadian Wheat Board was unprincipled and unchristian. It is not my intention to discuss theology with the honourable senator this evening. I am sure I would not change his view or he mine.

However, the answer to his question is: No, I would not advocate the disbandment of the Canadian Wheat Board, but I would recommend that there be a Conservative minister in charge to operate it on the Conservative principles upon which it was established.

Hon. Douglas D. Everett: Honourable senators, first of all I would like to accept the challenge posed by Senator Phillips in calling on those who support an elected Senate to take a position on this bill. Once again, it gives me the opportunity to state that I do indeed support an elected Senate.

However, what we are really dealing with is the question of Canagrex. What has to be principally of interest to us is to determine whether or not we need such a crown corporation. On that question the burden of proof really lies on the government to make its case. One has to examine whether or not that case has been made.

As I understand it, the argument is that Canagrex is needed in order to engage in state-to-state trading; that apparently there are states, particularly socialist states, that will not deal with private organizations, and therefore we need to have a state corporation to deal with them. Surely, honourable senators, the evidence does not support that contention, for indeed the organizations that we now have in Canada—largely of a private nature, with the exception of the Canadian Wheat Board and the Canadian Dairy Commission—have been able to deal successfully with both capitalist and socialist states, and the country has enjoyed marked increases in the export of agricultural and food products.

As I understand it, the argument for Canagrex is that it will improve our performance in the export of agricultural and food products. But the evidence is there, in commodity after commodity, that improved performance and increased exports of those products have already occurred. Under those circumstances, one has to wonder whether a state agency can do better than the outstanding performance that has already been achieved.

As I understand it, Canagrex will offer a range of assistance to those who are involved in the exporting of these products and to those who grow and process them. That assistance is already offered by organizations like the Export Development Corporation, so nothing new is being offered in that respect. It may be that Canagrex has a raison d'être if it centralizes all that assistance in one organization. I am, however, sometimes very leery of the concept of centralization.

I want to deal with one particular area within the powers of Canagrex. As I understand it, Canagrex is to promote, facilitate and engage in the export of agricultural and food products. I am particularly interested in the power to "engage in export". I quote from the minister's speech where he says:

> Canagrex may purchase, package, process, store, ship, insure, import, export or sell agricultural and food products. It may undertake promotion, publicity and improvement of quality and variety. It will be able to enter into contracts with individual Canadians, firms, marketing boards and so on, and act as their agent. It may enter into contracts with foreign governments; enter into joint ventures; and buy or lease property such as warehouses or containers. It may provide loans and guarantees.

It is true, as the minister says, that amendments have been made to increase public control over the activities of Canagrex. I believe those amendments have been made because there is legitimate concern, even within the government, as to how widely its powers will be exercised. Even with those amendments, extensive powers remain. We have all been around government long enough to realize that, when the powers exist, while they may not be used immediately they will almost certainly be used one day. Let us not delude ourselves, therefore, by saying that we have undertakings from the Minister of Agriculture that he will not use those powers. I am sure that, when he says that he will not use them, he intends to do what he says, but there is no guarantee that the bureaucracy or interest groups will not put pressure on the minister or his successors, over a period of time, to use those powers. In my view, those powers will be used.

What really worries me about this bill is that another bureaucracy is being formed. The history of these bureaucracies and crown corporations is that they start small but they grow and grow and grow. So, what we are proposing, I believe, is something that will have broad powers enabling it to invade a field that is already being well looked after by the private sector, and I include in that field the work of the Canadian Wheat Board and the Canadian Dairy Commission. We are not, however, dealing with something that has been badly done; Canada has an outstanding record in the export of its agricultural and food products.

● (2110)

As honourable senators know, it is very difficult for someone who sits on the government side to vote against a bill which is obviously as close to the government's heart as is this one. But my feeling is that the case has not been made by the government; the case has not been made that it should establish a crown corporation to invade this field. My feeling is that the job is being done, and it seems to me that it is the duty of Parliament, and the duty of the Senate, to say to the bureaucracy and to the government: "Make your case; if you can show that the private sector and the current organizations are not doing well, then we will accept your case." But they have not

made their case; in fact, the cost to us will be greater than any benefit I can see.

Therefore, as hard as it is for me to vote against those on my side of this house, I will do so, and I sincerely hope that honourable senators who are concerned about the incursions by government into the private sector of this country will vote the same way.

Some Hon. Senators: Hear, hear.

On motion of Senator Flynn, for Senator Roblin, debate adjourned.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved the second reading of Bill C-148, an act to amend the Farm Improvement Loans Act (No. 2).

He said: Honourable senators, this evening we have heard two excellent speeches on agriculture, one from Senator Phillips and one from my colleague, Senator Everett. It is my turn now to speak briefly, I hope, on Bill C-148, a very important bill to the agricultural industry as it relates to an amendment to the Farm Improvement Loans Act.

I do not have to tell you with how much pride I stand up and talk about agriculture, coming as I do from Saskatchewan. As I have said in this chamber so often, we have a resource which should be the pride of Canada—and it is—because each spring our farmers, bless them, plant their seeds and in the fall harvest literally billions of dollars of product, most of which is exported thereby adding to Canada's prosperity and development.

Hon. Jacques Flynn (Leader of the Opposition): Without Canagrex!

Senator Buckwold: Yes, without Canagrex, thanks to the Canadian Wheat Board.

Our farmers, as honourable senators know, represent an industry that is very credit-intensive. That industry requires a great deal of loan capital. The Farm Improvement Loans Act has been operating since 1945. During that time it has provided 1.8 million loans totalling $4.7 billion. Most of those loans were relatively small. They were made for the purpose of improving farms, buying land, and obtaining new equipment. This act provides financing for the agricultural industry in a wide variety of fields.

This has been a good investment. For example, last year—which was a difficult year because of high interest rates—new loans amounted to $208 million. Those loans were guaranteed under the program, and they amounted to an increase of 10 per cent over loans made in 1981.

Now, what is most impressive about this is that these loans were paid back. They are business loans provided by financial institutions—the chartered banks, trust companies, credit unions, and so forth—and are guaranteed by the Government of Canada. The interest rate is one per cent above prime.

The total loss last year—and I was very interested in this figure because we have all heard about the tremendous losses that were suffered by many financial institutions last year because of high interest rates—that was written off so far as this particular act is concerned amounted to approximately $1 million. When one considers the immense volume of loans, I think one would agree that that is an outstanding performance.

The total of the write-offs over the 38 years since the act came into force represents an average of approximately $166,000 a year. Again, when one looks at the billions of dollars involved, I think one will certainly agree that this has been a good program.

What this bill requests is that the program be extended for a further two years, from July 1, 1983 to June 30, 1985. The bill is not requesting an extension of the capital amount. That has been sufficient and remains so. There is a ceiling of $1.55 billion on the amount to be guaranteed by the government.

Honourable senators, the bill, as I said, provides for merely an extension of the current program. It involves no further capital guarantees, but simply continues a service which is of great assistance to the agricultural industry.

Honourable senators, I beg your support for this particular bill, and hope that it will be passed in due course.

Hon. Jean-Paul Deschatelets: May I ask the honourable senator if the interest rate has changed?

Senator Buckwold: It is a floating interest rate, and is one per cent above the prime bank rate. So, it varies with the ups and downs of the prime rate, with a surcharge of one per cent above that.

Hon. Lowell Murray: Honourable senators, I wish to point out that this bill cleared second reading, committee of the whole and third reading in the other place in less than 20 minutes. It is obvious that there is general agreement to the bill, and we on this side have no serious objection to it.

However, I do not think it would cause any undue delay if we slept on it. Therefore, I move the adjournment of the debate until the next sitting.

On motion of Senator Murray, debate adjourned.

• (2120)

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE ADJOURNED

Hon. Ernest G. Cottreau moved the second reading of Bill C-147, an act to amend the Fisheries Improvement Loans Act (No. 2).

He said: Honourable senators, I am pleased to introduce for second reading Bill C-147, which is legislation to amend and to extend the Fisheries Improvement Loans Act.

I am sure that you are aware that this is a bill intended to aid the small independent fishermen by helping to finance a

number of fishery improvement projects, such as repairs to vessels and equipment. It is directed toward ongoing operations of the small independent fishermen rather than the building of large expensive trawlers.

This legislation specifies the amount that can be outstanding to an individual borrower at any one time, as well as the maximum term of each loan. It also lays down the total principal amount of guaranteed loans that may be made by all lending institutions in a lending period, and what that lending period will be.

The Department of Fisheries and Oceans took over the administration of this act in June 1978 from the Department of Finance. Many fishermen depend on this act, and it is in their interests that the amendments be made soon since the present legislation terminates on June 30, 1983—a matter of only a few days.

The rate of interest under the act is set at 1 per cent over the prime lending rate of chartered banks. This fluctuates with the changes in the prime lending rate for the duration of the loan. This legislation is of great help to fishermen in that it facilitates credit for them and permits them to operate as free entrepreneurs.

With the extension of Canada's fishing zone, fishermen now are obliged to go farther off shore and they need more efficient vessels to harvest fish and to retain their quality until they reach the processing plant. In addition, the cost of vessels and equipment has increased due to inflation.

The guaranteed loans program carried out under this act provides a stable source of credit to many small independent fishermen, in the absence of which such credit would be less available from the banking community during those times when the market is sluggish. Without a program of this sort, it is quite likely that a small number of independent fishermen would be forced to borrow from large operators and fish processors which would jeopardize their freedom and independence.

On the west coast, where there are no subsidies and no provincial loan boards, this program has become increasingly important and popular with fishermen. Where provincial schemes are available, the demands placed on the legislation are not as great, although it is used in the Atlantic provinces as well. In Newfoundland, for example, the number of loans guaranteed under this act has increased substantially. Extension of the program is much less costly than direct subsidies.

I should also like to emphasize that since its inception the loss under this program has been less than three-quarters of 1 per cent. In addition, this approach of providing credit availability to fishermen is in line with the current fisheries policy.

I should also like to make the point that all loans under the Fisheries Improvement Loans Act must be secured in the regular manner. Security is taken in the form of a chattel mortgage on the item purchased, or a mortgage on real property. The lender is given a written promise by the borrower to repay the loan. Other terms and conditions are worked out between the applicant and the lender.

What the amendments will do is extend the act for a two-year period from July 1, 1983 to June 30, 1985, and set the aggregate principal amount of loans made during that two-year period, in respect of which the minister would be liable for losses, at $100 million for all designated lenders under the act.

A further amendment to the act will make it mandatory for lenders to comply with the provisions of the regulations.

By way of explanation, perhaps I should point out that the existing act empowers the Governor in Council to make regulations concerning the administration of the program, but there is no provision in the legislation that makes it an offence to contravene the regulations. Under the proposed amendment, failure by lenders to comply with the regulations would void the minister's liability under the act. In effect, the amendment would firm up the program administration and require lenders to register with the Department of Fisheries and Oceans all loans made under the provisions of the act within three months of the granting of such loans.

Loans made by chartered banks and other designated lenders under the Fisheries Improvement Loans Act have risen significantly over the years. From the inception of the plan in 1955 to March 31, 1982, approximately 14,759 loans have been made, amounting in total to approximately $184 million. The average size of the loan has increased from over $1,000 in 1955 to around $18,000 at the present time.

I am sure it will be recognized that the guaranteed loans program provides a solid credit base for fishermen through recognized credit institutions across the country. Lenders make loans with the same care taken in the conduct of their ordinary business and use normal commercial lending practices in drawing up agreements and in servicing the loans.

Honourable senators, I am sure you know that this legislation has had general all-party support. In view of the time element, I trust that you will want to give your support to it as well.

On motion of Senator Marshall, debate adjourned.

• (2130)

THE SENATE

MOTION RE SUSPENSION OF RECORDING OF DAILY ATTENDANCE OF SENATORS—DEBATE ADJOURNED

Hon. Charles McElman, pursuant to notice of Wednesday, June 15, 1983, moved:

> That the practice of recording the daily attendance of senators in the Senate be suspended effective April 14, 1981, and remain suspended until the beginning of a new session of the Thirty-second Parliament, or the first session of the next succeeding Parliament, whichever may first occur.

He said: Honourable senators, I need not draw to your attention that there is a problem in the Senate with respect to attendance and penalties. I should like to refer briefly to the

sections of the Senate and House of Commons Act which govern in these circumstances.

Section 34, which deals with the indemnity, states:

> —there shall be paid to every member of the Senate and House of Commons a sessional allowance at the rate of forty thousand, two hundred dollars per annum.

It follows that, if the sessional allowance is to be paid on an annual basis, calculation of deductions from such allowance should be and is meant to be on an annual basis. The act was not corrected at the time of last amendment to provide for that because the current circumstances were not foreseen.

Section 37 of the act provides for deductions. It also states that absences by reason of illness or on public or official business are not counted as absences.

Section 40 of the act provides that either the Senate or the House of Commons may make regulations to make attendance requirements more stringent, but there is not provision under which they can be made less stringent.

Section 44(1) reads as follows:

> For each session of Parliament, at the end of each month and at the end of the session, each member shall furnish the Clerk of the House of which he is a member with a statement, signed by him, of the number of days attendance during the month or session, as the case may be, for which he is entitled to the said allowance, and, in case days are included on which the member has failed to attend by reason of illness, setting forth that fact and that his absence was due to such illnes and was unavoidable.

Those are the provisions of the act with which we are concerned. Honourable senators should bear in mind that the provisions are identical for the Senate and the House of Commons.

The House of Commons has developed its own practices for the administration of those provisions of the act. It is not my purpose or intention to discuss or comment upon those administrative arrangements.

Many years ago the Senate also developed its own administrative procedures in this regard. The practice—and I stress the word "practice"—was instituted that the attendance or non-attendance of senators would be recorded at each sitting of the Senate and that such attendance or non-attendance would be published in the *Minutes of the Proceedings of the Senate*.

An important reason for the institution of this practice in the Senate is the fact that, by law, a senator becomes disqualified as a senator if he or she fails to attend sittings of the Senate for two successive sessions of Parliament. Thus, the keeping of a record of attendance in the Senate became an important practice, contrary to the situation in the other place.

Those are the principal sections of the Senate and House of Commons Act and the administrative practices that now apply.

In a normal session—a session that continues for approximately one year—this presents no problem for most honourable senators; but this is not and has not been an ordinary session. This session began on April 14, 1980, more than three years and two months ago. Honourable senators will note that in the motion I have placed before you, I have suggested that the attendance record cease as of April 14, 1981—one year from the beginning of the session.

The fact that this session has dragged on—and I use those words advisedly—for more than three years is not the fault of the Senate and, indeed, is not the fault of the House of Commons. It is directly the fault of the government, of cabinet, which has failed to begin a new session and present Parliament with a Throne Speech at approximately one-year intervals. It is my view that cabinet has a duty and, indeed, a responsibility to present, each year, a statement of its plans and policies and to begin a new session. That has been the practice, a precedent of the Canadian Parliament; and it is a good practice.

This government, in its wisdom or lack of it, has chosen not to observe that time-honoured practice. Over the past one and a half years, almost on a monthly basis, it has been indicated that this session would be prorogued and a new session begun. It is now suggested by some that a new session will begin early in the fall, while others suggest it will be later in the fall. Honourable senators, such suggestions no longer impress me.

We are, therefore, left with the problem that the usual annual allowance for absence from the Senate, without suffering penalties, has been effectively reduced from the normal period of 21 days to less than seven days annually as of now, and it is still going down.

It is my understanding that a good number of senators, some of the most responsible, are now suffering penalties. As yet, I am not one, but I would point out that some of the best attenders and hardest workers in this body are now either beyond the period and are suffering penalties or their backs are to the wall. Such responsible senators should not be placed in the position in which they now find themselves because of what is, in my view, the irresponsibility of the administration.

The problem has been repeatedly drawn to the attention of the government leadership in the Senate over a long period of time, both privately and openly in this chamber. No corrective action has resulted. Other cabinet ministers have been alerted to this problem. Nothing constructive has happened to solve the problem.

The Honourable Senator Flynn, the Leader of the Opposition, offered to present an appropriate amendment if the Leader of the Government in the Senate would support it. He received a negative reaction. Senator Denis raised the subject again recently with the government leader and, again, there was a negative reaction. Senator Denis was told that it would not be "convenient." If one could bring levity into this, which is difficult to do, one might suggest that it is not convenient to pass the Canagrex bill at this time. The problem continues and many honourable senators continue to be penalized.

• (2140)

Honourable senators, the ideal way to solve this problem is by means of a bill amending the Senate and House of Commons Act, as was suggested by the Honourable Senator Flynn. We have, however, no indication that the government will introduce such an amendment. We have no solid commitment that this session will end next week, next month, or, indeed, next year.

It is in that light that I have brought forward this motion. Its effect would be to bring section 44(1) of the Senate and House of Commons Act into full force, requiring each senator to file with the Clerk of the Senate, at the end of each month and at the end of each session, a statement concerning attendance and non-attendance. This would place honourable senators on exactly the same footing as that of members of the House of Commons. It would also draw attention publicly to current practices concerning absences and penalties—or lack thereof—in the House of Commons. Any comparison of what goes on would not be odious to this chamber, but it would, I believe, bring responsible action from the government. I find unacceptable and untenable the suggestion that it is too late in the session to bring forward such an amendment.

As our good friend and now retired Honourable Senator Laird once said, it would be a very simple bill. It is so simple, so easy to bring forward and to have passed because the members of the House of Commons, in conscience, would find such a bill as amenable to themselves, in today's circumstance, as we would here.

Honourable senators, I am under no illusion that my motion might pass. I do hope, however, that some honourable senators will feel moved to make comments on it before it is either defeated or dies on the order paper.

Some Hon. Senators: Hear, hear.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, June 21, 1983, at 2 p.m.

THE SENATE

Tuesday, June 21, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not see Senator Frith in the chamber today. I am not sure if the Leader of the Government will be able to manage without him, but I should like a reply to the question I put to Senator Frith last night. I had hoped that today he would be in a position to enlighten us on the program of the Senate. Will we be deprived of his presence today?

Hon. H. A. Olson (Leader of the Government): I can say to my honourable friend that, as the leader, I find it difficult to get along without Senator Frith. However, he indicated to me yesterday that, for personal reasons, he may be a few minutes late this afternoon, but he does expect to be here shortly. I cannot say at the moment whether he will arrive before the end of Question Period, so perhaps I will try to answer my honourable friend's questions.

Senator Flynn: Has the Leader of the Government in the Senate any indication from the leadership in the other place as to what is expected of us? Has he received any instructions or orders from the government leader in the other place?

Senator Olson: Honourable senators, perhaps "indications" would be a better word than "instructions".

Senator Flynn: It is a more polite word, but it has the same meaning.

Senator Olson: That is not the attitude or the system within which I try to operate. There are, of course, a number of bills that are considered essential which my honourable friend knows about and, no doubt, we will deal with some of them today.

Insofar as concerns any further legislation coming over from the other place that is not now on the Senate order paper, I think it is fair to say that the government still expresses the hope that Bill C-155 will move at least one more stage and, hopefully, even further than that. However, my honourable friend can draw his own conclusions from what happened yesterday with respect to that bill.

There are one or two other bills that might come to the Senate for consideration and perhaps I can give my friend an indication as to just what stage they are at. For example, there is an attempt—if that is the right word—to legislate an increase in the authority of the Export Development Corporation to $20 billion from about $10 or $12 billion. I am not sure of the exact amount, but it is significant. That bill is now in committee in the other place, but I cannot assure my honourable friend that it will come to the Senate in time to enable us to pass it through all stages.

Other than that, clearing up matters now on the order paper is probably a realistic view of what might happen in the next few days.

Senator Flynn: Were we to deal with all the bills on the order paper today or tomorrow, would that mean that we would adjourn tomorrow until Monday of next week?

Senator Olson: Were we to deal with all stages of debate, so that those bills could receive Royal Assent, that is not only a possibility but a very real possibility.

Senator Flynn: Is the Leader of the Government suggesting that we need to pass Bill C-164 tomorrow? Could that not be dealt with next week?

It seems to me that the government has supply until the end of the month, at least, and it is only important that this bill be passed and given Royal Assent by the end of the month.

Senator Olson: I understand that, and if there is some reason for its not being dealt with tomorrow, I would not insist that we sit on Thursday to deal with it. However, there are a number of other bills on the order paper, such as Bill C-85, and I suppose there is no problem with Bill C-148—

Hon. Jack Marshall: There might be a problem with Bill C-148.

Senator Olson: If there is, that is unknown to me. That bill only requests an extension of the termination date of that act. However, I did not think there was a problem in passing Bill C-148, Bill C-147 and Bill C-161. We have not given Royal Assent to the borrowing authority bill yet. I think that Bill C-164 could be dealt with on Monday of next week.

Senator Flynn: Very good.

PARLIAMENT HILL

ROYAL VISIT—INQUIRY RE DISPLAY OF BRITISH FLAG ON COURTESY STAFF

Hon. Heath Macquarrie: Honourable senators, I direct a question to the Leader of the Government respecting flags, as I did some weeks ago.

When I entered Parliament Hill yesterday I noticed on the courtesy staff the flag of the United Kingdom, the Union Jack. As a devout and appreciative student of constitutional experts such as Professor A. R. M. Lower, I had learned—at least, I thought I had learned—that when the Statute of Westminster was enacted under the regime of the great Prime Minister of Canada, R. B. Bennett, the Sovereign of the United Kingdom was also the Sovereign of Canada. Accordingly, we salute Her Majesty and her first son and his beautiful wife.

I wonder why it was necessary to fly the flag of the United Kingdom on the courtesy staff, which is immediately to the east of this building. If the Queen and her offspring belong equally, properly and delightedly to Canada, why was it necessary to fly the flag of the United Kingdom? As I understand it, R. B. Bennett believed that after 1931 all the dominions were equal in status and in no way subordinate one to another. I am not suggesting that Senator Olson was responsible for the flying of this flag, but I would appreciate it if he would look into that and tell me at a later time—we do not want to embarrass the royal visitors who are, obviously, extremely welcome in our country, as they should be—why there should be on this particular occasion a display of the flag of one member of the Commonwealth rather than our flag. We are, after all, an important member of the Commonwealth.

• (1410)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I can ask for an explanation. I have no difficulty in agreeing with Senator Macquarrie that Her Majesty the Queen is the Queen of Canada. There is no question about that. It may be that he partly answered his own question when he raised the matter of courtesy in that that particular flagpole is, as he knows, used as a matter of courtesy. The United Kingdom has much in common with us when we display our affection for royalty, and it may be that that is the explanation.

Hon. Jack Marshall: The Canada Day bill is an example.

Senator Olson: However, I will make some inquiries.

Senator Macquarrie: Honourable senators, I appreciate Senator Olson's response, and I hope he is not in any way thinking that I am confused with references to the royal standard. I am just invoking the concept of the equality of members within the Commonwealth. We both agree that the Commonwealth is—if not the greatest—one of the greatest international organizations in the world today.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, at the same time that Senator Olson is making those inquiries perhaps he would ask why the flags of Australia and New Zealand were not displayed.

Senator Olson: I shall make those inquiries. While the answer may not be precisely the way I explained it a minute ago, it will be along those lines.

Hon. George van Roggen: Honourable senators, at the same time could the Leader of the Government inquire as to whether there is a distinction between the Union Jack as flown in Great Britain as the flag of Great Britain and the Union Jack as flown as a symbol of the Commonwealth quite properly in Canada?

Senator Olson: I will include that in my inquiry.

HEALTH AND WELFARE

MEDICARE USER FEES AND EXTRA BILLING

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Minister of State for Social Development. In view of the fact that the Saskatchewan government has already abandoned health user fees and that recently the Manitoba government decided against instituting such fees, could the minister clarify the statement made by the Prime Minister in Toronto last week, which differs from the statement made by the Minister of National Health and Welfare recently, relating to the federal government's attitude on the imposition of unfair and burdensome user fees by the Governments of Alberta and New Brunswick?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I am unaware of any conflict in those two statements. What I understand the Minister of National Health and Welfare to be saying is that she has been conducting negotiations with the provinces in order to prevent an escalation of user fee charges which would, in turn, create a serious debasement of our medicare program. In answer to questions from Senator Murray last week, I said that we were hopeful that those negotiations might produce some accord. The Prime Minister has indicated that he supports Miss Bégin in those negotiations.

• (1415)

I am not sure whether he made this statement in Toronto, but he said recently that he hoped it would be unnecessary to come to a conflict with the provinces, although he suspected that, in the case of Alberta at least, their action to introduce user charges was not so much based on revenue as on ideology.

I see no conflict in the efforts of Miss Bégin to find an accord, and also, at the same time, in a negotiation with the province, to indicate that the federal government will be stubborn in ensuring that medicare, as a universal program, is not eroded.

Senator Haidasz: I have a supplementary question. In view of the apparent conflicting reports on this issue, would the Minister of State for Social Development inform the Canadian public about the whole subject of our health care program today by publishing either a green paper or a white paper on it, or, at least, make available a draft of the new Canadian health act to federal and provincial legislators and to the governing bodies of the medical and other health professions for their information and study?

Senator Austin: Honourable senators, I think the best way of proceeding to inform the Canadian public about the discussions under way between the federal government and certain provinces is for the federal government to issue an information paper. In that respect, I agree with the direction of Senator

Haidasz' remarks, and I will make such representations to Miss Bégin, the minister responsible.

At the same time, it is not possible for me to table a bill which would indicate the government's policy. As Miss Bégin herself has made known to the Canadian public, she is actively considering a piece of legislation, but the matter is not, at this moment, one of government policy. In other words, no particular policy decisions have been taken by the government. Undoubtedly, when decisions are taken, they will be made known by the minister.

Senator Haidasz: In view of the fact that, for the first time in the history of St. Joseph's Health Centre in Toronto, 60 beds will be closed down for the next four months because of lack of funds, and in view of the minister's success in obtaining hundreds of millions of dollars for Canadair and de Havilland, would he intervene to obtain additional funds for the health care system to provide adequate hospitalization for the Canadian people?

Hon. Jacques Flynn (Leader of the Opposition): That is irrelevant.

Senator Austin: I am sure Senator Haidasz, who follows these matters, well knows that the administration of hospital care in the provinces is the responsibility of the provinces.

I am sure he also knows that the federal government's contributions to medicare, under the established programs financing arrangements, has continued to increase without indexing. I am also sure that the question he has addressed to me would much more properly be addressed to the Government of Ontario, the province in which he resides.

As far as the implication related to the government's investment in aerospace technology is concerned, perhaps Senator Haidasz would like to put to me the closure of de Havilland as a trade-off against additional medicare financing in Toronto.

Senator Haidasz: I am sure that the honourable minister will agree with me—I hope so, anyway—that the health of the Canadian people has a higher priority than the continuing of any jobs in Canadair and de Havilland industries.

Some Hon. Senators: Hear, hear.

Senator Austin: Honourable senators, of course the health of the Canadian people is primary, and the Canadian community has the best medicare plan in the world. The federal government's resources behind it are superior to the resources placed behind any medicare program anywhere in the world, and superior to the resources placed by any province behind the medicare program. What I am saying to Senator Haidasz is that Canadians, on the whole, are a healthy society. Canadians on the whole, however, cannot make choices that trade off jobs, technology and prospects for economic growth against health. Health comes first at all times, but that does not indicate that health must be chosen while other priorities are discontinued.

● (1420)

Senator Flynn: Honourable senators, I have a supplementary question relating to the question of user fees. Did I understand the minister to say that what the Prime Minister or the government is afraid of is the escalation of the user fee? If that is so, does it follow that a low user fee is acceptable to the government?

Senator Austin: Honourable senators, Senator Flynn's question is answered simply by saying that the federal government is opposed to user fees—

Senator Flynn: But you mentioned escalation.

Senator Austin: —except that there exist, in two provinces at the moment, user fees at quite a nominal level. It would be better for the medicare program and for Canadians in those provinces if those user fees were discontinued.

Senator Flynn: I see; you did not, then, use "escalation" in the proper sense of the word.

Hon. Lowell Murray: Honourable senators, when this matter came up the other day, the honourable minister undertook to find out from Miss Bégin what she intended to say in her speech in New York. Has the minister anything further to report on that matter?

Senator Austin: Honourable senators, I have a copy of Miss Bégin's address to the American Society in New York, delivered on June 13. I shall send a copy of it to Senator Murray.

Senator Murray: I thank the minister for that response. May I ask him whether his attention has been drawn to the interview which Mr. Trudeau gave to *Le Devoir* on the weekend, in which he indicated that Miss Bégin is preparing a document—not a bill, but a document—for presentation, in which document the issues at stake would be set out with greater clarity? Can the minister tell us whether there is a white paper, a green paper, or some such document forthcoming?

At the same time, will the minister tell us whether the government is doing opinion surveys across the country at the moment with respect to the medicare and hospital insurance programs and public attitudes towards them?

Senator Austin: Honourable senators, Miss Bégin is giving consideration to an information document which would outline the position of the federal government on the question of medicare.

On the question of surveys, I am not aware of any specific surveys which the government is doing on medicare issues, but that does not mean there are no surveys being carried out. The federal government consults the Canadian people, through surveys, on a continuing basis.

Senator Murray: Would the minister undertake to find out what surveys are being carried out by the government concerning public attitudes in the general area of health and hospital programs? Will he advise the Senate of his findings in due course?

Senator Austin: Honourable senators, I will be very pleased to make inquiries into what is being done. I will also see whether such information can be made available.

Senator Murray: Has the minister heard of freedom of information legislation and the guidelines set out therein which the ministers in the government are supposed to abide by in this respect? There is no reason in the world why the questionnaires and the results of such surveys cannot be laid on the table here or in the other place and be made public under the freedom of information guidelines. I hope that the minister and the government will keep that in mind.

Senator Austin: Honourable senators, I will certainly keep in mind my obligations as a minister under all relevant legislation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, from time to time the minister has expressed his opinion in the house as to the level of federal government support for health services. He and I have not seen eye to eye on this aspect of the matter.

I ask the minister whether he is familiar with the statement issued by the provincial Ministers of Finance and Treasurers called *Federal Proposal to Reduce Health and Post-Secondary Education Financing*, dated April, 1983. If the minister refers to page 3 of that document, he will see that these ministers express their opinions on federal support for health in the following terms:

> The federal government's support of Canada's health system is declining.

The figures are then given.

> Even if one were to use the federal methodology, Ottawa's support of total provincial health spending peaked at 47.8 per cent in 1979-80 and by 1982-83 had fallen below 40 per cent.

The point of my question is this: Does the minister not see some relationship between this declining federal support for health services and the financial problems of the hospitals that were referred to by Senator Haidasz a moment or two ago?

● (1425)

It seems to me that the minister is in a doubtful position if he seeks to lay down provincial policy, as he is obviously attempting to do, without taking into account the fact that the federal contribution to health services is declining in no small way. Seven per cent and 8 per cent on 47.8 per cent is about a one-sixth decline. It is pretty important.

Senator Austin: I should be very happy to look at the document to which Senator Roblin refers. I have not seen it. It certainly is not my information that any decline in federal contributions to medicare is taking place. Just the contrary. Federal funding is continuing to rise. Perhaps the explanation is in a choice of accounting methods. In any event, I will look into it.

Senator Roblin: I am quite prepared to believe that federal spending is continuing to rise. However, I also ask the minister to consider the fact that costs have continued to rise. The point the provincial ministers are making is that costs are rising faster than the federal contributions, so much so that the federal contributions have gone down from 47.8 per cent to below 40 per cent in the last three-year period. I hope that the Minister of National Health and Welfare will take this matter into account when she prepares her information statement for the Canadian people, because we must have a meeting of minds as to what the facts are about federal and provincial support for health services.

Senator Austin: The information I have, honourable senators, is that, as a percentage of GNP, health care costs in Canada were stable during the seventies at a rate of about 7 per cent, and that, in spite of restraint, the federal health care contributions to provinces have remained fully indexed and are expected to rise by approximately 10 per cent this year.

Senator Roblin: That does not deal with my question. My question has to do with the ratio of the federal contribution towards the total cost. The ratio is declining. It has declined from 47.8 per cent to below 40 per cent. These other figures are interesting, but paying the bills is what counts. That is why those hospital beds in Toronto that Senator Haidasz referred to are closed. It is the total bill that has to be looked at, and the relative share assumed by the two levels of government. I should like to have the minister clarify that point for me.

Senator Austin: Inasmuch as in 1977 the provinces wished to move to a block funding program, to which the federal government agreed, I think it has to be quite clear that the administration of costs for medical care in the provinces rests solely with the provinces. The point I am trying to make is that the federal government has not withdrawn its funding but is continuing to increase it. We do not participate in the administration of health costs in the provinces. If the provinces find that they would like some assistance in this area, I am sure the Minister of National Health and Welfare would be pleased to consider the possibility.

Senator Roblin: The minister was not listening very carefully to my quotation, because the quotation from the provincial ministers said that even if one were to use the federal methodology—in other words, going over to the minister's grounds to calculate these costs—we still get these percentages of 47.8 per cent down to below 40 per cent, so the minister has not answered the question.

Senator Flynn: As usual.

Senator Austin: I think the question will be better answered if I see the text and have an opportunity to consider it.

Senator Flynn: No doubt.

Senator Roblin: Does the minister, who is the minister in charge of it, tell me that he has not read this document of April 1983 from the provincial governments on the very point of health care? Surely somebody in his office at least made for him a digest of what they said.

Senator Austin: I am not the Minister of National Health and Welfare. I am the Minister of State for Social Development, and in that respect I co-ordinate the spending of the federal government, and I overview the policy developments. I am not possessed instantly of every detail of every social policy program of the government.

Senator Flynn: Nothing new there.

Senator Austin: However, I am flattered that Senator Roblin would think that I have every provincial comment and representation at my fingertips. I would dearly love to be able to meet that measure.

Senator Roblin: I suppose that underlines why these gentlemen are complaining about the unilateral federal decisions. That is one of the central points they deal with in this document—unilateral federal decisions. I guess it is unilateral if the minister does not even read their submissions.

Senator Austin: That is a wee bit of a cheap shot, honourable senators. Nothing is proved by that statement except that Senator Roblin has an editorial opinion.

● (1430)

The federal government strives energetically at all times to consult the provinces, but it is not always possible to have unanimity of views, because the interests of the federal government and of the provinces differ on occasion, as Senator Roblin may well know from his previous political experience. I do not believe that anything is gained in this debate by McGowan Cup tactics.

Senator Roblin: If my honourable friend ascribes editorial opinion to me, then he is mistaken. I am not expressing my own opinion, but the written submission of the ten provinces of Canada. It is not my editorial opinion. If the minister, who presides over the grand policy of social, health and other concerns, is not really aware of what they think in connection with this matter, then I deplore the situation.

Senator Austin: The honourable senator said that we behaved unilaterally without considering the opinion of the provinces. I say to him that it is not sustained by either his quotation or his argument. I am saying there is a history of federal-provincial consultation and there is no evidence to demonstrate that we proceed unilaterally without involving the provinces in our concerns.

Senator Roblin: Of course, the minister proceeds unilaterally. He has heard of the revenue guarantee component of the Established Programs Financing fund, has he not? The minister is well acquainted with that. Was that not proceeded with unilaterally? Does that not lie at the base of a great many of the complaints raised by the provinces? Of course it does. For the minister to say that he has not moved unilaterally is unsustainable and, I repeat, that is the opinion of 10 provinces.

Senator Austin: Perhaps there is a small problem of communication between the honourable senator and me. We do not move unilaterally in the sense that the provinces are not consulted and decisions are taken without our being aware of their position. That was imputed by the honourable senator. If he is saying that the federal government should never make a move without the agreement of those ten provinces, then I would say it is not a sustainable position for any politician to take.

Senator Roblin: If we want to talk about McGowan Cup tactics, there is a fine example. Erect a straw man and knock him down. Well, that's a fine straw man. I never maintained, and no sensible person would ever maintain, that we have to have unanimity in the Canadian federation to do anything. The minister knows that. I am surprised that after six months or so in the job he still has not caught up with what the provinces are trying to tell him.

Senator Austin: Honourable senators, I must say to Senator Roblin that he will be surprised from time to time, for the reason that I will not know every document he produces off his shelf for the purpose of questioning me.

Senator Roblin: The minister should be careful with his answers, because his answer concerning the federal share of the health matter was given by him a couple of months ago when the senator from New Brunswick and I were discussing the matter. Following that discussion I took the trouble to go to my library to find out the facts, and the minister should do the same.

Senator Austin: Honourable senators, I shall end this debate by telling the honourable senator that I appreciate his lecture, and I will try hard to meet that test.

Senator Flynn: You won't succeed, in any event, so forget it.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the Leader of the Government. No doubt he is aware of the various representations that have been made by several senators concerning the Garrison Dam project in Manitoba. No doubt he is also aware of the concern of Manitobans with regard to the quality of fresh fish in that province. No doubt he is also aware, through the many representations that have been made, of the concern expressed by the people of Manitoba and southeastern Saskatchewan with regard to their rivers and streams. I am sure that he is aware that the concerns expressed apply throughout the province.

The minister has always taken great pains to tell me that something was going to be done; yet I can honestly say that nothing has been done for the past two years. As an example, I would point to the delegation that went to Washington approximately two weeks ago.

An Hon. Senator: Were you there?

Senator Guay: I was not there, but I wish I had been. There were two provincial ministers, some members of the provincial legislature, one member of Parliament, the member for St. Boniface, and no ministers from Ottawa. According to the story in the Winnipeg *Free Press*, the day this delegation went to Washington to see two or three senators, the senators in question could not see them because of a vote being taken in the Senate, and so the delegation spoke to their executive assistants or somebody at that level.

● (1435)

Last Thursday the American Senate approved another $22.3 million for the Garrison project. One newspaper says that the

approval by the U.S. Senate Appropriations Committee on Thursday of the $22.3 million for the Garrison project means that there is little Manitoba can do to block the construction of the Lone Tree Reservoir, the first part of the project that would be built in the Hudson Bay drainage basin. The Lone Tree project should be of great concern to Canada. Is there not some way that we can have appropriate representations at the cabinet level?

Hon. Jack Marshall: No.

Senator Guay: Representations at that level would show concern for the province of Manitoba and would show that the Canadian government is taking some action rather than waiting for the provincial government to act. If we had such federal government representation in Washington, we would probably get a more responsive audience. We cannot expect to get anything done if we continue to do what was done in forming the last delegation and send a member of the minister's staff, instead of the minister himself.

Hon. Martial Asselin: Shame!

Senator Guay: This is what is happening. I cannot emphasize too much the concern of the people in Manitoba, particularly over the inactivity at the federal level. They feel that if the federal government were to support the provincial government—notwithstanding the government in power in Manitoba—it would achieve the type of response we would all appreciate from our neighbour, the United States, which is a good friend of ours. To be heard in Washington, we need representation at the federal level.

Can the Leader of the Government tell me what can be done in this regard and can he obtain for the people of my province an appropriate assurance that something will be done to represent us?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the Honourable Senator Guay has asked questions on numerous occasions concerning this continuing difficulty with the United States. I have either answered his questions immediately or taken them as notice to obtain a reply from the Department of External Affairs. That reply has usually been to the effect that the Canadian government, including the Secretary of State for External Affairs and our embassy in Washington, are continuously raising this matter with the United States State Department and, indeed, with members of the Congress. I think that we feel as strongly as the honourable senator does that there is potential damage if this diversion project continues in the way it appears to be going. Nevertheless, it is a fact that the United States Congress has passed these appropriations, but it certainly has not been because we have not made very strong representations on behalf of Canada.

I can give Senator Guay the assurance that I will, again, convey his concerns to the Department of External Affairs, with the request that they again convey those concerns to the U.S. Administration, including the Congress which, as he has pointed out, has apparently passed further appropriations recently.

Senator Guay: I thank my leader for his comments and I appreciate them greatly, but I would like to add one further request. Will the Leader of the Government make representations on our behalf at the cabinet level? Could he obtain for us the assurance that, if there is another parliamentary delegation to Washington, a minister will be in attendance to do the selling job as opposed to a civil servant? Regardless of which ministry was represented, if we could have the assurance that a minister would be present I am sure our delegation would be more successful. Such an assurance would be greatly appreciated.

● (1440)

Senator Olson: I will include that request in my reference to the Secretary of State for External Affairs.

ROYAL VISIT

THEIR ROYAL HIGHNESSES, THE PRINCE AND PRINCESS OF WALES—OFFICIAL FUNCTIONS—GUEST LISTS

Hon. Jack Marshall: Honourable senators, can the Leader of the Government advise us whether the Senate will adjourn early today to enable senators to attend the reception at Kingsmere this evening?

An Hon. Senator: What senators?

An Hon. Senator: Who are invited?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there is nothing to indicate that we will adjourn either early or late. There is a certain amount of work on the order paper. We have to deal with that. More than that, I cannot really say.

An Hon. Senator: Are we on regular power or standby power? That might have a bearing.

Senator Olson: I am not sure whether regular power has been restored. If not, we will have lights but not air conditioning. I can certainly recall from my early days here, when there was no air conditioning, that on hot days that was a definite factor in shortening debate. Whether that will be the case today, I don't know. In any case, the agenda is not long and I suppose we will adjourn when we finish it.

Hon. Jacques Flynn (Leader of the Opposition): Have you been invited to this evening's festivities?

Senator Olson: I am not sure one way or the other. I would have to check with my office. I know I received an invitation yesterday which I was unable to accept.

Senator Flynn: I don't understand that answer. Are you suggesting you did not give a reply?

Senator Olson: With respect to the invitation you are referring to, I can't say right at this moment. I believe I was invited and that I accepted, but I did not assume that, for that reason, the Senate would adjourn early.

Senator Flynn: Well, if you were the only one to be invited, I think we could dispense with your presence.

Senator Marshall: Since it is impossible to obtain answers to questions on the order paper with respect to matters emanating from the PMO, could the Leader of the Government provide us with a list of those who were invited to the state dinner last night and those who were invited to the affair this evening so that we will know where the Senate stands in relation to state invitations to members of Parliament?

Senator Olson: I cannot give an undertaking that the reply will be given forthwith, but I will take the question as notice.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been granted to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(a), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation hereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, this sitting of the Committee was scheduled a long time ago. Honourable senators are aware that the Senate will be sitting tomorrow, but, fortunately or unfortunately, the Chairman of the Committee made arrangements some time ago to invite members of the Bar Association, including the President, Mr. Yves Fortier and other impressive witnesses. That is why we are asking for the authorization referred to in this motion.

Motion agreed to.

[*English*]

FOREIGN AFFAIRS

HELSINKI FINAL ACT—COMMENDATION OF CANADIAN INITIATIVES

Hon. Stanley Haidasz: Honourable senators, the Senate has already given permission to revert to notices of Motions, at the request of our deputy house leader. With leave of the Senate, and notwithstanding rule 45(1)(h), seconded by the Honourable Senator Asselin, P.C., I move:

> That this Chamber commend the initiatives and efforts of the government at the Madrid Review meeting as well as the Canadian parliamentary delegation to the Interparliamentary Union meeting held recently in Budapest supporting the human rights and fundamental freedoms provisions of the Helsinki Final Act, the spirit of which is so clearly and courageously defended by His Holiness Pope John Paul II during his present visit to Poland.

[Senator Flynn.]

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

CANAGREX BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Olson for the second reading of Bill C-85, to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators—

Some Hon. Senators: Hear, hear.

Senator Roblin: I assume that it is the subject matter of this bill that attracts the interest of the Senate today. It certainly did last night. I thought there were some excellent speeches last evening dealing with Canagrex, a subject with which we are all pretty well familiar by this time, although I detected that there was perhaps not the enthusiasm for the bill that one might have expected since, with Canagrex, we are facing in a sense a motherhood issue: We all want to sell more agricultural products abroad. We all want to ensure we have the best possible means of promoting the sales of agricultural products abroad. It is evident, then, that that objective will undoubtedly secure widespread support since it is consonant with our national interests.

It is one thing, however, to have a good idea; it is another thing to decide how best to develop it. It seems to me that some of the honourable senators who spoke yesterday—and I must include some of the people who appeared before the committee when it did its pre-study of this bill—exposed what I think are considerable weaknesses in the plan we have before us now.

● (1450)

One of the important things that the bill seeks to do is promote the sale of Canadian agricultural products abroad and, although it is a bill of a general nature, they are considering specialty crops, by and large, and some livestock products, but not wheat or dairy products which are now sold through other channels. The first proposal, in passing this bill, is that the government should do more, or at least do something to help the sale of these products, but when you examine the things that the bill proposes to do, it is obvious that many of those things are already being done by somebody else in the government.

When you look at the question of intergovernmental transactions which this bill is supposed to facilitate, you find that we have a body called the Canadian Commercial Corporation which has been in the business of intergovernmental transactions for the last 30 years, dealing with agricultural commodities as well as others. Therefore, when it comes to intergovern-

mental transactions, this bill seems to cover a requirement which has already been provided for.

The bill seeks to promote the sale of agricultural products. That, too, is a function we would all like to see engaged in, but a great deal is already being done along this line. There is a program for export market development called PEMD, run by one of the existing departments of government, which is engaged in this process of the promotion of the sale of agriculture products. We have in our embassies trade counsellors who are engaged in promoting agricultural products. I am willing to admit that it would please me much more if some of those trade counsellors were specialized agricultural trade promoters. Some may be, but I am reminded of the great success the American government has had in having agricultural attachés in their various embassies to promote the sale of their agricultural products abroad. I know that we have been doing something along that line, and I would not be surprised if we could do much better.

Several of the other activities included in this bill are already covered. The question of financing the sale of agricultural products abroad is already provided for under instrumentalities we now use, the Export Development Corporation being one of these. The promotion of agricultural products is covered by government activities which offered, in 1981, 50-50 assistance to 36 different organizations for trade fair participation, specialized training courses for potential buyers, market studies, market identification, seed trials, certification expenses, trial shipments, initial operating costs in the formation of export associations, competitive bid preparation expenses, et cetera. We see, therefore, in the general field of promoting the export of agricultural products, that something is already being done and that most of these specific functions I have been able to identify in the Canagrex bill correspond to something that we are already doing. I know that the minister's reaction to this comment will probably be that we are going to pull all these different forces together, put them all under one roof and do it better. It may well be that that will turn out to be the case, but I must say, having watched the way in which these various government bodies operate, one has to wonder whether shuffling the deck is going to make a big improvement.

One thing it is going to do is increase the cost; of that I can assure this chamber. Every time we see one of these new developments put in place, it certainly increases the cost. The minister has tried to calm our fears in this respect when he told us he was only asking for a dozen people—

Hon. Jacques Flynn (Leader of the Opposition): This year.

Senator Roblin: I think a dozen was the figure the minister used, plus a couple of million dollars. One immediately thinks to oneself that, if all these functions he is talking about need to be done under this one roof, how are a dozen people with a few million dollars going to do it in any effective way? That leaves a big question mark in my mind.

One thing I am perfectly clear about is that it will not stay that way, with 12 people and a couple of million dollars, for any length of time. It is, after all, the government that decided to become involved in the security of our petroleum supply and wound up with a couple of thousand filling stations. Once they get started, it is hard to tell what they are going to do. Obviously, the purchase of filling stations from BP or whomever, when gas and oil supplies were not also purchased from them, really indicates that the original goal of national self-sufficiency in oil and gas has been lost sight of, and that they are in it for the sake of the filling station business.

The moral of that is that if you get into Canagrex with a bureaucracy that starts off on a level that appears to be within reasonable bounds, we really have no assurance that it is going to stay that way. I would hazard a guess, knowing the personality of the present minister that, if he retains his portfolio—and he is the best qualified man on the other side to operate it—the odds are that Canagrex is going to grow. We are in at the birth of a new crown corporation that has been put together to carry on, by and large, functions that are already being performed by existing institutions of government with no guarantee, as far as I can see, and indeed no reasonable expectation that the new arrangements will be more economical, more effective or efficient than the old ones.

Senator Flynn: We are in at the birth of a monster.

Senator Roblin: It is not a monster yet, but it has the potential to be one.

The minister says that we have to have this establishment because all the other boys on the block have one. In the committee and elsewhere, he went through all the other countries that are exporting products on world markets which have their own marketing bodies such as this one, and indicated to us that he had to have this bill because he needed the same powers, particularly the power to buy and sell that these other government agricultural export promotion bodies have. The trouble is that they do not have that power. An analysis was made of the nations which he cited as being our competitors whose power he wished to match. The evidence submitted to the committee was that only one nation had the powers that he was asking for, and that was Israel. They have an export marketing organization and it does have the power to buy and sell, but no other nation on that list had such an establishment. I will not burden the house with the names on that list, because they are on record with the committee. Suffice it to say that that power was not used by those other exporting nations, so the argument does not seem to fit the facts.

Perhaps we should look on the bright side. Perhaps this new organization to help the sale of our agricultural products will work better than what we have now. I have to believe that, because I know the bill will go through. However, there is one part of this bill that has concerned a good many people, and that is the idea of the government's becoming the buyer and seller of these products. The people who are in the field today say, "We do not mind competition, but when we are competing with the government, that is not competition; that is something quite different. When government is in the field and you are competing with them, that is not competition as we understand it; that is big brother." That is a whole different bag of tricks

when it comes to looking after the export of these specialty products. One would think, if you are bringing in this government-selling organization, it would be because the people on the job now are not very good at it; but when you look at the figures to see what private industry has been doing, you see that they have been increasing their sales 23 per cent per year for the last six years. I say to you, show me anybody else who has a record as good as that. The private industry can say, with some degree of satisfaction, that they have been doing a good job. Twenty-three per cent per year for the past six years has been the record of increased sales of specialty crops from Canada to the rest of the world.

That is not to say, however, that it could not be better. That is why I am willing to admit that there may be a possibility that the market development side of this bill may be worth trying. I put my reservations to one side. That is the good part of the bill, if there is anything good about it, but when you find that, in addition to that, they intend to get into the marketing side as well, that is something which remains unproved. The benefit cost of this has not been tackled, as far as I can tell, by the minister or anybody else. The minister says there is half a billion dollars' worth of sales out there for Canadian products.

● (1500)

But when you try to get down to the questions, "Where out there? Who out there? How out there?" the problem becomes more difficult to answer. It seems to me that the case for the selling organization that will be in competition—in that unique form of government competition—with the private trade is something which really needs to be thoroughly justified before we adopt it.

I am not saying it should never be adopted; there may be circumstances in which we could envisage that form of government activity as being necessary. I do not rule that out. We market other products that way. I do not ignore that fact. I am simply saying that in this situation I do not think the case has been made that it is necessary to do that now.

The benefits and costs have not been established; the targets are far too amorphous and difficult. I feel no confidence that the government can interpose itself satisfactorily into that marketing system. I share those concerns with honourable senators in the hope that they might stimulate some interest in this topic.

I do not really feel happy about voting for this bill, although I dare say it will be passed. However, when it is referred to committee, as I hope it will be, I propose to move some amendments to the bill. Some 38 amendments have been prepared, you will be delighted to know, not all of which are of equal importance. I do not intend to propose 38 amendments at the committee meeting, but I shall try one amendment—that is, the one on the main issue of the government being involved in the selling and the commercial side of this business. If that amendment passes, by any chance, then I might try some of the others, but I promise you I shall move that one amendment and let the other 30-odd take care of themselves when we see how the one I shall move gets along.

[Senator Roblin.]

Honourable senators, that is all I have to say in this debate this afternoon. If the bill is referred to committee this evening—as has been suggested—that will give me my opportunity to propose the amendments I seek, and I intend to do that.

Hon. H. A. Olson (Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Olson speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Olson: Honourable senators, I have made some notes of the concerns expressed by a number of honourable senators respecting Bill C-85, and shall try to answer some of them, though perhaps not with specific numbers that have come from surveys. The Minister of Agriculture has indicated his view of the potential expansion in export trade that could be developed for some farm products, or a combination of farm products.

However, it seems to me that there is a far more important and underlying reason for passing this bill and establishing the corporation known as Canagrex than has been referred to by honourable senators who have participated in the debate.

First of all, most of the apprehension is based on what might happen down the road, that there would be growth in the corporation and that it would invade the private sector to the extent that Canagrex would have unequalled competitive advantage and drive the private sector out of some of the markets. Let me say at the outset that Canagrex is not intended to invade the private sector. The bill makes it clear that it is not going to invade the private sector where there is a reasonably good job being done in promoting the sale of agricultural products in the international market.

There is one clause of the bill that says it shall not be used as a subsidy mechanism. That is quite clear. It is also clear from the discussions that I have had that Canagrex is going to go out and attempt to promote additional trade in agricultural products, trade that does not exist now. Otherwise it will not live up to our expectations. Let us be clear about that.

We know that there are some companies in the private sector which are doing reasonably well in some areas. There is no question about that. We also know that there are hundreds of smaller agricultural entities—in some cases co-operatives, in some cases small companies, and indeed, in some cases producers—which do not have the benefit of either a co-operative or a corporate structure which sincerely believe that entering the international market is really quite beyond them.

I do not think anyone who knows anything about that market will disagree that there is a potential for sales of agricultural and food products in the international market, and that, without a corporation such as Canagrex, it would take a great deal of time, organization and financial strength, to take the lumps and bumps that arise in a commercial business until a corporation is well into it.

Another thing that is fairly fundamental to this is that perishable products—perhaps not those in the category of

lettuce or carrots—have a short life from the time they go from the farm gate to the time they have to be in the hands of the consumer. That invovles great risk.

We know that there are a number of small and even large corporations which have had some difficulty with that factor in marketing their agricultural and food products. There has to be a co-ordinated effort between production and getting it into the market stream and obtaining a regular customer and regular flow-through. It is so risky that a great deal of private corporations—certainly smaller co-operatives and others—simply cannot afford that. We all know that.

We also know that because of perishability—the short life of commodities that we are talking about—there is not a possibility of building up stocks on the production side so that foreign products can suddenly end up on the Canadian market and do damage to it.

We went through, of course, the marketing legislation when I was the Minister of Agriculture approximately 13 years ago.

Hon. Jack Marshall: But things were better then.

Senator Olson: But there was some difficulty with that bill, too. Let me recall to all honourable senators who have raised these apprehensions about the future that at that time the main argument against—I want to be careful how I say this—enabling legislation to allow producers to establish marketing agencies over which they would have some influence and control was that it was going to grow like Topsy.

At that time it was the egg producers who were pleading for enabling legislation so that they would have the legal structure to put a marketing board together and to obtain the delegated authority they required from the provinces to do so. That involved eggs and broilers.

Honourable senators, 13 years later the only two marketing boards that have been set up under that legislation are those for eggs and broilers.

It was stated clearly by me as the representative of the government at that time that there would be no further commodity brought under that enabling legislation unless a majority of those concerned voted to do so. It seems to me, in fairness to the producers who now believe that they can make better use of agriculture and food production in Canada to expand their efforts into foreign markets, that we should, at least, set up the structure so that they can try. That is all they are asking. Almost everyone who has talked about Bill C-85 agrees that it is beneficial to have a corporation to promote, facilitate and engage—when they come to the word "engage" that is where they fall down—to promote and facilitate the export of agricultural and food products. On the next page we see "promoting, facilitating . . . in the export of agricultural food products." Where they have the problem is with the word "engage" in the buying and selling.

● (1510)

Honourable senators, that is where the risk is.

Hon. W. M. Benidickson: But no subsidy.

Senator Olson: Subsidy is prohibited by this bill. I do not claim to be an expert in the export market, but we were involved in it rather deeply with the Canadian Dairy Commission. Some years it was a reasonably good business but when you are competing with treasuries of the EEC and the United States, it is not a very good business. That, of course, was also based on an act that already existed where subsidies were paid to the dairy producers.

I think it is being unrealistic, in recognizing how business operates in the real world, if you believe that you can simply do some promotion—however good that promotion may be—and expect somebody else to take the risk on doing the business. That is not the way the real world in agricultural and food products is. However much philosophy you want to heap on that argument, you have to get out there. In many cases the smaller producers are co-operatives that are too small to be in that business, and there are other farmers, perhaps fairly big farmers, but they are not in the league where they can get into the international export business with perishable goods. Nevertheless, it is a fact that if you want to move into exporting there are some risks that have to be taken. There has to be some financial stability and some financial strength behind it so that you can bring both sides forward together, the production and the marketing, through to the consumer.

I am bewildered a little by some of the arguments. We know that both of those have to go together. Let us take broilers as an example. Perhaps a good market for broilers that could be established between a reliable producer, namely, Canada, and an ongoing daily reliable consumer in the Middle East, and there could be a significant increase in production which would be to the benefit of Canadian producers. I also know that both of them have to be brought along together and there has to be some kind of an institution to achieve that. Canagrex is what is being proposed so that it can have that stability. There are going to be some ups and downs. Everybody knows it is not going to be smooth sailing. I plead with honourable senators to give these producers a chance.

I could make some of the same arguments again today that I made 10 or 12 years ago when we were putting up enabling legislation for producers to get together so that they could have some say, some influence and some direct marketing of their product. Up until that time they took it to the farm gate or to the nearest marketplace in a small town or a big city, and turned it over to somebody else. Many of them did it well. The important thing is that they were not in the business with the same point of view as the producer. Everybody beyond the farm gate—if I can use that term—was interested in the margins. That is a normal thing in business. The producer was interested in a predictable volume and price level. They were ready to produce to fit the market requirements, either up or down, and to adjust their prices accordingly—something which they have done very well, in my view, in the past 10 or 12 years.

Consumer groups were concerned about gouging and that has not happened because the provisions in that bill, and the agreements that were made, provided that those prices when

they were given that authority had to move up and down in line with their costs, and it did and it has.

Going back even farther, I remember the arguments that were made at that time. Why in the name of common sense do we deny these people the right to increase their production in a reasonable way out into the international market for their own benefit if we allow other groups to get together? We allow labour unions to get together and set down some of the terms and conditions with a structure which sets up the rules under which they do it. Marketing boards were set up for exactly the same purpose. If there are producers across this country who sincerely believe they are too small by themselves but who can get into an organization such as Canagrex with all the limitations that are placed on Canagrex, why would we deny them the right to try?

That potential market that is out there has to be developed. They have to explore every possibility of selling new production in new markets. Those are the terms and conditions of this bill and the authority that would be set up. We can talk about all the people who support it and those who are opposed to it. The people in the farm organizations who are opposed to it today are the same ones who were opposed to enabling legislation for marketing 12 years ago. The same ghosts that they raised then are around again only they never materialized in the 12 years since. I do not think we should deny other people the right to get together and to try to better their lot with a stable market for a certain volume so that they can start to have some predictability in what they ought to produce. Those people, as well as any other group in our society, ought to have it if they want it, and they have been asking for it.

I have heard a number of arguments today and yesterday that somehow this is for the sake of the bureaucracy. Nothing could be further from the truth. The producers want an opportunity to set it up and to have the kind of legal provisions that are in Bill C-85. If they fail, that is tough, but they are not so naive that they are unfamiliar with the requirements of developing new international markets. I hope that honourable senators will support this bill and give them a chance to try.

There is provision in this bill for a report to be made to Parliament annually. I think there are other provisions in it that set up safeguards against all of the fears of what might happen five or ten years down the road.

● (1520)

In conclusion, I would again like to appeal to honourable senators to look at what happened to the so-called enabling legislation respecting marketing boards. Eggs were 10 to 12 cents a dozen, and even in 1970 and 1971 that was something like 50 per cent of their cost of production. The legislation applied only to those who were in desperate straits. We indicated it would apply only to people who wanted to get together and who could get the delegation of provincial authority because we have never assumed, even at that time, that we had the right to set prices or production quotas.

Honourable senators, give them a chance to see what they can do in the international market. After not months but years of preparation, this seems to be the kind of legislation authority that they need in order to have a chance to see what they can do to better their lot in the international market.

Senator Flynn: Honourable senators, before the question is put, I should like to ask the Leader of the Government two questions.

My first question relates to the delay. If I am not mistaken, the House of Commons passed an order to force a final decision on this bill before Christmas. Why did the government wait about six months before allowing the Commons to pass this legislation when it required only one more day of debate?

My second question relates to the fact that the Leader of the Government has been mentioning the enabling legislation regarding marketing boards as being a great success. I am wondering why we are not using this enabling legislation to resolve the problems that this legislation is supposed to address. Do we need Canagrex, or could the marketing boards be used?

Senator Olson: As to the first question, that is, why did it take so long to get to the two days that had been set aside as a time allocation, I am not sure that I know the answer. I can only say that there were many procedural difficulties—some of which were inventions that had not arisen before—that got in the way from time to time.

Senator Flynn: Procedural where?

Senator Olson: In the other place.

Senator Flynn: There were none.

Senator Olson: My honourable friend will recall that there certainly were. What is more, at one time there was an indication by the government that they wanted to end the session early in February.

Senator Flynn: But when they decided they would not, they delayed the legislation.

Senator Olson: There were several requirements before prorogation that I am sure my honourable friend recalls as well as I. We went from one stage to another and got into the situation where we needed borrowing authority, and so on. There was a long series of events, one leading into the other, and the house leader was unable to find two consecutive days, or even two days, during which the House of Commons could deal with this bill.

Honourable senators, I am afraid that, for the moment, I have forgotten Senator Flynn's second question.

Senator Flynn: With regard to the answer to the first question, I would point out that the only explanation I heard, which is apparently more plausible than what the leader has said, was that the Leader of the Government in the other place wanted to punish Mr. Whelan for having forced closure or having put the time allocation motion before he was permitted to do so. If that is the only reason, I think it should be put on the record. It is a rather amusing explanation.

Senator Olson: If that is the reason Senator Flynn thinks is applicable, I am afraid that that will have to remain his own private reason; it is not an official reason. Therefore, I would not be willing to agree with it, and I am sure Senator Flynn expects me to respond in this vein.

Senator Flynn: I agree with the leader that it is not an official reason. Even if it were true, I am quite sure the Leader of the Government would respond with an official reason.

My second question was: Why should we not use the marketing board enabling legislation rather than this?

Senator Olson: The marketing boards are not equipped to handle this kind of situation in the international market.

Senator Flynn: I thought the egg marketing board dealt with broilers and eggs.

Senator Olson: Yes, and that is exactly what the government said it was going to do at the time the legislation was passed. That has not been a story of complete sweetness and light over the 12 years. It was predictable that there were going to be some difficulties. That board was set up to deal with the situation within the domestic market.

Senator Flynn: You were so happy with it.

Senator Olson: My honourable friend should not put interpretations on my attitude indicating that I was so happy with it.

Senator Flynn: That was your main argument.

Senator Olson: What I said—and Senator Flynn should remember this—was that the government kept its word absolutely as to what was going to happen to the enabling legislation. The debate concerning this enabling legislation went on for months, and all the fears expressed at that time simply came to nothing. The government indicated that the enabling legislation was designed for those producers, when the majority of them wanted to use it and not before. That is the exact history of that legislation.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I move that Bill C-85 be referred to the Standing Senate Committee on Agriculture.

Hon. W. M. Benidickson: When will this committee sit?

Senator Olson: Honourable senators, I cannot be absolutely certain, but I believe that a meeting is to be arranged for 8 o'clock this evening.

Hon. Cyril B. Sherwood: Honourable senators, Senator Olson is correct. Notice of a meeting at 8 o'clock this evening will be circulated.

Motion agreed to.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Buckwold for the second reading of Bill C-148, an act to amend the Farm Improvement Loans Act (No. 2).

Hon. Lowell Murray: Honourable senators, I hasten to reassure any who may be apprenhensive about it that my emergence as a farm spokesman for the Conservative Party is a purely temporary phenomenon, and is absolutely unrelated to the results of the leadership convention of our party last weekend.

Hon. Royce Frith (Deputy Leader of the Government): You did not even have time to plant a crop this year.

Senator Murray: Unaccustomed as I am to this role, which I cheerfully accepted from our whip last evening, I would point out that my task has been made a good deal easier by the characteristic lucidity and succinctness of the explanation put forward last evening by Senator Buckwold.

Some Hon. Senators: Hear, hear.

Senator Murray: This bill will make available to farmers, for another two years, loan guarantees to a maximum of $100,000 per farm at an interest rate of prime-plus-one per cent.

If this is not the difference between life and death for many farmers, it certainly makes a difference between progress and stagnation for many, and it comes at an opportune time.

High interest rates have put a severe squeeze on farmers, just as they have on small businesses, generally. Indeed, I know that farm bankruptcies numbered 191 in the first five months of this year. While that may not appear to be very high when compared to the scandalously large number of bankruptcies in construction and the retail trades, and so on, still the percentage increase in farm bankruptcies is extremely high. I think honourable senators would find that the number of farm bankruptcies almost tripled in the first five months of 1983 as compared to the same period in 1982. The farm income figures for the past year or so illustrate quite well the rough period that the agricultural industry has gone through during the recent recession. In 1982 there was a 14 per cent decrease in net farm income over the previous year. If inflation is taken into account, that would amount to a drop of almost 25 per cent in net farm income in real terms.

• (1530)

As Senator Buckwold pointed out last night, despite these straitened circumstances, farmers borrowed some $208 million under this guarantee program last year. When the Minister of Agriculture spoke to this matter in the other place on Friday, he said that some 69 per cent of that money had gone towards the purchase of farm equipment; 11 per cent towards construction and repairs; and the balance towards the purchase of land and livestock. That proves that even in economic adversity, the Canadian farmer is making the kind of investment in plant and equipment that has made the Canadian agriculture indus-

try highly productive and competitive in the world. This is surely something which it is our duty to encourage.

While interest rates appear to have stabilized temporarily, the fact of the matter is that many farmers are carrying a back-breaking burden of debt that was incurred when interest rates were at the level of 15 per cent, 16 per cent and higher. There is a desperate need for consolidation loans at lower interest rates. Honourable senators may be aware that a program which offers such loans through the Farm Credit Corporation has run out of money. The Minister of Agriculture, the Honourable Eugene Whelan, is not very sanguine, it appears, about the possibility of having the funds replenished by his colleague, the Minister of Finance. There has been some suggestion that the program which we are discussing today, the Farm Improvement Loans program, ought to be applied, in some way, to the purpose of providing consolidation loans at lower interest rates.

In any case, honourable senators, there is an urgent need for action. I think it is appropriate to underline those difficult circumstances which many farmers are experiencing today and which are not addressed by the bill which is before us. After all, when we give encouragement of any kind to the agricultural industry, we are not talking about bailing out the Maislins of this world, nor are we talking about underwriting the bizarre management practices of Canadair. What we are doing is investing in a sector of the Canadian economy that is world competitive, that is eminently productive, that is a mainstay of our national economy and is a valued and cherished way of life for thousands of Canadians.

Let this bill pass. We believe that it is important that this extension be given, and given immediately, to this important program.

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Buckwold speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Buckwold: Honourable senators, I should first like to thank Senator Murray for his kind words about the sponsor of the bill. It is unusual in this chamber to hear such a thing, I must admit, but it is most welcome.

Hon. David Walker: Hear, hear.

Senator Buckwold: I should also like to thank him for the comments that he made respecting the bill. Although he is a neophyte farmer, I can see the hayseeds growing out of his ears already.

Hon. Duff Roblin (Deputy Leader of the Opposition): He is a quick study.

Senator Buckwold: He has wisely put his finger directly on some of the financial problems facing the agricultural industry. I certainly have no doubt that consolidation of expensive farm loans is required. I suggest that we could also use some increased funding for the grain cash advances, about which we will probably hear more in due course. The Farm Credit Corporation could use some additional funding as well.

[Senator Murray.]

All in all, however, as was pointed out by Senator Murray, through good management, great skills and high productivity, the farm community has come through better—which does not say that many were not hurt or did not suffer—than most Canadian industries during this high interest rate period.

I am delighted that Senator Murray, along with members of his party across the way, has seen fit to endorse the renewal of the Farm Improvement Loans Act for another two years, and that we will continue to provide that sort of funding at reasonable rates to the farmers of the country.

Having said that, might I add that I doubt whether this bill need go to committee. I believe that in the other place it went through all readings and Committee of the Whole within about 20 minutes. I am not suggesting that that happen today, but it is my hope that I may move that this bill be read for the third time at the next sitting of the Senate.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Buckwold, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Cottreau for the second reading of Bill C-147, an act to amend the Fisheries Improvement Loans Act (No. 2).

Hon. Jack Marshall: Honourable senators, in dealing with Bill C-147 I should like to commend Senator Cottreau for his explanation and introduction of the bill last evening. This is yet another bill having to do with improvement loans. From looking at *House of Commons Debates*, it is obvious that the bill went through three readings in a short period of time.

Honourable senators, this bill does no harm to anyone. Its aim is to further limit the liability of the Crown for guaranteed loans made to fishermen or other owners of fishing vessels, and for building essential to the fish harvesting but not processing operation. In other words, the legislation is to extend and simultaneously amend the Fisheries Improvement Loans Act.

I have been watching the fisheries improvement loans program, from the time it was instituted in 1955. In view of the importance of the fishing industry to Newfoundland, for example, I do not think that the Fisheries Improvement Loans Act is required at all. It emphasizes, to me, the lack of co-ordination between the federal and provincial governments with regard to the management and control of the fisheries. Allow me to make a couple of comparisons to show what I mean.

Last year in Newfoundland, under the Fisheries Improvement Loans Act, there were 242 loans granted, totalling just over a million dollars. Under the Fisheries Loan Board of

Newfoundland, which offers a similar service to fishermen at a better rate of interest, 674 loans were granted, for a total of $12 million, which equalled the total amount that the federal government, through the Fisheries Improvement Loans Act, directed to all of the provinces in Canada. I suggest that the federal government would be wiser to advance the monies required to the Province of Newfoundland, which is more aware of what is going on in the fisheries industry and thus able to direct the loans to the better assistance of the fishermen.

● (1540)

Although the federal government guarantees the loans at one point above prime lending rate under the Fisheries Loans Board of Newfoundland there is a guaranteed bank loan program whereby fishermen can get over $50,000 at an interest rate of three points below the prime rate. At the present time, the rate of interest is only 8.5 per cent. That fisheries loan program is almost the same as the federal program. Why we need two programs, with two pyramids of staffs, is beyond me.

In introducing the bill, the Minister of Agriculture indicated that studies were being conducted on how to improve financial arrangements for fishermen. To put it in proper perspective, let me just read what he said, referring to the Kirby report, which says that one of the problems of the whole fishing industry is financial:

> Without getting into the pros and cons of the recommendations in these two reports on the particular issue, it is entirely possible that at some point in the future, with the concurrence of the industry, we can come up with an improved financial assistance program for fishermen tailored to the prevailing economic situation. However, any such new scheme will need much careful planning and consultation and could take a number of years to implement. In the meantime we feel it is in the best interests of fishermen and the industry as a whole to continue with the present Fisheries Improvement Loans Act for at least another two years.

Fine. As I said earlier, it will not do anybody any harm. However, the fact that since 1955, after 28 years, not enough studies have been conducted on fisheries improvement loans or help in financing for the industry just shows the inefficiency of the system as it now exists. I am not that happy that the amount of the fisheries improvement loans will be increased, because it will not do anything for the fishermen in Newfoundland, other than advance another $1 million to that program.

There is another factor in Newfoundland and that is that the banks are not that ready to grant loans. There have been many examples where they have given out loans not guaranteed by the government but under their own programs, and are thus able to get a higher rate of interest and take all kinds of liens on the property of fishermen, who have no hope for the future if the fishing industry is bad, as indeed it is. The state of the whole fishing industry in Canada is a topic one could talk on for hours.

On behalf of my party, I have no objection to passing this bill through all stages. However, there is another point I should like to bring up, if I may digress for a moment, and that is the importance the fishing industry has in this Senate.

When I was appointed to the Senate in 1978 I was surprised to learn that there was no fisheries committee, and I brought the topic up on a number of occasions, but to no avail. When we have an industry with a budget of half a billion dollars, that is the third ranking in export value after the agriculture and forestry industries, having an export value of $1.5 million so that Canada is now the world's largest exporter of fish, I wonder why the Senate does not find it important enough to have a committee on fisheries.

I am reasonable, and I would not expect to have a committee on fisheries alone. However, there are many examples of where the problems of the fisheries in Canada could come under an umbrella of an existing resources committee in the Senate. One of the things that bothers me is that, despite the fact that many of our resource industries come under the umbrella of the Standing Senate Committee on Banking, Trade and Commerce, the Senate gave approval to the formation of the Standing Senate Committee on Agriculture by itself; it gave approval to the Northern Pipeline committee, and I understand that in the next session we will have an energy committee. Yet the Senate does not deem fisheries, which is the third largest trade exporter in Canada, important enough for the establishment of a fisheries committee. Why not combine fisheries, energy and agriculture under one resources committee, which to me is only common sense. I hope that those responsible will consider that, realizing the importance of this matter and the necessity of having such a committee with more prominence in this house.

According to the Rules of the Senate the problems of fisheries now come under a hodge-podge of various committees. For example, in the terms of reference of the Standing Senate Committee on Foreign Affairs fisheries would come under, "territorial and offshore matters" and "treaties and international agreements." There is a reference to it in the terms of reference of the Standing Senate Committee on Transport and Communications under, "navigation, shipping and navigable waters," and in those of the Standing Senate Committee on Banking, Trade and Commerce it comes under, "natural resources and mines."

Hon. Royce Frith (Deputy Leader of the Government): Did we not have a motion in this respect?

Senator Marshall: Not with regard to fisheries.

Senator Frith: I thought there was something.

Senator Marshall: In any case, honourable senators, perhaps we can look at that again. I suggest very strongly that for our own importance and self-esteem we should very seriously consider the two suggestions I have just made.

Senator Frith: Hear, hear.

Senator Marshall: Honourable senators, having said that, and having digressed from the purposes of the bill before us, I

repeat that I do not think there is any need to continue further, other than to say there is no harm done. This bill extends the legislation in the manner I have indicated, and on behalf of my party I can say that we agree to pass it through all stages.

Hon. Ernest G. Cottreau: Honourable senators—

The Hon. the Speaker: I remind honourable senators that if Senator Cottreau speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Cottreau: Honourable senators, I simply wish to express my thanks to Senator Marshall for his contribution to the debate. I listen to Senator Marshall with great respect on the subject of fisheries. I know of no one who is more informed on it.

I did not get the impression that it is necessary for this bill to be referred to committee, so I simply ask that it be given second reading.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Cottreau, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

● (1550)

APPROPRIATION BILL NO. 2, 1983-84

SECOND READING

The Senate resumed from Wednesday, June 15, the debate on the motion of Senator Frith for the second reading of Bill C-164, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

Hon. Orville H. Phillips: Honourable senators, when speaking last week on the borrowing authority bill, I named it the Williamsburg bill. Bill C-164 would have to be named the anti-Williamsburg bill. In all fairness it must be pointed out that it is anti-Williamsburg from the point of view of time, in that the estimates were prepared before the Williamsburg meeting, but it is definitely anti-Williamsburg in its philosophy.

It should be no surprise to anyone that the estimates are of a certain type and magnitude, because there is an established pattern of the Liberal Party to preach restraint on the one hand and to practise waste and mismanagement on the other. We have had a succession of finance ministers carrying out that policy. There was John Turner who, as many will recall, began the procedure by carrying out his so-called tax reform. We also had Donald Macdonald, who was so successful at it that the Prime Minister has now engaged him to advise future generations on the pattern. We have also had Jean Chrétien and Allan MacEachen. The last name was more successful than the others, because he had a budget every week. Now we have a Minister of Finance who does not care about the magnitude of the deficits. He knows that his time is limited and that he will pass it on to someone of a different political philosophy and say, "You straighten out the mess!"

The expenditures are so large that it is difficult for the average person to comprehend the figures. For that reason, and particularly for the benefit of the sponsor of the bill, I shall take a few moments to put some of these things into perspective in a fashion that I hope the average person can understand.

The estimates involve the expenditure of $10,000 per taxpayer—not per individual but per Canadian taxpayer. That figure is eight times the amount of expenditure that existed when Pierre Trudeau first became Prime Minister. It represents eight times the expenditure of 15 years ago. During that time we have incurred a terrific deficit. The average Canadian might not appreciate the magnitude of the deficit, but perhaps he will begin to understand when I explain that the interest on the deficit is costing each taxpayer $1,800, or roughly $150 per taxpayer each month just to pay the interest on our deficit.

The interest consumes—and the word "consumes" is the right one—all of the income tax paid by Canadian taxpayers who pay income tax on salaries of $50,000 or less per year, and that represents by far the greatest number of taxpayers and the greatest amount of income tax paid.

A private company with revenue equalling 70 per cent of its expenditure and a gross debt four times the amount of its net assets would be forced into bankruptcy. The government has survived simply because there is no procedure to force the government into bankruptcy. However, if there is an opportunity to establish a new bureaucracy, I am sure the government will find an excuse to establish one.

Estimates of the gross national debt vary between $160 billion to $165 billion. I appreciate that it takes time to get the final debt figure for the previous fiscal year, but I hope it is available and that the sponsor of the bill will be able to give us the exact figure of the gross national debt.

During the past winter the Standing Senate Committee on National Finance spent some time studying the estimates. I have had a rather difficult time in that committee because I have been unable to find a Liberal in favour of the six-and-five program or one who supported and put into practice that program. I was surprised to see a headline in the Montreal *Gazette* of June 15 which stated that the government was planning a new push on the six-and-five program. The Minister of Finance thinks that Canadians have forgotten about it and therefore he has organized a dinner for next week. Invitations have been sent out to 300 businessmen, parliamentarians, labour and government leaders and journalists who have been asked to pay $15 for a lasagna dinner and Canadian wine.

Hon. Jack Marshall: Will that be at Kingsmere?

Senator Phillips: I cannot think of anything that better describes the success of this government in fighting inflation than that menu and the price tag—$15 for lasagna and a glass of Brights. That sums up the success of the six-and-five program.

Senator Marshall: For that amount one could have lobster from P.E.I.

Senator Phillips: Yes, one could. I hope they have not invited too many cabinet ministers to attend that dinner, and certainly they would not be getting awards. We have heard Senate cabinet ministers complain that they cannot live within the six-and-five program, that they must have additional staff, the expense of which could exceed that program. If we compare their activities with those of other cabinet ministers, they are pikers, and I would tell Senator Olson that they are way behind the situation.

The total estimates have increased 18 per cent, which is three times the amount that they should have increased under the six-and-five program; and that 18 per cent does not include supplementary estimates. So it is certain that we shall have supplementary estimates, and we have had numerous warnings of that. It is quite likely that we shall have four times the 6 per cent that should have occurred under the six-and-five program.

I wish to give the house a few examples of increases within departments where they have grossly exceeded the six-and-five program. Canada Employment and Immigration will spend more on Unemployment Insurance than they will on employment programs. Payments to the Unemployment Insurance Fund have increased 143 per cent to $2.8 billion. The job creation programs have increased 84 per cent to $961 million. Honourable senators, that represents one-third of the benefits paid out in unemployment insurance. Crown corporations have increased 30.1 per cent to $3.8 billion. That figure will be higher because that was before the fiasco with Canadair and de Havilland occurred. So we will have a further increase there. Professional and special services, an item which covers consultants, increased by 16 per cent. That item will increase, too, because for some reason the closer we get to an election the more consultants are hired.

● (1600)

Senator Austin seems to have his own unique way of circumventing the six-and-five program. Other cabinet ministers are trying to increase their expenditures, but Senator Austin is trying to increase his deficit. Last week we were told that de Havilland's deficit was $1.4 billion, and then we dealt with the supplementary estimates which increased that figure to $1.7 billion because they included Canadair, and then this week we had de Havilland again.

I was going to say more on de Havilland later, but I shall deal with the matter now, because it is a very interesting topic. The government has two crown corporations in the aircraft industry, both of which are doing very well, if one counts the size of their deficits, their losses.

I would like to draw the attention of honourable senators to a few facts about de Havilland. Apparently, that corporation was not satisfied with all the publicity going to Canadair so they got into the act by announcing a loss of $265 million in seven months, not exactly a memorable record of achievement. I would like to refer to the statement which the Minister of State responsible for the Canada Development Investment Corporation had appended to last week's *Hansard*. It reads, in part:

> —unlike its competitors who are receiving strong government support, de Havilland has received no government risk-sharing support for the Dash-8. It will not be fair to expect de Havilland to operate and be judged against its competitors if it is not supported as they are.

Last year de Havilland lost $265 million. Its sales declined from $450 million to $151 million. The breakdown on capitalized costs for de Havilland was $83 million for the Dash-7 and $113 million for the Dash-8. Canadian taxpayers will assume that loss. To have a loss of that magnitude and to have sales of $151 million appears to me to be fairly concrete support. I ask the sponsor of the bill: How much more support does he expect de Havilland to receive?

Earlier today Senator Haidasz pointed out that, while money seems to be available for de Havilland, it is not available for health care. At some point the government must get its priorities straight. Yesterday, I believe, Dr. Stuart Smith, who is well known to the sponsor of the bill, complained about the lack of government support for medical research. The government says that its reason for funding Canadair and de Havilland is that we must develop technology in Canada. It requires extensive technology to perform medical research, so why are some of these funds not directed to that area of technology?

De Havilland Aircraft and the other crown corporations are not the only culprits. A review by the opposition research office showed that salaries increased in 10 different departments or programs on the average of 17.2 per cent—three times the rate of the six-and-five program. The National Capital Commission increased its salary expenditures by 18.2 per cent. Despite the fact that the Department of Regional Economic Expansion has changed its function and transferred many of its people to other departments, its salary increase is 18.6 per cent. If DREE is any indication, apparently it costs more to close out a program than to operate one. One quarter of the 131 departments or programs surveyed showed increases of over 10 per cent, and 10 programs showed increases ranging between 15.1 per cent and 28.4 per cent.

I asked the Minister of Finance, at a meeting of the Senate National Finance Committee, about these salary increases by two departments, the Department of Finance and Treasury Board. I thought that surely these two departments would be following the six-and-five program and keeping their expenditures on salary increases and personnel under control, and that these two departments would be outstanding examples in that regard. I learned that the Department of Finance increased not only its expenditures but also its number of employees by 14 per cent. The minister said that he would not apologize for that increase because his employees work hard. If one looks at the results one is tempted to ask what they are doing because they have not come forward with any concrete results. The minister said that a lot of these expenses occurred because of reclassifications. What is the purpose of having the six-and-

five program if we are going to reclassify everybody and increase their salaries in that way?

We have received no real accounting on the so-called special recovery projects. We received various announcements that the Department of Public Works, for example, is undertaking certain projects. The Department of Fisheries, after the Kirby royal commission, announced special recovery projects for fishermen building wharfs. Well, that is desirable, but I doubt that it will do anything for the actual fishermen. It will provide work for the labourers in the area, work that is badly needed, but it will do nothing with respect to the actual catching of fish.

• (1610)

I ask the sponsor of the bill to give us an accounting of the special recovery projects. How much money has been spent to date? I would like a breakdown of that by province, and I would like the length of time involved in each case. Is it one year, three years or five years?

One item that occupied the attention of the Standing Senate Committee on National Finance was falling oil prices. The public fails to realize that oil prices have now become a major source of government revenue. Had OPEC not reduced the price of oil and it had remained at $42 U.S. per barrel, the federal government would have realized $11.4 billion in taxation revenue, the provinces would have realized $9.5 billion in taxation revenue, and the oil industry would have realized $10.8 billion in revenue.

In accordance with all projections, the planning for a number of years ahead has been altered because of the drop in oil prices, and yet we have not received any indication from the government of what course it will follow. Will we go to world oil prices? Will we go to 75 per cent of the world price? At present we are at about 85 per cent of the world price. Still there is no indication of where we will go. I suspect that, because of the amount of taxation involved, we will go to the world price.

I hope the sponsor of the bill will be able to give us some indication. After all, it is getting on to July 1, when another price increase is scheduled. Can he tell us what will take place on July 1, other than a ceremony on the lawn in front of the Peace Tower?

Honourable senators, I began my remarks by referring to Williamsburg. Realizing that the Deputy Leader of the Government will want some special place to go on his vacation, and recalling that last year he went to Australia, after which he was busy writing reports to the government for some time—

Hon. Royce Frith (Deputy Leader of the Government): A working vacation.

Hon. Lowell Murray: I think he bought a cassette player.

Senator Frith: Actually, I had one of my own. There's heart for you!

Senator Phillips: I should like to suggest to him that he go to Williamsburg this year, because that is a delightful spot. When I was there I found that Williamsburg had about it an air, almost an aura, of democracy. Now I am sure it has an air of solid financial planning, and I should like the Honourable Senator Frith to go there on his vacation, and he can take along as many of his government supporters as he wishes.

Senator Frith: You never know what you are likely to get into when you sponsor a simple appropriation bill.

Senator Phillips: Then, when he returns, he can spend all winter long writing government reports on a new economic policy.

Senator Frith: Honourable senators—

The Hon. the Speaker: I wish to remind honourable senators that if the Honourable Senator Frith speaks now his speech will have the effect of closing the debate on second reading.

Senator Frith: Honourable senators, like other honourable senators, I was entertained by the opposition's answer to Irving Berlin and the old refrain we hear with reference to appropriations. I cannot seriously criticize Senator Phillips for using the appropriation bill to get in a few licks. In his place I think I should have done the same.

Hon. Jacques Flynn (Leader of the Opposition): Sure you would.

Senator Frith: In closing the debate on second reading, however, I must stress that Senator Phillips has, as we have come to expect, emphasized the amount of the appropriation and supply being asked for and the amount of the deficit, but we have heard nothing about what he would do that would be different. In other words, would he, as a matter of economic policy, recommend that we ask for less supply? Would he ask that the government actually spend less money? If so, where would he suggest the cuts take place? Should they be in the budgetary area? Should they be in the statutory area?

Senator Phillips: Are you agreeing to take my advice, if I tell you what to do?

Senator Frith: I will not agree to take your advice, but I suppose we could come to a mutual agreement to take each other's advice, which, in effect, would be a standoff.

Would Senator Phillips spend less? If so, what would he cut? Would it be budgetary or statutory? Would he cut transfers to the provinces? Would he cut unemployment insurance payments?

An Hon. Senator: He would cut only what is wasteful.

Senator Frith: Which one of these would be wasteful, then? Would he, as a matter of policy and speaking for his party, propose cutting these items that I am listing, which are indeed the major elements of the amount required: transfers to provinces; unemployment insurance payments; old age security; family allowance; medicare? Would he close down de Havilland and Canadair? Would he get us out of the aerospace industry? Of course, all of those could quite easily be a part of the proposals, but I suggest that we would wait a long time—indeed, we will wait a long time—before hearing in an appropriation debate anything but the old refrain about the cost to the taxpayers and the size of the deficit.

Senator Phillips even suggested that we should spend more in some cases, such as on medical research. At least he was specific on that.

With reference to six-and-five, I think Senator Phillips had a sub-refrain. He seems to feel that no department should increase its estimates by more than six-and-five. That was not my understanding of the six-and-five program. It was meant to show leadership in restraint with respect to wage increases and price increases.

In the light of that, I am sure it would be worthwhile putting on record what the effect of the six-and-five program has been. First, let me deal with the matter of which departments have followed the program. In the beginning of the program exceptions and anomalies were found, and in every case I am aware of they were dealt with. Certainly, with respect to wage increases the departments have followed the six-and-five guidelines as they were requested to.

What has been the result of that program? Well, almost a year later the result is that the annual rate of inflation in April fell to 6.6 per cent—

Senator Flynn: Oh, come on. That has nothing to do with this appropriation bill.

An Hon. Senator: What a claim!

Senator Frith: Of course, I understand the position of the opposition is that the drop in interest rates and the drop in inflation were purely accidental and had nothing whatever to do with the six-and-five program.

An Hon. Senator: They had everything to do with the recession.

Senator Frith: They say the drop just happened to come about. I appreciate their position. However, that is not my position, and I propose to suggest that there is a causative relationship between the two events.

An Hon. Senator: Not proven.

Senator Frith: Therefore, I intend to put on record the results of the six-and-five program. Let me go back to April 6—

Senator Flynn: Give us some facts, but not your results.

Senator Frith: These are the facts with respect to what took place. Our interpretations of what caused it differ. The opposition says that this is pure fluke. The government says that it was caused in a very major way by the leadership shown by the government in the six-and-five program. Why do we have to keep shouting at each other? We know that there is a difference of opinion. I am going to put forward the facts. The government will have their point of view and the opposition theirs, and the public can decide whether these facts were a pure fluke and whether the government's program contributed to them or not. As Senator Flynn says, let us have the facts, and then other people can draw their own conclusions.

● (1620)

As I was saying, the annual rate of inflation in April fell to 6.6 per cent, continuing its unbroken slide since the six-and-five program was announced last June, thus making the first-year target of six per cent inflation a realistic possibility by as early as the May figures to be released today, June 21.

April's 6.6 annual figure was the lowest recorded in over six years. The annualized rate for the three-month period February-March-April was 4.1 per cent, improving on the 4.9 per cent recorded for November-December-January.

The following are the key changes in what has been happening in the seven major components of the consumer price index in the three months ending in April.

Food prices rose compared to the previous three months, when they were actually falling. The increase partially reflects higher prices for fresh produce as domestic supplies of stored fruits and vegetables were depleted, and the usually adequate supplies of imported produce from the U.S. and Central America were reduced or delayed by bad weather. Increased prices for certain beef cuts, particularly steaks for the barbeque season, which typically show higher prices from April on, also contributed to the rise. Although food jumped in price over the period, the average grocery bill in April was only 3.5 per cent more than one year earlier.

Housing cost increases slowed considerably from the November-January period, mainly because of slowing mortgage interest costs, prices for homes and communications costs, which more than offset provincial increases in electricity charges and the first-of-year federal increase in fuel oil prices.

Clothing prices in February-April accelerated after three months of almost no movement, owing to widespread pre-and post-Christmas sales. The increase reflects a return to pre-Christmas levels, as well as general price hikes of five to ten per cent on new spring merchandise. Despite the recent increase, clothing prices are less than five per cent higher than one year ago.

Transportation costs declined in the wake of continuing gasoline price wars in several Ontario cities. The decline was also linked to lower air fares produced by the March seat sale and to unchanged automobile prices.

Price increases in health and personal care were virtually unchanged from the earlier three months.

In recreation, reading and education, price increases were unchanged from the earlier three months. Tobacco and alcohol price increases slowed considerably from the previous three months.

As the first anniversary of the six-and-five program approaches, there is strong reason to expect the first year target of 6 per cent inflation will be reached certainly with the June figures; if not a month earlier with the upcoming May data.

Senator Flynn: What about unemployment and bankruptcies?

Senator Frith: This optimism stems partly from the fact that inflation in May and June of 1982 was relatively high, being 1.4 and 1 per cent, respectively. A more subdued rate anticipated this May and June would allow the year-over-year average to continue down. For the annual rate to be 6 per cent

or less in June, the average monthly increase in May and June must be 0.86 per cent or less.

What should be a more relaxed pressure on prices this year compared to last is mainly due to the softer impact of the most recent Quebec and Ontario budgets. Last year, these provincial budgets added a sizeable sales tax burden to prices of consumer goods and services which has not been repeated this year, with the exception of the enlarged Ontario sales tax on tobacco and alcohol. The delay of a new provincial budget in British Columbia by the recent election campaign has also meant that prices in that province have not been fuelled by new budget increases.

Also helping put the brakes on inflation have been lower wage settlements. In the first quarter of 1983, wage settlements averaged 6.6 per cent compared to 12.9 per cent in the same period last year. This improvement has helped to temper the cost-price push.

Although a continued drop in inflation seems assured in the next two months, just how far it falls will depend on a number of factors. Food prices typically rise in May and June as domestic storage produce is exhausted and the nation awaits local summer harvest. This year unfavourable weather conditions in the U.S. have hampered the supply of reasonably priced imported produce. In Quebec the supermarket price wars which dampened food prices over the past few months appear to be at an end with Steinbergs being forced to scrap its five per cent rebate campaign. Prices in the province, therefore, can be expected to move upward.

Another uncertainty is the behaviour of gas prices. The January 1 $3 per barrel increase for crude oil began to affect prices in March, but was largely neutralized by gas station price wars. These price wars, while continuing in some regions, do not appear to have lasted to the same extent in May as in earlier months, and some increase may be registered for May or June.

Despite these uncertainties, the prospects for lower inflation remain good. A projection of trends in inflation suggests that May 1983 could register an inflation rate of 5.6 per cent. Economists such as Ben Joyce, of Burns Fry Limited, have already gone on record as forecasting the CPI annual rate will fall to 5.9 per cent sometime in the April-May-June period.

While long-term price stability will depend on factors such as the deficit, wage settlements not rebounding and future energy pricing policy, in the short term inflation should continue to subside. The six per cent target should be reached by June, although gains thereafter will be in much smaller measure.

Honourable senators, those are the facts and the anticipations. As honourable senators will have observed, I did not suggest that all of those downward trends have been caused solely by the six-and-five program. I think it would be as unreasonable for me to suggest that the six-and-five program was totally responsible for these reductions as I consider it unreasonable for the opposition to suggest that it has had no effect whatsoever.

[Senator Frith.]

Senator Murray: May I ask a question of my honourable friend?

Senator Frith: I would like to finish dealing with the points raised by Senator Phillips, so perhaps my friend could save his question till then.

Senator Phillips raised some questions with regard to information on the Special Recovery Program. I would refer him to the budget. The details of the Special Recovery Program are contained therein, and we have on our order paper an item which gives us the opportunity to debate the budget. I propose to make an intervention on that subject, in part to reply to Senator Murray's eloquent intervention.

Senator Flynn: When the session resumes in October?

Senator Frith: I suggest that Senator Phillips might want to deal with the question of details of the Special Recovery Program under that heading, perhaps before or even after my intervention, if he wishes.

I will not make any prediction about oil prices. Predictions are for people—

Senator Flynn: They are for an election campaign.

Senator Frith: No, I will not make a prediction about that either.

Senator Flynn: No, predictions are for election campaigns.

Senator Frith: Yes, predictions are for election campaigns and sporting events, and those who really enjoy the prediction business can often be found in the hands of bookmakers or at pari-mutuel windows—more often at the "buy" window than at the "pay" window, I find, so I do not believe in indulging in predictions.

With reference to the gross national product, I do not have that information on the appropriation bill. However, I am sure it is as available to Senator Phillips as it is to me, and he may wish to use it, too, in the budget debate.

Honourable senators, again we find in the appropriation bill an excellent opportunity to discuss economic policies and the differences of opinion and perspectives that exist, as they ought to, between parties in a democracy. I have listened to Senator Phillips and I have noticed that he has, as usual, courteously listened to me. The issue has been joined, and I ask that we have second reading of this bill.

• (1630)

Senator Murray: May I ask the Deputy Leader of the Government whether, in the considerable amount of supporting material he has been furnished with by his advisers, there were any projections regarding the course of interest rates in Canada over the next six to 12 months?

I ask the question because it is obvious that the government has done some sums in this regard. Indeed, in the budget documents tabled by Mr. Lalonde some weeks ago there is an indication as to what the size of the public debt will look like over the next five years.

To have made those projections, the government would have had to make some assumptions regarding the likely course of

interest rates. Therefore, I should like to ask the Deputy Leader of the Government whether he has at hand any documentation from the government which relates to where interest rates are going to be in the next six to 12 months in this country.

Senator Frith: No, I do not. Honourable senators will notice that with reference to the material I put on the record regarding prices, it consisted mostly of reports about what has taken place rather than predictions, although there were some predictions about what would happen within the next week or two, or even today.

I do not have predictions on interest rates. I suppose one can assume that there will be some relationship between price rises and interest rates, but in listening to the Minister of Finance discuss this under questioning by Senator Roblin and Senator Phillips before the Standing Senate Committee on National Finance—and I certainly do not count myself as an expert—what impressed me most, both from the questioning and from the answers, was that this is a rather complicated question and it is a tricky business to predict interest rates.

If there is material available beyond what is already on the record as a result of the minister's appearance before the committee, I shall attempt to obtain it.

Senator Murray: It is too late to do so for the current debate, but since the deputy leader has undertaken to speak to the inquiry standing in the name of the Leader of the Government, I should like to ask him to obtain that information and undertake to provide it to the Senate when he participates in that debate.

It is clear, from the projections Mr. Lalonde has stated regarding the size of the public debt envelope over the next four or five years, that the government has made certain assumptions regarding interest rates, and I should like to know what those assumptions are. I ask the deputy leader to obtain them and put them on the record of this house when he speaks to the inquiry standing in the name of Senator Olson.

Senator Frith: Honourable senators, without undertaking to furnish them, I certainly think that the focus that Senator Murray is putting on the subject is reasonable. I shall attempt to obtain that information for him; in particular, what assumptions lay at the basis of any predictions relating to interest rates.

Senator Phillips: I should like to ask the Deputy Leader of the Government if he expects to receive the award at the six-and-five banquet next week for the reading he just gave.

Senator Frith: Honourable senators, so far as I am aware, I have not been nominated for any award. I do not know that anyone in a position to make the nomination knew that I was going to make that speech. Perhaps after they have read it, I should enter the sweepstakes.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Frith, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADA STUDENT LOANS ACT

BILL TO AMEND (NO. 2)—SECOND READING

Hon. Daniel Riley moved the second reading of Bill C-161, an act to amend the Canada Student Loans Act (No. 2).

He said: Honourable senators, first I want to assure Senator Flynn that this is not the same speech as the one delivered in the other place on the introduction of the bill.

It is with a feeling of some satisfaction that I rise to speak in support of Bill C-161, an act to amend the Canada Student Loans Act. As honourable senators are aware, the Government of Canada has been very much concerned with the development of Canada's most precious asset in order to ensure that the growth and changing economic needs of this country are fully explored and met by a diversified and trained labour force. I speak, of course, of our young people—Canadian students.

I am sure that honourable senators will agree that if we are to meet this objective it is essential that quality education be accessible to all Canadians, not only to those who can devote themselves full-time to their studies, but also to the many others who need or want to upgrade their skills but are only able to do so on a part-time basis.

As all honourable senators know, the difficult economic conditions which we have had to face during the past while have taken their toll. Unemployment has affected all sectors. Many students have graduated without any job prospects, and from having spoken to many of them in New Brunswick I know the difficulties they are facing. It is, therefore, very important that assistance be provided to those former students who are unable to repay their Canada student loans.

I shall now indicate to honourable senators the three major concerns which are addressed in Bill C-161.

First, the present weekly loan limit for Canada student loans has not been changed since 1974, and in order to raise the level to one which more adequately reflects today's education costs, the weekly loan limit is to be increased under the provisions of this bill from $56.25 a week to $100 a week.

Secondly, in order to take into account the needs of the part-time population—which I have already referred to—Bill C-161 proposes to extend guaranteed loans to part-time students who will be pursuing courses at the post-secondary level, courses which are now accepted by designated institutions as credits towards a degree, diploma or certificate. Those loans will be granted on a demonstrated-need basis and will cover the cost of books, tuition, transportation, child care and miscellaneous allowances. I feel certain, honourable senators, that with this extended assistance to part-time students we can only add to the employability of many Canadians, and it is hoped that this will contribute to the work force more skilled and professional people.

I have also referred to the unemployment situation among our young graduates, particularly as it relates to their inability to repay their student loans. Under Bill C-161, a program of interest relief will be initiated to assist such individuals. Under that program, a borrower who is unemployed and who has a gross family income below a minimum level may apply to the Government of Canada to assume interest charges on outstanding loans for a period of up to 18 months. As you all know, this will be in addition to the six-month period of interest-free status granted to all students to complete their studies. The program of interest relief may also reduce defaults on Canada student loans because of the extended time period within which a borrower may repay his loan.

● (1640)

I would also like to mention one special provision in this bill. As you know, in addition to those who are unemployed there are many who are unable to repay their loans because of temporary illness, temporary or permanent disability. Clause 7.1(1) of the bill extends the interest relief program to those who are unable to repay their loans on account of temporary illness or disability.

Clause 8.1(1) provides for a waiver for those who are permanently disabled.

The Secretary of State, when announcing these proposals on March 18, indicated that consultations would be held with the provinces. I am pleased to report that such consultations have been held. The program of assistance provided in Bill C-161 has met with a full measure of provincial support. In addition to provincial support, these measures have also been well accepted by various student associations across Canada.

The objectives of the assistance program contained in this bill can only help meet the needs of Canadians. Therefore, I urge honourable senators to lend their full support to this essential piece of legislation.

I do not believe this bill was referred to committee in the other place, and I would suggest that we do not refer it to committee here because it is a very simple bill.

Hon. Jacques Flynn (Leader of the Opposition): Be careful!

Senator Riley: It does nothing more than increase the benefits available to students who are applying for loans, and assist them in the repayment of loans if they are disabled or unemployed. Therefore, I ask that you support this bill.

Hon. Rhéal Bélisle: Honourable senators, I rise to participate in the debate on Bill C-161, an act to amend the Canada Student Loans Act (No. 2). I assure the mover of the bill, Senator Riley, that we in the opposition are in a position to co-operate in the passage of this legislation. In fact, he knows that we have been ready to do so ever since the minister announced his proposed changes outside of the House of Commons on March 18.

It has taken the government three months to introduce the bill, and our major concern is whether or not these changes will be in place for September 1983. I, as well as many other of my colleagues who represent university centres across Canada, have heard the concerns of admission officers, of students who are seeking to make future plans, of parents, families and others who are supporting students, and of those who are anxious to continue their education.

As we now know, and as the minister has been outlining before the other place, this legislation provides for changes to three major categories. First, guaranteed loans are being extended to include eligible part-time students. Secondly, an interest relief program for unemployed graduates will provide for the payment of interest charges on student loans for both full and part-time students for a period of up to 18 months. Thirdly, the weekly student loan limits, as was mentioned by the sponsor of the bill, will be increased from the current level of $56.25 to $100 a week.

I have some comments to make on these measures, but by way of general background to this legislation I would like first to take a brief look at the government's treatment of post-secondary education as a whole, and to look at these amendments in that context.

The Minister of Finance, Mr. Lalonde, recently tabled Bill C-150, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, which enshrines the earlier announcement of his intention to limit to the six-and-five formula transfer payments to the provinces for post-secondary education support. The savings to the federal government, compared to what would have been paid out under existing legislation, will be $104 million in 1983-84 and $247 million in 1984-85. The two-year break in the normal escalation formula will result in additional savings in each subsequent year, since transfers will escalate from a lower base.

In the meantime, the Minister of Employment and Immigration, Mr. Axworthy, has announced an extra $50 million for the 1983 Canada Summer Student Job Creation Program. Likewise, the Secretary of State said that the amendments we are discussing today would cost the federal treasury another $60 million in loan guarantees to the banks. I would like to know where the balance of the savings from putting the EPF transfers on six-and-five—approximately $240 million—are going. We know that these savings are not—and I repeat "are not"—being used to reduce the federal deficit. We are regularly asked to deal with bills requesting additional borrowing authority for the federal government. Now we hear from the Minister of Finance that the money is not being spent in any form on either post-secondary institutions or their students.

Once again, it would seem that in a policy area that is crucial to the development of the nation's most important resource—our youth—the government has no long-term direction. Many of us on this side have questioned various ministers in the government about this very troubling deficiency. We have noted that more and more people are choosing to remain in or to return to post-secondary institutions, because they cannot find work or because they need new skills in order to qualify for the few existing jobs. Yet, at the same time as enrolments are swelling, the federal government has decided to cut back its support of post-secondary education.

Honourable senators, what about the student who enters into a loan agreement at the given interest rate, much like someone who enters into an agreement for a mortgage at a high rate, only to see the prime rate fall, leaving him or her with an enormous repayment schedule? I see nothing in this bill that would provide some flexibility in the interest rate formula which is established by the federal government. However, I understand that negotiations between federal officials and the banks are being planned for later this summer. I want to encourage the Secretary of State to enter into those negotiations mindful of the current interest rates on repayments faced by students who already carry loans taken out when rates were extremely high. This bill, in its present form, offers them no relief. We look forward to a further amendment or announcement in that regard.

I look forward as well to hearing of some progress that can be communicated to students who are applying for assistance in the months ahead. I know that the Secretary of State is aware that applications for student assistance were up 23 per cent across the country in the last year alone.

The bill increases government spending at the federal level in the order of $60 million over the next two years. It amends the Canada Student Loans Act in three ways.

● (1650)

First, it increases the weekly loan limit from $56.25—which, if it were not so pitiful, would almost be laughable—to the grand sum of $100, which I suppose is intended to take the increased cost of living into account.

Second, it provides an increased relief program for unemployed graduates for an additional 18 months, bringing the total relief plan up to two years; and after six months it is renewable every three months.

Third, and perhaps most important, it guarantees loans to part-time students to cover tuition fees, books, learning materials, local transportation and related costs.

We recognize the necessity for all of these provisions and are prepared to support them.

The increase in the CSLP weekly loan ceiling from $56.25 to $100 barely meets the increase in inflation and, without the accompaniment of some form of grant, substantially increases the burden of debt on students from $1,800 per year in 1975 to $3,200 per year in 1983-84. A student who borrowed the maximum amount of $3,200 for four years and repaid it over a nine-and-a-half-year period, which is entirely within the law, at current interest rates, would have a total debt load of something in excess of $15,000. The student's heart is not bleeding with gratitude for that.

When will the federal government begin to take some responsibility for grant assistance to students? The provinces have been forced to introduce grants and other forms of non-repayable assistance to help students meet their financial needs and reduce their debt load. As a result, the federal share of student aid expenditures dropped from 50 per cent in 1965-66 to 26 per cent in 1980-81.

The minister must also surely review his own statements, having promised students again this year that he would be introducing a bursary program. Of course, to this point in time, neither the students nor parliamentarians have seen this bursary program. I would like to urge upon the minister, on behalf of my colleagues, and I suspect on behalf of honourable members in the other place, that he proceed with that bursary program as quickly as possible. It is absolutely essential.

I would like to turn to another aspect of what is before us, the interest relief plan. Federal student assistance has done more to benefit private lending institutions and collection agencies, through interest and default payments and collection charges, than it has to help the needy student. Over $7 million has been paid to collection agencies over the years 1980 to 1982. That is the amount of a 25 per cent collection charge on some $36 million collected. Defaults have steadily risen in the last two years from 11,000 in 1980-81 to 13,000 in 1981-82, and a startling 15,000 just in the first three months of 1982-83. I believe the government understands why. It is a natural consequence of existing economic conditions in this country.

Holding this false perception of the part-time student, it is no wonder that the government has failed to include part-time students in its interest relief program. Instead, the government, in this bill, is requiring repayment of part-time loans no more than two years after the loan is made, beginning payment one month after the loan is received, with interest accruing immediately and creating a more stringent means test than that in place for full-time students, such that the ability to repay seems a greater factor in determining loan eligibility than financial need.

Many part-time students are just that because of the increasingly prohibitive cost of obtaining a full-time university education. The costs incurred by part-time students are the same per course as for full-time students. A number of studies have demonstrated that part-time students tend to come from families whose parental income and educational attainment are lower than full-time students. They are part-time because they cannot afford to be full-time and cannot afford to draw on family resources to enable them to be full-time. Therefore, they should be treated in a different way from that in which they are being treated by this legislation.

The country is facing a crisis which is reflected in education and in economic conditions. The future of the country depends on our having a well-educated population, educated to the maximum of its ability, and being given every opportunity and encouragement to enlarge upon the capacity of each individual to absorb learning and to apply it. The future of the country socially depends to a great extent on the ability of the people to learn through the education system and other systems about how to socialize, to adapt to and to accommodate others in the way in which they go about their lives.

The country, even from the point of view of its diversity—given that it has a number of regions, each one quite different from the other—can only benefit from an educational system which will allow for the teaching of the differences which make us one rather than divide us. The future of the country

rests on whether or not we are prepared to place the kind of emphasis on education at every level which will enable each Canadian to acquire the necessary learning skills so he can adapt to the changes, technological and social, which are taking place.

I urge the government, once and for all, to commit itself to developing a national policy on post-secondary education, a strategy based on the principles of equal opportunity and equal access. We are one of the few industrialized countries in the world which has not yet faced that particular challenge. Time is passing us by.

Honourable senators, we are prepared to have second and third reading of this bill today, if that is the pleasure of the government.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators, I should like to make a few comments on this legislation. I listened with interest to the good explanation that the mover made, and I listened with interest to the contribution that Senator Bélisle has just made, noting his references to the established programs financing legislation and to Bill C-150, which will come before us in due course. I would be tempted to enter into an argument with Senator Bélisle now, but I think it would be more appropriate to reserve that until Bill C-150 is before us. Suffice it to say that I think Senator Bélisle's remarks in relation to the established programs financing legislation and its proposed changes are simplistic in the extreme.

As for the bill before us now, in my view, the extension of assistance to part-time students is extremely important and I welcome this change in the legislation. I must also say that, when you consider that the maximum available for part-time students, under this legislation, may be as much as $2,500 per year, this seems to me to be adequate, and I am sure it will be adequate in all but a very few exceptional cases.

● (1700)

By the same token, honourable senators, I think that the increase of the weekly limit for full-time students from $56, or thereabouts, to $100 ought also to be adequate in most cases. Most students can find some other resources. As Senator Bélisle pointed out, this provision means that a student could borrow up to $3,200 per year, taking the average university year to be 32 weeks long. If this were done for three years, or, in some cases, four, and if interest were added to the amount, upon graduation the student would find himself having incurred a reasonably large debt. There are a lot of students today who are unhappy about this and who are reluctant to borrow to the extreme because of the debt they will incur and have to repay on graduation, after the usual six months' delay. In this regard, I must say that I welcome the possibility of an additional 18 months' time extension of the repayment period.

I am aware that a good many of the provinces have some kind of bursary or grant program that will operate in conjunction with this legislation. I think it is a pity that these programs vary as much as they do from province to province. I can agree with Senator Bélisle's suggestion, in the hope that the federal government might very well enter the field of grant or bursary assistance and try to provide a policy that will be more or less uniform across Canada.

I should remind Senator Bélisle that a great many of our colleagues in this country, particularly in the province of Quebec, are reluctant to allow the federal government to participate in policy making insofar as education—even post-secondary education—is concerned. While I think there are a great many Canadians today who would welcome the federal government's entering into the field of post-secondary education in order to secure more uniform standards and arrangements all across Canada, I am not sure that it is practically feasible for us to attempt to do so at the present time.

I may point out to honourable senators that I advocated this kind of participation by the federal government over the whole period of my university presidency. I have never agreed that the federal government does not have the right to participate directly in the financing of post-secondary education. Whereas I had very little support from most of my colleagues across Canada when I spoke this way 15 years ago, there is now a great deal more support for that view in Canada.

At any rate, honourable senators, I think I have said what I need to say about this bill. It is good legislation. I welcome the inclusion of part-time students, the increase of the weekly amount that full-time students may borrow, and the interest relief provisions for the unemployed and for those who may be physically impaired or ill. I support this legislation with enthusiasm.

Senator Bélisle: Honourable senators, I was going to make reference to my honourable colleague or my learned colleague, but he, having used the word "simplistic," should perhaps not be qualified as a "learned" senator. Perhaps he feels that, because he has some knowledge of one university, he can speak for others across this country. We have been listening to some of his speeches for years and years. At times I had the inclination to rise and say, "Which Bible has he been reading?" It is obvious, however, that I have had the charity never to use the word "simplistic" in reference to him.

Maybe it is because he has greyer hair than I do or because he probably went to university longer than I did, I do not know; I will only say this with respect to education: I know that education is an exclusive right of the provinces. The senator made reference to the province of Quebec. I am not from Quebec; I am from Ontario. My friend will recall that in 1957 and in 1958, the then Prime Minister, after receiving—

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I take it that Senator Bélisle has risen on a point of privilege or a point of order.

Senator Flynn: Perhaps he will speak tomorrow on third reading.

Senator Frith: I think, however, that he has already spoken once on second reading of this bill. Having made this point, and since we are about to move third reading of this bill tomorrow, he might want to raise these matters at that time, when he can speak once more to the bill.

Senator Bélisle: Honourable senators, if the Deputy Leader of the Government feels that only some of us have the right to speak two, three or ten times on a bill, I am willing to bow to his wish and adjourn the debate on second reading.

Senator Hicks: Honourable senators, this debate relates to Bill C-150. That is why I said that I thought it should more properly take place when that bill is debated.

Senator Frith: Honourable senators, let us be clear. No one is entitled to any more rights than any one else. I merely called for order, after waiting a fair while to do so, to point out that none of us is entitled to speak more than once on second or third reading of a bill without permission of the Senate. I did not want to cut the honourable senator off.

Hon. Martial Asselin: Senator Bélisle rose on a question of privilege. He did not mention that, but it was a question of privilege.

Senator Frith: In fairness, Senator Asselin, I began by asking: "Are we to assume that Senator Bélisle is rising on a point of privilege?" I was making my best effort not to cut Senator Bélisle off but to give him an opportunity to continue. Furthermore, assuming that the honourable senator did rise on a point of order, I was suggesting that he might want to speak on third reading, at which time he could also make the point. I was trying to be helpful, not to be inhibitive.

Hon. Sidney L. Buckwold: Honourable senators, before the debate is adjourned there is one point that I want to raise, and I think it is more appropriate to do so at this time than on third reading.

I want to express my concern—which I have expressed before, when there was general discussion of the Canada Student Loans Act—at the rate of default in payment. The figures have not been given to us. I drew to the attention of the Senate a study conducted by what I believe was a prominent Toronto newspaper, in which loans in default were analyzed. It was found that a great many of the loans in default were those of individuals of rather high income-earning ability—people in the professions who somehow just seemed to ignore the fact that they owed money to the government and did not repay their loans. The question at that time was: What is the government doing about collecting loans from people who are fully capable of repaying them? I am not talking about those who are unemployed, disabled or ill. I am talking about people who are fully able to repay these loans.

I should like to ask the sponsor of the bill to cogitate on this matter. I am still interested in the amount of such monies that is outstanding, the length of time that the loans have been in default and the action the government has taken to collect those loans given legitimately to people who are well able to repay them. I hope that at the next sitting we will have that information.

Hon. Frederick W. Rowe: Honourable senators, I had not intended to speak to this bill, but several points have been raised which prompt me to make a very brief intervention. When Senator Hicks and, subsequently, Senator Bélisle were speaking, I was reminded of what is perhaps the most famous dictum on education that has ever been delivered. In an episode in one of the works of Plato, Socrates says this: Let us not quarrel in the name of education. Let us agree on two things. First, it is a good thing and a necessary thing. Secondly, it is the duty of every man to work for education as long as he shall live.

• (1710)

Hon. Daniel Riley: Honourable senators—

The Hon. the Speaker: I have to remind honourable senators that if Senator Riley speaks now his speech will have the effect of closing the debate.

Senator Riley: Honourable senators, I listened with interest to the remarks made by Senators Bélisle, Hicks, Frith, Buckwold and Rowe. Some of the things mentioned by those honourable senators have occurred to me from time to time as well.

I do not know much about the proposed bursary program for secondary education, but I would point out that there is no time limit on this program for the $100 per week. If a student gets too deeply involved, there is a monitoring system, as honourable senators probably know, whereby the student's financial state is reviewed from time to time and, if he is getting too deeply into debt, efforts are made to assist him in getting out of his financial difficulties.

Senator Bélisle mentioned collection agencies. That has always been a great cause of concern to me, because I hear from many students who get into difficulties. What happens is that the bank calls a loan; the Department of Justice is advised and they send a letter of demand to the student; if they do not get any response or co-operation it is put out by tender to a collection agency, and the collection agency then puts the heat on the student. I do not think it is the best method of collecting the money, but in what other way can they proceed to collect the money?

Senator Buckwold mentioned defaults. There is a steady rate of default, unquestionably. However, I would point out that if a student is earning money and is able to afford it, he is pursued, first, by the Department of Justice; and then, if he does not co-operate by making payments in full or in part, it is put into the hands of a collection agency, which can proceed right to a writ of execution. I know this has happened, because I have such cases in my files where judgments have been obtained and writs of execution issued. If anybody is earning a lot of money, has assets and should be paying, I am sure that this is the only possible system that can be used.

Senator Buckwold: Are any figures available?

Senator Riley: I do not have figures. I have seen them but I do not recall them, and I do not want to test my memory under these circumstances.

Senator Asselin: I hope the honourable senator will not mention names.

Senator Riley: No, not at all.

Senator Buckwold: The senator will not be named.

Senator Frith: The list would start with the A's anyway.

Senator Flynn: It was a long time ago.

Senator Riley: Honourable senators, I ask that the bill now receive second reading.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Riley: Honourable senators, I move that the bill be read the third time now.

Senator Flynn: Next sitting. We have to give Senator Bélisle a chance to speak.

Senator Asselin: I want to speak too.

Senator Riley: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

THE SENATE

MOTION RE SUSPENSION OF RECORDING OF DAILY ATTENDANCE OF SENATORS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator McElman, seconded by the Honourable Senator Denis, P.C.:

That the practice of recording the daily attendance of Senators in the Senate be suspended effective April 14, 1981, and remain suspended until the beginning of a new session of the 32nd Parliament, or the first session of the next succeeding Parliament, whichever may first occur.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to make a comment on the order for resumption of the debate on the motion of Senator McElman, which stands in my name on the order paper. I do not intend to speak on it this week, and therefore would be glad to yield to any other honourable senator who wishes to do so.

Order stands.

AGRICULTURE

CHANGES IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motion:

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Phillips be substituted for that of the Honourable Senator Bielish on, and the name of the Honourable Senator Marshall be added to, the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 22, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANAGREX BILL

REPORT OF COMMITTEE

Hon. C. B. Sherwood, Deputy Chairman of the Standing Senate Committee on Agriculture, presented the following report:

June 22, 1983

The Standing Senate Committee on Agriculture to which was referred Bill C-85, "An Act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada" has in obedience to the order of reference of Tuesday, June 21, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

C. B. Sherwood

Deputy Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Has the sponsor anything to say?

Senator Olson: Honourable senators, I will be very brief. I gave in very objective terms—

Senator Flynn: You want a debate, for sure.

Senator Olson: —an outline of the purposes of the bill, and, following a number of interventions, certain questions were raised. I then made a somewhat more vigorous defence of the importance and appropriateness of this bill, and I take it that I completely satisfied all the questions that were raised. Therefore, I hope that honourable senators will give this bill third reading at this time.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am sure that the sponsor of this bill would expect me to observe that objectivity lies in the eye of the beholder—

Hon. Royce Frith (Deputy Leader of the Government): And increases with the distance from the problem, as Galsworthy said.

Senator Roblin: I am not so sure about that. All I know is that I am not prepared to subscribe to the universal approval of this bill as my honourable friend solicits. I am here to move an amendment dealing with one of the objectionable aspects of this piece of legislation.

The Canagrex bill has been before Parliament for, lo, these many months, and there cannot be many members of this house who are not acquainted with its general provisions.

I rather regret that, owing to the circumstances, it was not possible for all members of this chamber to attend the meetings of the Senate Committee on Agriculture to which the bill was consigned for review and discussion.

That committee held quite a number of meetings in its pre-study of the bill before it reached the chamber, and held another meeting last evening at which the Minister of Agriculture gave a stellar performance. One has to admit that he is one of the most engaging politicians in the House of Commons. Not only can he talk better than I *ad nauseam* on subjects which interest him, but he brings to them a variety of examples, quotations, inferences and references which wins over anybody except somebody as hardshelled as I happen to be with respect to this matter.

Hon. Royce Frith (Deputy Leader of the Government): He always speaks very highly of you.

Senator Roblin: Yes, he speaks highly of me, but in such a way that I am not sure that he really means it in the sense I would hope he would. In any event, he and I do not agree but get along famously.

He has the wonderful gift—and it is a gift for a politician—of being able to talk on a subject without saying very much about it, and can bring into the discussion all kinds of extraneous matters which have nothing to do with the subject before the committee.

Senator Frith: That is why you get along so well.

Senator Roblin: There may be a point there, but I am not going to dwell on it too long.

As I say, the Minister of Agriculture gave a stellar performance last evening, and I must pay my respects to him for his being a dedicated advocate of his point of view.

If honourable senators had attended only that committee meeting, they would have been deprived of hearing the opinions of many others who do not share the view of the minister.

In fact, I think it is fair to say, if one wants to count noses—and that is one way of doing things in a democratic society—that more people have doubts about the wisdom of this legislation than have the conviction that it is the proper thing for this Parliament to enact. I think there are good reasons for that.

There are certain aspects of this bill which stimulate no controversy, to the extent that they are aimed at producing a concentration on developing agricultural exports for Canada, and at capturing a larger share of the world market, particularly for specialized crops. I think that is a main thrust of this legislation. One has to say that is a good thing.

The legislation ignores the fact—as does the minister—that at the present time this government, and let us give them credit for it, does many things which tend to that end. There are a number of different programs in the various departments which deal with the promotion of agricultural products, with the financing of exports, with the financing of agricultural trade shows and endeavours, with the funding of agriculture representatives in our embassies around the world, and all that kind of thing which was carefully considered by the committee, or at least presented to the committee, which I referred to on another occasion. The minister's view, of course, is that by bringing these things together under one head something better will be done.

One has to hope so, and to that extent I suppose there is nothing to do but trust him. However, he did not give me any feeling that he was going to do something about the activities of those three or four other departments which work in this field, so as to cut down on their contributions to the problem so that his concentration would not simply add to the bureaucratic effort that is being put forward. One has to wonder about the whole question of a special crown corporation. Will it, in fact, be effective in this field, and will it effect those economies of administration which one could foresee as a possible result of this piece of legislation?

I am not prepared to oppose the bill on those grounds alone. If those were the main issues involved, as far as I am concerned, one would have to say, "Well, maybe we should give it a try."

It is perfectly true that there were 37 witnesses who appeared before the committee who thought that it should not be given a try, but one has to wonder what their concerns were.

If one were to pinpoint the problems with this piece of legislation, one would dwell on the point I have already mentioned in this chamber, which many other members of this chamber have also mentioned, and that has to do with the buying and selling function incorporated in the bill. In my opinion, most of the aims of this bill could have been met without the power to buy and sell. That power has created all the problems. It happens to be a characteristic of government or, at least, of the bureaucracy, that they put everything they can think of into most bills, whether or not they really intend to use it all, and we find that in the end they really do. If you give people any power, regardless of what they say about it when you give it to them, the ultimate result is that they use it.

[Senator Roblin.]

Those people in the agricultural communities in Canada who are concerned that the government will, indeed, use the powers contained in this bill, I think, are on sound ground because, it seems to me, undoubtedly they will.

● (1410)

It is to that one point, the buying and selling function that is incorporated in this legislation, that I wish to direct the attention of the Senate. It is in that regard that we might well consider modifying this bill so that it is more in tune with the general tenor of the representations made to the committee, and more in tune with that which I, for one, regard to be the more effective areas in which government can act.

In my province of Manitoba some of the major agricultural interests affected by this bill did not like this question of buy-sell.

I should like to refer to the Manitoba Canola Growers Association. What is canola? Canola is only the most dramatic example of progress and development in the agricultural industry that I can think of. It is the biggest change that has been made in the production of the Canadian agricultural economy and has met with widespread markets both at home and abroad. The development of the canola industry in the past four or five years has been dramatic, as every westerner knows, and now some people in Ontario are going to know it as well because I believe they now have a canola grinding mill. The sale of canola has been managed without any serious input on the part of government. No one can say that the private canola trade has been negligent or ineffective; indeed, they have increased the sale of that product in a remarkable way. In fact, as I mentioned in the chamber on the last occasion I touched on this matter, in connection with these special crops the increase that the private trade had realized over the past six years boiled down to 26 per cent per annum. You tell me any other activity of Canadian export development that has reached a level of 26 per cent per annum for the past six years, and I will take my hat off. That seems to me to be a remarkable achievement. It bears on the reason why the Manitoba Canola Growers Association just wonder whether this bill is altogether a good idea when it comes to buying and selling. They are not alone.

The Manitoba Cattle Producers Association, which is a significant body in our province, has had some concerns about the bill, as well as the Manitoba Farm Bureau which encompasses many agricultural interests within the province. One might have been inclined to say it was a spokesman for Manitoba agriculture, although the pools in Manitoba sometimes do not agree with it in every respect. Be that as it may, it is an important body and, in my province, is worthy of being considered.

Those three organizations all registered their objections to this bill, and I think I am correct in telling you that the main cause of their concern was this buy-sell function which is incorporated in the legislation.

There is a list of approximately 37 witnesses, by far the majority, perhaps two-to-one or three-to-two—I would not like

to be held to the number, but a substantial majority had some concern about the bill. This included four provincial governments—the Governments of Alberta, New Brunswick, Ontario and Saskatchewan. That seems to me to present some real problems for this chamber. The bill may have, like the curate's egg, some good parts in it, but it obviously has some bad parts in it, otherwise these people would not have presented their case as vehemently as they did. I have only mentioned a few of those who appeared before the committee.

While I moved an amendment to this bill in committee, I did not get very far with it. I think three or four members of the committee voted in favour of making an amendment to this bill to deal with the question of buy-sell. Nevertheless, I feel it is sufficiently important to bring this issue before the Senate, with a request—

Hon. Martial Asselin: That is why they want to abolish the Senate; it is too partisan.

Senator Roblin: Senator Asselin says that the Senate is too partisan. That is true. The vote in the committee was partisan, which is curious because oftentimes in the Senate we do a little better than that.

• (1415)

Senator Frith: Perhaps coincidentally.

Senator Roblin: Allow me to call it curious, because I know that on some other occasions in Senate committees we are able to develop a less partisan attitude to matters. However, considering the person under whose auspices the bill comes to us, namely, the Honourable Minister of Agriculture, I am not surprised that considerable interest was developed on the part of government supporters in the committee to support it. Certainly I agree that the Leader of the Government gave a rousing defence of the policy the other day, and I must say I thought it was one of his better efforts, so I would like to offer my felicitations to him on his dedication to the issue involved.

I have said enough. Everybody knows this issue. We know what the problem is. It merely remains to test the opinion of the Senate as to what we ought to do.

My proposal is that we delete clause 14(1)(*a*) of the bill. That is the first clause which deals with the question of the powers of buying and selling that it is sought to confer upon this new crown corporation. If this amendment carries, there are subsequent amendments that ought to be made. If it does not carry, we shall have tested the opinion of the Senate, shall know what it is and shall be guided accordingly.

Senator Frith: Very sensible.

Senator Roblin: I hope, honourable senators, you will allow me to propose this amendment, seconded by my colleague, Senator Murray, the latest recruit to the agricultural interest in the Conservative caucus. He did so well in his initial endeavour the other day that I at once recruited him to the ranks.

Hon. C. William Doody: How is he on Granola?

Senator Roblin: He thinks it's great; he has it for breakfast every morning. He has told me that, and I am sure it is the fact.

To get back to the subject at hand, seconded by the Honourable Senator Murray, I move:

> That the bill be not now read the third time but that it be amended in clause 14 by striking out paragraph 1(*a*) at lines 24 to 27 inclusive at page 9 and by relettering the remaining paragraphs accordingly.

The effect of this amendment is to commence the process of deleting the powers of buying and selling from this bill. If it passes, we will see what the next move is.

Senator Olson: Honourable senators, I will be very brief.

Senator Flynn: Don't repeat the speech you made before.

Senator Olson: I am just getting to that. Senator Roblin began his speech this afternoon by saying that the point he was about to make he had made in his speech the other day. That is exactly right. That was the way I interpreted what he had to say, that his apprehensions about, or his objections to, the bill centred around clause 14(1)(*a*).

Senator Roblin: I cherished the hope that the committee would take me off the horn of my dilemma.

Senator Olson: What I am surprised at is that the speech I made in response did not persuade him that it was an essential part of the bill.

Senator Flynn: It would have been a surprise had it been the other way.

Senator Olson: Indeed, he referred to, I was going to say, the admonition or defence of that paragraph made by the Minister of Agriculture in committee, and indicated that he was impressed, at least, by the performance of the Minister of Agriculture in doing it in that way and relating situations and prospects of international sales that at some times would require Canagrex to have that authority.

• (1420)

Senator Roblin appears to remain unconvinced. I believe I answered him the other day. The Minister of Agriculture added to it in committee, and while I respect the honourable senator's right to move an amendment to test the view of the Senate, I believe I could not add more today to what was said in both of those speeches. I regret that the honourable senator was not persuaded by the validity of those admonitions.

Senator Flynn: If that is all you have to say, why did you rise in the first place?

Hon. Gildas L. Molgat: Honourable senators, I rise in the most difficult of circumstances for a politician.

Senator Flynn: You are used to it.

Senator Molgat: As a politician who has been a long-time believer in the party system, and still is—

Some Hon. Senators: Hear, hear.

Senator Molgat: —I rise to say that on this occasion I find myself in the unusual situation of having to support Senator Roblin.

Some Hon. Senators: Hear, hear.

Senator Molgat: I find myself in an unusual situation, because I spent almost 10 years across the aisle from Senator Roblin when he was Premier of Manitoba and I was Leader of the Opposition, and during that time I found I had to oppose almost all of what he proposed. However, I suppose those are the circumstances that make the party system work.

On this occasion I find, as a regional representative, that I must support the proposition he has put before us. I do so under difficult circumstances because I shall soon be celebrating 30 years in elective office and in this house, and for all of those years I have been a firm, strict, loyal party man. That is how our system works, but one wonders whether we should not have another look at that system as it applies to this chamber.

Recently, thanks to the confidence placed in me by this chamber and by members of the committee, I was elected chairman of a committee established to study Senate reform, and I suppose, in my small way, this is my first step in that direction. I told the whip, and I must say that he did not put undue pressure upon me. He imposed the normal pressure, which I quite understand, having occupied a similar position for some time.

● (1425)

Returning to the subject of Canagrex, I find that there is a wide difference of opinion on a regional basis. During the pre-study undertaken by the Standing Senate Committee on Agriculture I seriously attempted to find some compromise, to see whether we could somehow accommodate the interests of those who legitimately believe that Canagrex needs all the powers set out in this bill and the interests of those who want to see Canada in the forefront of agricultural exports, which is where we should be; to see whether there could be some balance between those views. I recognize the legitimate interests of those who are pushing for Canagrex. Basically, they are the agricultural producers in the provinces of Quebec and Ontario. So far as I can see, that is where the great push came from, and I respect their problems and needs.

It seemed to me that we could find some accommodation on a regional basis. After all, the Canadian Wheat Board, which, in my view, has done a great job for western Canada, and which I support, is a regional structure. It does not apply across the country and there are clear geographical limits. As a compromise, I suggested that we find some way of making Canagrex operate in those regions that wanted it, and not in those regions where there were reservations. That suggestion was not acceptable. I proposed that Canagrex operate on a commodity basis, because there are problems with specific commodities. For example, the pulse growers and tobacco growers may have specific needs, and those needs ought to be met. But that suggestion did not reach a responsive ear.

So we find that Canagrex is being imposed throughout the country even though there are reservations, and serious ones, in certain regions, and my own region is one of those that has reservations. I am not suggesting that everybody in my region is opposed to the powers of Canagrex, but there are many who have reservations. I think that, as national bodies, the government and this chamber ought to recognize those reservations.

Perhaps I am more conscious of the problems, having sat for the past few weeks listening to arguments about the need for recognition of regional differences and the need for regional representation. One might ask, "Why didn't you do that 10 years ago?" and I accept that criticism. The situation is here before us now. So, with all the reservations that I have indicated and all the difficulties that the bill presents, I propose to support the amendment moved by Senator Roblin.

Hon. Sidney L. Buckwold: Honourable senators, my few words will probably reflect the opposite to what we have just heard from Senator Molgat. I, too, am concerned about my responsibilities to my region, and also my party affiliations, but, unlike Senator Molgat, I have brought down the wrath of my leader by voting against the government.

Hon. Jack Marshall: You are a better man.

Senator Flynn: I don't remember.

Senator Asselin: We should count the occasions.

Senator Buckwold: When I first read the Canagrex bill, I felt very much like Senator Molgat feels now. I read the committee reports, and I indicated in some of the discussions that I had serious reservations about some parts of the bill. However, as a regional representative, I am here to say that I can honestly and with a clear conscience support this bill, and not because I am here as a stalwart of the party.

I listened with interest to the explanation given by the Leader of the Government. I have discussed this matter with certain interested parties back home. I have not received one single representation from the Government of Saskatchewan—though it presented a brief to the committee against this bill—or one letter from concerned individuals in the agricultural scene in my province. I have had some discussions with individuals and companies from Manitoba. Manitoba seems to be very much engrossed in this particular bill.

Honourable senators, from the point of view of a regional representative, I can tell you that I have come around to thinking that it would be a good thing if Canagrex is established and given an opportunity to show what it can do. Certainly, we should not be against anything that will improve the export potential and opportunities of our agricultural industry. I now feel that this bill could—and I emphasize "could"—be a step in the right direction. I am prepared to support it.

● (1430)

Hon. Ernest C. Manning: Honourable senators, I would like to record my support for the amendment that has been proposed by Senator Roblin. I am extremely disappointed that the committee, in its deliberations on this bill, apparently decided against attaching any significant weight to the wide difference of opinion that exists across the country, as was illustrated by

the opinions expressed by members of the Standing Senate Committee on Agriculture.

As has been pointed out by Senator Buckwold, the situation is different in different regions of the country. In my own case, I have received a significant number of representations from interested agricultural groups in Alberta, the majority of whom have expressed not only deep concern about but, in some cases, very strong opposition to the legislation. It would be fair to say, however, that the majority have not opposed the legislation outright but have expressed grave concern, primarily on the point outlined by Senator Roblin's amendment.

There seems to be, however, a fairly general agreement on the concept of a federal agency that would facilitate and encourage greater activity in the export of agricultural products. It is when you get into this area of processing, buying and selling that the duplication of existing facilities in the private sector becomes important to many of these groups. Concern has also been expressed about the greater degree of government intervention that there would be. Therefore, there are many serious reservations as to the wisdom of this legislation.

It is not surprising that the Minister of Agriculture has argued in favour of this measure and is insisting that Canagrex be given all these powers. He has made it clear on many occasions that he is an interventionist. He believes that government intervention is a solution to most of the problems faced by the economy, including those in the field of agriculture. Holding that philosophy, it is quite understandable that he favours ever-increasing government intervention in this area.

• (1435)

I reiterate the concern I expressed yesterday. If we are going to try out this proposed scheme—and there is no question that it is going to be tried out—it would be extremely unfortunate if we created further divisions within the agricultural community itself by insisting on putting into the legislation a power for which no case has been made, but which is necessary if the corporation is to carry out its prime purpose.

For these reasons, I whole-heartedly support Senator Roblin's amendment.

The Hon. the Speaker: It is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Murray, that the bill be not now read the third time but that it be amended in clause 14 by striking out paragraph (1)(*a*) at lines 24 to 27 inclusive at page 9 and by relettering the remaining paragraphs accordingly.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

• (1440)

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Senator Roblin resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Manning
Balfour	Marshall
Beaubien	Molgat
Bélisle	Muir
Deschatelets	Murray
Doody	Nurgitz
Flynn	Phillips
Kelly	Roblin
Macdonald	Sherwood
Macquarrie	Tremblay—20.

NAYS

THE HONOURABLE SENATORS

Adams	Lapointe
Anderson	Leblanc
Austin	Le Moyne
Bonnell	Lewis
Bosa	Lucier
Buckwold	McElman
Cottreau	McGrand
Davey	Neiman
Denis	Olson
Frith	Perrault
Giguère	Petten
Godfrey	Riel
Graham	Riley
Guay	Rizzuto
Haidasz	Rousseau
Hastings	Rowe
Hébert	Stanbury
Hicks	Thériault
Inman	van Roggen
Lafond	Wood—41.
Langlois	

ABSTENTIONS

THE HONOURABLE SENATOR

Benidickson—1.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the main motion?

Motion agreed to and bill read third time and passed, on division.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today, it do stand adjourned until Monday, June 27, 1983, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): May I ask the Deputy Leader of the Government what the business of the Senate will be for next week? I know I always ask tough questions.

• (1450)

[*English*]

But you can't blame a guy for trying.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): We shall be busy next week.

Senator Frith: Honourable senators, we have just dealt with the first order, relating to Bill C-85. We hope to have third reading of some of the other bills—namely, Bills C-161, C-147 and C-148—today, although it may be that Bill C-147 will receive third reading next week. That would be one item for next week, and third reading of the supply bill. It is possible that legislation will be coming from the other place.

I have made inquiries about what the Leader of the Opposition calls the "must" list, but, as honourable senators will understand, the party that now forms the government never operates on the basis of "must" or force. Representing the principles of hope, it has a "hope" list but not a "must" list. Of course, the Crow is high on the "hope" list.

Hon. Duff Roblin (Deputy Leader of the Opposition): You call that hope?

Senator Frith: Among the other bills that are before the other place for debate, and that the government has hopes for, are: the government organization bill; the sports pool bill; certain amendments to the Federal Court Act; regional economic expansion; perhaps a resolution on aboriginal rights; and perhaps a resolution on property rights.

Senator Flynn: Did you say "property rights"?

Senator Frith: Yes, I did. Those are not on the "must" list, but they are on the "hope" list.

Senator Flynn: Honourable senators, I am very surprised to hear reference to the resolution on property rights because I thought the leader told us that it was not possible, under the rules applicable to the House of Commons, to bring in that resolution during the present session.

At one point I came close to making an offer to the Leader of the Government to deal with it in this house to avoid that difficulty. Do I understand that he has found a way around the rules applicable to the other place in order to bring in that resolution?

Senator Frith: Honourable senators, I have no specific information on a solution to the rules problem, but it remains, despite any procedural difficulties, on the government's "hope" list.

Senator Flynn: I still make my offer to the government side to commence the debate here, and I do not think the rules would apply were we to send a message to the other place that the Senate is in favour of including property rights in the Constitution.

Senator Frith: Honourable senators, I apologize to the Leader of the Opposition because I had forgotten that he had made that offer.

Senator Flynn: I am not saying that. I was asking—

Senator Frith: In any event, he has renewed his offer and has reminded me of it, and I will pass that along.

Hon. Ernest C. Manning: Honourable senators, may I ask the Deputy Leader of the Government if he can clarify the present status of the Crow legislation? We heard a news report last evening that the government had agreed to refer that bill to committee for further study, which I assume would take place in the summer months. If that is the case, the bill will not be coming before us next week because it will not be passed by the House of Commons before the summer adjournment. Does he have any information on that?

Senator Frith: Honourable senators, I believe there is a chance that the procedural device being used by the New Democratic Party in the other place can be surmounted in such a way as to get the Crow bill before committee; in other words, to complete second reading and get it to the stage where the committee is at least close to submitting a report. If that is all that is attained, then, as Senator Manning quite properly pointed out, the committee conceivably could meet during the summer, in which case we would not receive the bill before the summer adjournment. It is to be hoped that the other place will complete second reading later this week, if not today.

Senator Flynn: Will the bill be referred to committee?

Senator Frith: Yes.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

FITNESS AND AMATEUR SPORT

APPLICATION OF OFFICIAL LANGUAGES ACT

Hon. Martial Asselin: Some time ago, I asked the Minister of State responsible for Fitness and Amateur Sport to make a statement on the use of French in his Department. He told us that he would do so in a matter of days or weeks. That was a while ago and, in fact, I think this request was made three weeks ago. Does the Minister intend to make his statement before the end of the session?

[*English*]

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I appreciate the fact that Senator Asselin has asked that question, because I am prepared to make a statement this afternoon on the subject.

Hon. Jacques Flynn (Leader of the Opposition): Good timing!

Senator Perrault: It is with a great deal of pleasure that I am able to announce to honourable senators that the Fitness and Amateur Sport Branch has been working actively towards achieving full compliance with the official languages mandate.

In this regard a formal official languages plan has been submitted to the Treasury Board Secretariat where Treasury Board ministers are undertaking a review of all 1983-84 departmental plans. My officials have been working in close collaboration and co-operation with the Department of National Health and Welfare in preparing what we feel is a most positive and challenging plan. I should like to emphasize that we are fully committed to this plan, and we trust that, following Treasury Board approval, concrete results will become evident.

The Fitness and Amateur Sport Branch will be working closely with the National Sport and Recreation Centre and the national sport governing bodies which, as honourable senators know full well, are the delivery agents for amateur sports and fitness programs at the national level. These individual associations are autonomous and retain their complete independence under volunteer boards of directors elected by their membership. Honourable senators will appreciate the spirit of collaboration and co-operation which must exist between the government and non-government sectors if this plan is to be implemented successfully.

Fitness and Amateur Sport achieves its objectives through close collaboration with the voluntary sector. Without the millions of hours of voluntary work provided by thousands of Canadians in all of the provinces, it is unlikely that this country would be in a position today to speak of sports excellence and to speak of thriving fitness and participation levels—and they do exist in every part of Canada today. National voluntary sport and recreation associations are among this country's most valuable assets. The dedication and energy of their members from every province and territory defy description. However, they are by definition, associations of volunteers who give of their time and skills because they believe in the value of fitness and sport in this country.

[*Translation*]

Our Official Languages Program contains provisions that will help these associations to conform to the spirit of the Official Languages Act. However, we must not forget that these associations do not come under the Fitness and Amateur Sport Branch and are therefore not subject to the same rules of compliance as the branch itself. Fitness and Amateur Sport will be starting an official languages program to help associations design and implement their program to improve their capacity for providing service to all Canadians in the language of their choice. The branch will provide follow-up, and as far as its modest resources allow, will provide tools and mechanisms that will make it possible to achieve these objectives. It will be up to volunteers to make this part of the program a success. Fitness and Amateur Sport will give them every possible encouragement.

Hon. Senators: Hear, hear!

● (1500)

[*English*]

Senator Perrault: Not only have my officials drafted a useful and credible plan, but in the course of its preparation they have met with representatives of the Fédération des Francophones hors Québec and Le Regroupement des organismes nationaux du loisir du Québec and have obtained their support for our plan. I am very pleased to state that. We have had very close working sessions with both organizations, and they support the plan that we have submitted to Treasury Board. Once this plan has received Treasury Board approval—and I am confident that it will receive the necessary degree of support—I will gladly table this document in the Senate, and I look forward to receiving constructive feedback from all honourable senators, because I know there is a deep interest in it on both sides of the chamber.

Following this, I should be only too happy to discuss it further and to answer questions in committee or elsewhere as the occasion presents itself. I trust my honourable colleagues share in our enthusiasm, and I anticipate a positive outcome. Thank you very much. Merci beaucoup.

[*Translation*]

Senator Asselin: Honourable senators, I raised this issue some time ago in this House because of representations I had received from the Fédération des Francophones hors Québec as well as from local and national organizations in every province about the fact that they and their members found it very difficult to communicate in French when dealing with amateur sport. As a result of those representations, I asked the Minister several times to remedy the situation. It has taken considerable time. The Official Languages Act was passed by Parliament 11 years ago, but its enforcement must still be monitored very closely. In my opinion, the Minister should not have to be reminded of his duty in this regard every time this

Act of Parliament is broken. The Treasury Board has set the standards for the services that should be provided by every government department as required under the Official Languages Act, but a Special Joint Committee of the Senate and the House of Commons on Official Languages had to be set up to monitor the enforcement of an Act of Parliament passed 11 years ago. It is too bad we must harp on about this constantly, but it is very frustrating to always have to ask the Minister whether he monitors the manner in which this legislation, which is so important for the cultural and linguistic future of Canada, is being enforced. I congratulate the Minister on his efforts to make his Department realize the importance of this legislation. He has set an example himself as he now speaks very acceptable French, and he has told us that he has set up a committee to promote the training of francophones in his Department. Such a decision is very much to his credit. In any case, I shall get in touch with the people who have contacted me and ask them to take note of the promises just made by the Minister and to check later on whether his program has been implemented. Meanwhile, I congratulate him on his decision.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question for the same minister.

I also agree and I happen to know that Mrs. Séguin, the President of the Fédération des Francophones hors Québec, has made several representations to the minister. I had an opportunity to discuss this with the minister who told me that he had had many worthwhile meetings with Mrs. Séguin and that they had seen eye to eye on many issues.

I also appreciate the announcement he has just made today. However, he did say that the matter is now in the hands of Treasury Board, and that is what prompts my question.

If it is in the hands of Treasury Board, do you think it might be possible to make an announcement about these new requirements to the public and to the organizations concerned, with a view to providing better services for them? Second, would it be possible to make that announcement before the end of the month?

[*English*]

Senator Perrault: Honourable senators, the announcement will be made just as soon as it receives Treasury Board approval. I think that, in deference to the Senate, the report should be brought to the Senate before the summer recess, if it is possible to do that. In any case, if in some functional fashion it were possible to implement certain recommendations during the summer period, I know that honourable senators would be supportive of doing that, even before we debate the full report. If there are improvements that can be made which do not violate parliamentary traditions, they should be implemented.

[*Translation*]

Hon. Lowell Murray: Honourable senators, may I ask whether the minister and the clerks of the Special Joint Committee on Official Languages have agreed on the date when he will appear before the committee?

[Senator Asselin.]

[*English*]

Senator Perrault: There has been discussion about establishing a mutually satisfactory date for my appearance before the committee, but I think it important to have the approved Treasury Board plan of action available for discussion at that committee meeting. It would serve a more useful purpose to bring the approved plan for discussion in the committee.

Senator Guay: Has the minister received any assurance from Treasury Board that they will do their utmost to see that they get it out before the end of next week? Have you had any discussions with them?

Senator Perrault: Treasury Board is anxious to deal with it. The Commissioner of Official Languages, as well, would like to see progress made. As I stated in the formal part of my remarks, the fact is that the branch deals with many volunteer organizations that are not by law subject to the same language regulations as the department itself, so implementation of language standards is a more complicated matter. The volunteer organizations must be encouraged to adopt a program of compliance with reasonable language regulations.

Senator Guay: In the statement that you referred to Treasury Board have the five points suggested by the Commissioner of Official Languages been taken into consideration?

Senator Perrault: Honourable senators, I remind you again that, as a result of meetings the Fédération des Francophones hors Québec and le Regroupement des organismes nationaux du loisir du Québec both support the plan, and the points that have been raised in previous discussions are covered by that.

AIR CANADA

NEWFOUNDLAND-UNITED KINGDOM SERVICE—FARE STRUCTURE

Hon. Jack Marshall: I should like to ask a question of the Leader of the Government. Would he himself investigate, or have the Minister of Consumer and Corporate Affairs investigate, the discriminatory practices in the Air Canada fare structure, whereby their fare from Halifax to the U.K. is $599, yet Newfoundlanders flying to the U.K. from Gander, which is a much nearer point, have to pay $799—$200 more?

Hon. H. A. Olson (Leader of the Government): I should be glad to refer that question to the Minister of Transport, who can ask Air Canada for an explanation. I do not know whether Senator Marshall wants to put it on the record now—I suppose it can be found—but I think it would be helpful if he would refer to the class of fares he is talking about, because sometimes one can fly to the same destination on the same plane, even in the same seat, and pay a different fare.

Senator Marshall: Let me say, as background, that people from Newfoundland who are flying to the U.K. now have to fly back to Halifax and pay an extra $80 to get on that flight to save $110. It is purely discriminatory.

• (1510)

I raise this matter as a point of privilege because a choral group of approximately 14 students raised their own money to

fly to England—they did not go to the government looking for help—on a student exchange program, and for Air Canada to say that the fare from Halifax is $200 less because there is more competition in Halifax is both flimsy and ridiculous.

The matter should be investigated and we should have the Chairman of Air Canada or his officials appear before the Standing Senate Committee on Banking, Trade and Commerce to explain their position. Newfoundlanders are being penalized, because the province is nearer to England than the other provinces are, and yet Newfoundlanders have to pay $200 more. It just does not make sense.

Senator Olson: Honourable senators, I was not inviting the honourable senator to make the argument, although—

Senator Marshall: Well, I had to make some argument.

Senator Olson: I am not objecting to it. I merely want to ensure that we are identifying the same fare, because there may be an excursion fare that he is comparing with the regular fare. All I require is background information to enable me to refer the matter to the Minister of Transport.

CANADA POST CORPORATION

SUBMISSION OF ANNUAL REPORTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, can the Leader of the Government advise us with respect to the situation in which Canada Post Corporation finds itself regarding its annual reports? Canada Post Corporation is a crown corporation which, I believe, comes under the provisions of the Financial Administration Act, which lays down certain rules as to when the corporation should report with respect to its financial operations and its capital budget. Can the Leader of the Government tell us when Canada Post Corporation is likely to comply with the law?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall make inquiries this afternoon, and I hope to have an answer for the honourable senator at the next sitting of the Senate.

Senator Roblin: I can assist the Leader of the Government in his inquiry by telling him that, according to my information, Canada Post Corporation has not complied with the law with respect to the previous fiscal year, either with respect to its financial statement or its capital budget.

I would point out to the government leader that the same corporation has, I believe, until June 30—a significant date for us—to make its financial report and its capital report for the fiscal year ending March 31, 1983.

I might share with the Leader of the Government my concern that this is not the first crown corporation that has failed to abide by the law. Canadair is one notorious example with which we are familiar. My concern is that we have not been given the report of Canada Post Corporation, not solely because of its problems with respect to its internal accounting situation—which I believe is chaotic—because it does not really know how much money it has lost.

Hon. Jacques Flynn (Leader of the Opposition): Or perhaps because it knows.

Senator Roblin: The Leader of the Opposition says, with his usual wisdom, that perhaps it is because it knows. One thing I am sure of is that we do not know.

In view of the fact that the report is now 15 months in arrears with respect to 1982, and there is a good possibility of the corporation's being in arrears for the current year, there is some concern in the minds of honourable senators, and I am sure in the minds of others, as to whether or not we are going to have this information.

It seems to me that it is not plausible for the government to allow a crown corporation to violate the statute, which says that the corporation must report. It has not reported and, in my view, some action should be taken about it.

Senator Olson: I appreciate the honourable senator's comments, which will be referred to the minister responsible.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. Léopold Langlois moved the third reading of Bill C-148, an act to amend the Farm Improvement Loans Act (No. 2).

Motion agreed to and bill read third time and passed.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. Ernest G. Cottreau moved the third reading of Bill C-147, an act to amend the Fisheries Improvement Loans Act (No. 2).

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 2, 1983-84

THIRD READING

Hon. Léopold Langlois moved the third reading of Bill C-164, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Jacques Flynn (Leader of the Opposition): On division.

Motion agreed to and bill read third time and passed, on division.

CANADA STUDENT LOANS ACT

BILL TO AMEND (NO. 2)—THIRD READING

Hon. Daniel Riley moved the third reading of Bill C-161, an act to amend the Canada Student Loans Act (No. 2).

Hon. Rhéal Bélisle: Honourable senators, when I adjourned the debate yesterday afternoon, it was my desire to reply to Senator Hicks. Following the sitting, I spoke to the honourable senator, who informed me that he had used the word "simplistic" not in relation to my whole speech but only in relation to part of what I said in connection with the bill.

When I was asked to speak to the bill, I prepared my notes with care, in order that I would not use phraseology that might offend anyone. Having re-read my remarks, I do not feel that one word should be changed, because I believe that what I said was factual.

Honourable senators, thank you for giving me the opportunity to place these comments on the record.

Motion agreed to and bill read third time and passed.

The Senate adjourned until Monday, June 27, 1983, at 8 p.m.

THE SENATE

Monday, June 27, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX

INTERPRETATION OF INTERNATIONAL CONVENTIONS

On the tabling of:

Notice of Ways and Means Motion with respect to the interpretation of Canada's international conventions relating to income tax and the Acts implementing such conventions, issued by the Minister of Finance, dated June 23, 1983.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask my honourable friend whether the report he has just tabled with respect to Canada's international conventions on income tax with other countries arises out of the budget, or is it something quite separate from that?

Senator Olson: I do not believe it arises out of the budget, although there may be some inplications from it. There are a number of such agreements and, according to the title and the explanation, the document is an attempt to interpret those agreements.

Hon. Jacques Flynn (Deputy Leader of the Opposition): Is that the best you can do?

Senator Olson: The Honourable Leader of the Opposition knows as well as I that when giving interpretations rarely do you get in all cases unanimous agreement on the interpretation.

Senator Flynn: That may be true with respect to some cases, but usually if you are competent you can get agreement.

Senator Olson: We on this side of the house have never questioned that.

SPORTS POOLS

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO MAKE STUDY OF SUBJECT MATTER OF BILL C-95

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the subject-matter of the Bill C-95, intituled: An Act to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act, in advance of the said Bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Is it the intention of the Leader of the Government to refer the subject matter of this bill to committee? If so, it is logical to conclude that the government expects the bill to come to us before the end of this very long session. Can the leader give us the assurance that we will get this bill before Wednesday night because, as I understand it, the House of Commons has scheduled Thursday as a private members' day. So to receive Royal Assent, the bill would have to come to us, I would hope, before 10 p.m. on Wednesday.

Senator Olson: I cannot give complete, unequivocal or absolute assurance—

Senator Flynn: It would be the first time, anyway.

Senator Olson: —that the bill will come to the Senate before Wednesday. However, I have reason to believe that it will come either tomorrow or Wednesday. With that likelihood in mind it seems to me only reasonable to refer the subject matter of the bill to committee for pre-study so that when the bill does arrive honourable senators will already have had an opportunity to obtain from the responsible minister the background information that would enable them to deal with it expeditiously. That would be particularly true if the bill were to arrive late on Wednesday. The opportunity of looking at it in advance of its coming to us formally from the other place would be particularly helpful.

Senator Flynn: Is the leader then suggesting that the committee would begin its examination of the subject matter either tomorrow or Wednesday?

Senator Olson: Yes. I am suggesting that if we can pass this motion tonight the committee will be able to consider the bill some time tomorrow or Wednesday.

Senator Flynn: If we accede to your request what assurance do we have that it will not prove to have been unnecessary? After all, if we find at 11 o'clock tonight that the other place has not disposed of this bill might that not be an indication that the bill will not reach us before the proposed adjournment of the house on June 30? Of course, in that event, the Senate could come back the following week to deal with that bill in a proper fashion.

Senator Olson: That is certainly one possibility. I am glad the Leader of the Opposition has suggested that we could deal with some of these bills next week or the week after.

Hon. Duff Roblin (Deputy Leader of the Opposition): He did not say the week after; he said next week.

Senator Olson: Well, I suppose it would be whatever length of time it took to deal with them. In any event, there is a problem with respect to both Bill C-95 and Bill C-156, the act to provide assistance for industrial development. There are some profound reasons why these bills ought to be given Royal Assent prior to the adjournment of the House of Commons in accordance with the house order calling for adjournment at 6 o'clock on Thursday. That was why I hoped the Leader of the Opposition would want to give honourable senators every opportunity to study the subject matter of these bills in advance, thus enabling them to deal with them intelligently, even though it might be over a very short time, leading up to passage and Royal Assent before 6 o'clock on Thursday which, as I have said, is the deadline set by the house order of the other place.

Senator Flynn: Suppose the Senate wanted to deal with these bills intelligently, which I think is the word the Leader of the Government used, and for that purpose decided to come back next week—I know that Senator Steuart would have no objection to coming back next week to discharge his responsibilities fully—

An Hon. Senator: Perhaps we could do this on Sunday.

Senator Flynn: If we were to pass this or other bills next week, how would the House of Commons, complying with its order, be able to come back for royal assent? If we were to pass this or other bills next week, could the House of Commons come back for Royal Assent? Do their new rules allow them to return immediately, or would we have to wait until September 12, when they will normally be sitting, for Royal Assent?

• (2010)

Senator Olson: Honourable senators, I believe there is a provision in the house order whereby the Speaker can call the members back before September 12—

Senator Flynn: For Royal Assent only?

Senator Olson: Whether Royal Assent is spelled out in the language of the order or not, under normal circumstances the provision would cover a call back for any emergency that has to be dealt with before September 12. However, I expect that we could avoid that kind of emergency arising at all with respect to some of these bills, including Bill C-95, if we dispose of them before June 30.

Hon. Jack Marshall: I wonder if the Leader of the Government has been in touch with the Chairman of the Standing Senate Committee on Health, Welfare and Science in connection with Bill C-95, and whether the chairman is going to be in the chamber this week so that we can carry out the proposal he is putting forward? Is there a deputy chairman of that committee, or has the co-ordinator of committees been advised of what is going on?

Senator Olson: The answer to most of those questions is yes. I am not exactly sure when the Chairman of the Standing Senate Committee on Health, Welfare and Science intends to be here, but perhaps the committee should be prepared to have a meeting reasonably soon, either tomorrow or Wednesday, so that the minister can give a detailed explanation of the bill. I have not, however, discussed that with the chairman of the committee today.

Senator Flynn: Perhaps you should have inquired of him before asking leave to proceed, in order to make sure that you are not asking the Senate to give you leave for nothing. If the committee is going to be given permission to begin the study of the subject matter of this bill tomorrow, it should indeed be able to proceed tomorrow, otherwise we can deal with this motion tomorrow.

Senator Olson: Honourable senators, what we are asking for is authorization for the committee to do that study. As I am sure the Leader of the Opposition knows and as has happened so many times in the past, all of these details will be worked out in the normal way with the chairman co-ordinating the activities of committees.

Senator Flynn: The point is that you are asking for something that is not normal. That is why I say that you should be able to tell this chamber that you have arranged in advance for the study to begin tomorrow. However, I suppose, we have to have faith, as usual.

I have an additional question for the Leader of the Government. Have we any assurance that the minister will be in attendance before the committee? He is not here tonight.

Senator Olson: I can give assurance that, whenever the committee can make arrangements—

Senator Flynn: I mean tomorrow.

Senator Olson: I give assurance that soon as the committee can arrange a meeting the minister will be there to make an opening statement to the committee. I cannot, however, be sure when that will be.

Senator Flynn: Will he be there to reply to questions, as well as for the opening statement?

• (2015)

Senator Olson: Yes, I can give that assurance, too.

[*Translation*]

Hon. Martial Asselin: I do not have the impression that this Bill will involve a major and thorough study in committee. The purpose of the Bill is simply to establish the Canadian Sports Pool Corporation and a board of directors composed of a Chairman, several Vice-Chairmen and not more than fifteen other members. It will be interesting to know the qualifications of the individuals who will be appointed. When the Minister appears before the committee, will he be submitting a list of these appointments?

[*English*]

Senator Olson: I cannot give that assurance to you this evening, but I think that that would be a proper question to put to the minister responsible, the Honourable Senator Perrault, as soon as the committee meets.

Senator Asselin: Could I ask the minister to appear before the committee with a list of those who have agreed to sit on the council of the society?

Senator Olson: I will see that that question is conveyed to the minister so that, whether or not he has a list prepared, he will be able to give an acceptable answer to the question.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, while on the subject of the pre-study of bills, the information I have is that, in addition to the bill we have just been speaking about, Bill C-95, an act to provide for government operated pool systems, there is a distinct possibility that we will receive from the other place the following legislation: Bill C-119, an act respecting the repeal of certain statutes that have ceased to be in force or have become unnecessary. That is not the usual kind of bill relating to miscellaneous statute amendments, which cleans up typographical and other small errors. Bill C-119 cleans up some 50- or 60-year old statutes that are no longer in effect. Bill C-152, relating to the organization of the Government of Canada—

Hon. C. William Doody: That is overdue.

Senator Frith: —and Bill C-159, respecting the Tax Court of Canada and the Judges Act. As I understand it, that bill may be split into two parts. It increases the number of judges and it relates to the Tax Court of Canada. That legislation has not been introduced in the split form, but I am warning honourable senators that we may very well receive two bills, one dealing with the increase of the number of judges and one dealing with the Tax Court of Canada.

Hon. Hartland de M. Molson: What does the organization bill deal with?

Senator Frith: With the re-organization of government departments.

Hon. Jacques Flynn (Leader of the Opposition): And the appointment of parliamentary secretaries for the Senate.

Senator Frith: It is my opinion that that bill is one that we are least likely to receive, because I do not think the House of Commons is as close to agreement on that particular bill as it is on some of the others.

We also expect to receive Bill C-163, respecting the establishment of the Canadian Aviation Safety Board. That bill came about as a result of the inquiry held by the Honourable Mr. Justice Dubin. Another is Bill C-165, an act to provide for financial assistance for industrial development in all regions of Canada. That has been referred to by the Leader of the Government in the Senate and deals with the new form of DREE. Honourable senators will remember that DREE provided for a designation of certain areas as being entitled to regional and economic assistance. The new bill works on a system of factors that enables every part of the country to qualify for certain amounts under varying circumstances.

Bill S-24, an act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation, might be returned to us with a small amendment that we will be asked to concur in.

Another bill we might receive is Bill C-149, to amend the Freshwater Fish Marketing Act, one to which I have referred on previous occasions.

● (2020)

Honourable senators, I have heard the discussion about pre-study and I have prepared some motions for authorization of pre-study of some of these other bills simply to put the committees in a position to do a pre-study if they so wish. One of those bills is Bill C-165, which is an important bill, and my suggestion is that we give the Standing Senate Committee on Banking, Trade and Commerce authorization to pre-study it. I would also suggest that the same committee have authorization to consider the subject matter of Bill C-149, to amend the Freshwater Fish Marketing Act.

I also have a motion respecting a pre-study of Bill C-159 by the Standing Senate Committee on Legal and Constitutional Affairs, but I will put that one aside because we may get that legislation in two separate bills.

With respect to Bill C-163, to establish the Canadian Aviation Safety Board, I suggest that we authorize the Standing Senate Committee on Transport and Communications to examine the subject matter in advance of that bill coming before the Senate. It is for the pre-study of those three bills that I am asking honourable senators to give leave. If honourable senators feel that in principle we ought not to authorize pre-study, then we might as well vote against all three of them at once. If it is agreed to give leave, then perhaps we should approve all three of them. Before asking for leave on those three motions, I will ask honourable senators to give their views.

Senator Flynn: Honourable senators, I am rather hesitant to agree to that suggestion because we do not really know what bills are going to be coming before us. We would probably be prepared to give leave with respect to the legislation amending the Judges Act, but we do not know if that will come in one or two parts.

Senator Frith: I put that one aside.

Senator Flynn: We would be prepared to agree to your suggestion on that bill because we have examined the legislation and we know that there are no strong objections in the house to it. I am not sure that we are ready to give leave this evening with respect to the other bills. I think that we should wait until tomorrow.

Senator Frith: Honourable senators, as these are all substantive motions requiring one day's notice, I give notice now that I will so move tomorrow.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(a):

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting this evening and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (2025)

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will perhaps have noted that the other place is debating a motion concerning an amendment to the Constitution respecting aboriginal rights. Therefore, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

Whereas the *Constitution Act, 1982* provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and resolutions of the legislative assemblies as provided for in section 38 thereof;

And Whereas the Constitution of Canada, reflecting the country and Canadian society, continues to develop and strengthen the rights and freedoms that it guarantees:

And Whereas, after a gradual transition of Canada from colonial status to the status of an independent and sovereign state, Canadians have, as of April 17, 1982, full authority to amend their Constitution in Canada;

And Whereas historically and equitably it is fitting that the early exercise of that full authority should relate to the rights and freedoms of the first inhabitants of Canada, the aboriginal peoples;

Now Therefore the Senate of Canada resolves that His Excellency the Governor General be authorized to issue a proclamation under the Great Seal of Canada amending the Constitution of Canada as follows:

PROCLAMATION AMENDING THE CONSTITUTION OF CANADA

1. Paragraph 25(*b*) of the *Constitution Act, 1982* is repealed and the following substituted therefor:

"(*b*) any rights or freedoms that now exist by way of land claims agreements or may be so acquired."

2. Section 35 of the *Constitution Act, 1982* is amended by adding thereto the following subsections:

"(3) For greater certainty, in subsection (1) "treaty rights" includes rights that now exist by way of land claims agreements or may be so acquired.

(4) Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons".

3. The said Act is further amended by adding thereto, immediately after section 35 thereof, the following section:

"35.1 The government of Canada and the provincial governments are committed to the principle that, before any amendment is made to Class 24 of section 91 of the *Constitution Act, 1867*, to section 25 of this Act or to this Part,

(*a*) a constitutional conference that includes in its agenda an item relating to the proposed amendment, composed of the Prime Minister of Canada and the first ministers of the provinces, will be convened by the Prime Minister of Canada; and

(*b*) the Prime Minister of Canada will invite representatives of the aboriginal peoples of Canada to participate in the discussions on the item."

4. The said Act is further amended by adding thereto, immediately after section 37 thereof, the following Part:

"PART IV.1 CONSTITUTIONAL CONFERENCES

37.1 (1) In addition to the conference convened in March 1983, at least two constitutional conferences composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada, the first within three years after April 17, 1982 and the second within five years after that date.

(2) Each conference convened under subsection (1) shall have included in its agenda constitutional matters that directly affect the aboriginal peoples of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on those matters.

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

(4) Nothing in this section shall be construed so as to derogate from subsection 35(1)."

5. The said Act is further amended by adding thereto, immediately after section 54 thereof, the following section:

"54.1 Part IV.1 and this section are repealed on April 18, 1987.

6. The said Act is further amended by adding thereto the following section:

"61. A reference to the *Constitution Acts, 1867 to 1982* shall be deemed to include a reference to the *Constitution Amendment Proclamation, 1983*."

7. This Proclamation may be cited as the *Constitution Amendment Proclamation, 1983.*

Honourable senators, before the question is put, my proposal is to introduce the subject this evening. I have some notes and can give an outline of the government's position with reference to this motion. Then, of course, I would expect that, if leave is granted and if I do proceed this evening, we will adjourn the debate and other senators who so wish will have an opportunity to speak to the motion. If leave is not granted we can consider this to be a notice of motion and proceed with the matter tomorrow.

• (2030)

Hon. Jacques Flynn (Leader of the Opposition): Would the deputy leader tell us whether the house passed this resolution today?

Senator Frith: My information, honourable senators, is that debate on the aboriginal rights resolution was, by house order, to be finished tonight by 5 o'clock. I do not know whether it was, and for that I apologize.

Senator Flynn: Honourable senators, today I was listening to the debate in the other place. At 5 o'clock, and apparently for quite a long time prior to that time, they were debating Bill C-95. That does not appear to be anything like approval of this resolution by the other place. Had the resolution been approved by the other place, I would agree to leave being granted. Without that assurance, however, I think this will have to be considered as notice.

Senator Frith: Honourable senators, I should have explained that the proposal is to proceed in both houses concurrently rather than consecutively. Therefore, we can proceed with the resolution whether it has been passed by the other place or not.

Hon. Duff Roblin (Deputy Leader of the Opposition): Where has this resolution been for the last month or so?

Senator Frith: Honourable senators, the same can be asked about any piece of business that comes to this chamber now.

Senator Roblin: If we are proceeding with the resolution concurrently, there was no need to wait for the House of Commons. We could have dealt with it a month ago.

Senator Frith: Of course we could have.

Hon. Martial Asselin: It is always the same at the end of the session.

Senator Frith: Honourable senators, let me disclaim any implication that I am putting blame on anyone. I am not debating whether the resolution ought to have been brought here earlier. I am simply asking leave to deal with it tonight. I understand that leave has not been granted. That being the case, perhaps this can be considered as notice of motion for tomorrow.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wonder if the Leader of the Opposition would reconsider his position, in view of what the deputy leader has said. The deputy leader could explain the resolution, on the understanding that he does not expect it to be adopted tonight. Not only would this save some time, but honourable senators would be better equipped to respond to those opening remarks if they are made tonight rather than tomorrow. That is all we are asking. The debate could be adjourned by the Leader of the Opposition, or whomever else he wishes to have adjourn it, after the deputy leader has made his opening comments.

Hon. Jack Marshall: You are treating us like a bunch of children.

Senator Flynn: The point is that, if I remember correctly and despite the objections that Senator Steuart had at that time, the Constitution Act, 1982 deprives the Senate of its right of veto in constitutional matters. Therefore, our adoption or non-adoption of any constitutional resolution means practically nothing, except when we know what the other place might have said about it. That is why I asked the deputy leader whether the Commons had approved it.

Senator Frith: Honourable senators, I have some better information on this point, in case the Leader of the Opposition wishes to make use of it for his intervention. The information I now have indicates that the aboriginal rights resolution was debated in the House of Commons this morning. It will be debated again on Wednesday between 4 o'clock and 4.45 p.m. Therefore, the resolution will be debated concurrently if we proceed with it either tonight or tomorrow.

Senator Flynn: In view of what I was saying about the provisions of the Constitution Act with respect to the powers, or the lack of powers, of the Senate respecting constitutional matters, it is really irrelevant for us to deal with this matter quickly. We could very well deal with it when we come back in the fall. I believe we have approximately six months in which to say yes or no. Even if we say no it means yes—

Senator Roblin: That is right.

Senator Flynn: —so what is the point of giving leave?

The Hon. the Speaker: Honourable senators, am I to understand that leave is not granted?

Some Hon. Senators: Yes.

Senator Frith: Then, honourable senators, I give notice of the motion for tomorrow.

• (2035)

BUSINESS OF THE SENATE

Hon. Jack Marshall: Honourable senators, as I read the list of bills that we have to deal with in the next three days, there are 12.

Hon. Duff Roblin (Deputy Leader of the Opposition): There is not a chance in the world of getting those bills.

Senator Marshall: There are 12 bills to deal with in three days. The only way we can get any background information is to look at the debates of the other place. It is very obvious from the press now that the journalists and all the people of Canada are disgusted with the House of Commons; they are saying that the House of Commons is no good. Ever since I have been in the Senate we have been hearing and reading in the newspapers that we are no good. We have nothing to fall back on if we want to carry out our responsibilities. How does the Leader of the Government or the Deputy Leader of the Government expect us to deal with 12 bills in three days—

Senator Roblin: Plus a resolution on the Constitution.

Senator Marshall: —and carry out our responsibilities as we are supposed to, unless the deputy leader is of the same opinion that he was a few months ago when he said that regardless of what the bill is, if the government wants it passed it will be passed? What are we supposed to do if we want to be responsible?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand exactly the viewpoint of Senator Marshall. He must know of some bills that I do not know of if it is 12. However, that does not matter, because his point is equally forceful if it is eight bills, so there is no point in quibbling over the number of bills. It is clear that if we are to finish this week we will be under very heavy stress and pressure, and it will be very difficult for us to do our job. I agree with him that it will be difficult, and it may be that we cannot do it. It may very well be that we cannot do it and that we will have to sit into July.

Hon. Jacques Flynn (Leader of the Opposition): Or September.

Senator Frith: There is nothing in our rules that, in the first place, requires leave to be given. As honourable senators know, if we get first readings of these bills on Wednesday or Tuesday, if leave is not granted two days are required between first reading and second reading, and another day between second reading and third reading.

Hon. Martial Asselin: We will be back September 12.

Senator Frith: There is absolutely nothing the government can do, or that anyone can do, to force us, because if anyone refuses leave we have to let the days go by. I agree with Senator Marshall that it will be difficult. We will be asking for leave, but if we cannot get it done this week—and we do not know whether we will get all eight bills—if we cannot do the eight bills, if we get them all, and the resolution, as Senator Roblin pointed out, then we just do not, and we will have to figure out a way to spend more time on it than just this week.

Hon. D. G. Steuart: If the House of Commons is going to adjourn, we would carry on quite willingly if we have to.

Senator Asselin: Until September.

Senator Steuart: We could carry on for a week or two weeks to pass the bills that cannot get Royal Assent until next fall some time. As I understand it, if they adjourn the house they cannot call them back anyway until September 12.

Hon. H. A. Olson (Leader of the Government): Oh, yes they can.

Senator Frith: I do not think that is right. The provision in their present order requires them to adjourn on June 30, but there are two ways in which they can change that. They can pass a motion suspending the rules and extending the time, or they can, of course, adjourn as provided for in the rules and the Speaker can call them back for an emergency, and if they consider the emergency—

Senator Asselin: Tell them to pass the motion.

Senator Frith: I will not do that. I am simply saying what their options are. What they will do is what they will do, and what we will do is what we will do. I am saying that is an option that is open to them.

Senator Asselin: Let them pass the motion.

Hon. Hartland de M. Molson: Under these difficult circumstances, could the Deputy Leader of the Government tell us what the proposed sittings of this chamber are this week until the adjournment comes? Are we sitting tomorrow at 2 o'clock, are we sitting in the morning, at night? What are we doing Wednesday and what are we doing Thursday? Would he mind setting that out for us?

Senator Frith: Thank you, Senator Molson. The present plan is to sit Tuesday, Wednesday and Thursday at 2 o'clock.

Senator Flynn: Until when?

Senator Olson: However long is necessary.

• (2040)

Senator Frith: That will take us to July 1, but, of course, we would not sit on that day. Once we commence our sittings we shall see what legislation arrives from the other place. Our rules provide for us to sit at 2 p.m. each day, but we may well ask the Senate to sit at 11 a.m. if it is necessary for us to do so. However, the present plan is to sit at 2 p.m. on Tuesday, Wednesday and Thursday and we shall sit for as long as there is business to be considered. It may be necessary to sit at 11 a.m. on either Wednesday or Thursday if the amount of legislation justifies it.

An Hon. Senator: And on Wednesday evening?

Senator Frith: If necessary we shall also sit on Wednesday evening.

Senator Olson: Particularly the committees.

Senator Flynn: The Deputy Leader of the Government said that we shall sit for as long as necessary. If the Senate were to sit beyond 12 o'clock midnight, does he believe that would be in accordance with the rules of the Senate? I know that we have agreed to do that under special circumstances, but does the deputy leader suggest that he can force the Senate to sit after 12 o'clock midnight on a given day? Our sittings will commence at 2 p.m. What happens if the sitting continues until 2 a.m. the following morning? I am asking the deputy leader for his interpretation of our rules in this respect.

Senator Frith: Honourable senators, it is really a question of the choice of verbs. We would not want to force the Senate to sit after 12 o'clock midnight if honourable senators did not wish to do so. We would explore the possibility of such a sitting only after consultation with the Leader of the Opposition.

With regard to the point raised that when the house adjourns it stands adjourned until 2 o'clock the next day, and whether that would mean that each day's sitting must end at 12 o'clock midnight, I can only say that it is an interesting point.

Senator Flynn: It is an interesting point and also a very practical one. We should know what is the position of the Deputy Leader of the Government, because a difficulty may arise. If the Senate were forced to sit after 12 o'clock midnight and then adjourned until the following day at 2 p.m., it would mean that we would lose a full day. I would like to know the Deputy Leader of the Government's interpretation. For instance, if tomorrow we sat until 2 a.m. on Wednesday morning and we then adjourned until 2 p.m. the following day, it would mean that we would not sit until 2 p.m. Thursday.

Senator Frith: Honourable senators, at this particular moment the point would appear to be academic, because the Senate is not yet in that situation. At the moment the question is hypothetical. In my view it is undesirable to give an interpretation until we are faced with the problem. I might add that my interpretation carries no more weight that anyone else's, and of course His Honour the Speaker's interpretation ranks alone. Perhaps I should point out that similar rules are sometimes interpreted by simply not observing the clock. I hope that the Senate will not be faced with that situation this week, but, in my view, we should cross that bridge when we come to it.

Senator Flynn: I suggest that in the meantime His Honour the Speaker should look into the matter.

Hon. Robert Muir: Honourable senators, I should like to receive further clarification on this whole matter. I spent 22 years in the other place, and I am sure that Senator Argue will recall that when he sat in opposition there the government of the day, including Senator Olson, said in so many words what has been said here this evening, namely, "If you are good boys and do this, that or the other thing, we will let you go home". That used to occur prior to the Christmas, Easter and summer recesses. I call it legislation by blackmail. Senator Olson shakes his head. The Deputy Leader of the Government, explaining that the matter was hypothetical, proposed that we should do something in case this or that happened, which itself was purely hypothetical. Senator Olson said, "However long is necessary". He was standing behind the Deputy Leader of the Government and was putting words in his mouth. Yesterday, in the course of the CTV program Question Period, the silver tongued-orator did very well. In fact, I believe he pulled a "Smallwood". He talked so much that the moderator did not have time to ask questions. However, the senator did pretty well.

• (2045)

Why don't we stop this pussyfooting around? The Leader of the Government and his deputy leader should just say, "Look, we are going to get this through, no matter whether it involves frustration or exhaustion". So far as I am concerned, I am prepared to stay here for as long as necessary. I don't care how long it takes. Concerning the notice of motion that was made by Senator Olson and read so comprehensively by the deputy leader, surely someone must have thought of it long before it was typewritten this afternoon. Someone must have decided on it long before bringing it here this evening and saying that we have to get this through. Why all this sudden explosion about having to do something right away? Why was this legislation not here before for pre-study? I suggest to the leader and the deputy leader that they stop their namby-pamby playing around and simply tell us that they are going to put this through whether we like it or not.

The Leader of the Opposition raised the question of what would happen if the Senate sat after 12 o'clock midnight. The leader and deputy leader should stop playing around. They might as well be brutally frank about it. Senator Olson said "However long is necessary." The implication was that they were going to have it, regardless. If that was not the implication, then let him explain it further and I will be more than happy to sit down.

Senator Olson: Honourable senators, that is quite a load for me to explain, because my thinking and attitude on the matter is completely different from that of Senator Muir's. When I said "However long is required," it could mean half an hour. I have a good deal of respect for the Senate's capability to make intelligent decisions quickly. It has demonstrated that many times in the past.

Senator Muir: Frankly I find those first words somewhat nauseating. Let's get to the facts of life.

Senator Olson: Then let us look at the facts of life. Perhaps I should preface my remarks by saying that I believe that Senator Frith, as house leader, was very fair in outlining the legislation that might come to us during the next few days.

Hon. Martial Asselin: You must have known that three weeks ago.

Senator Olson: We did not know that three weeks ago.

Senator Frith: Each week I have told the Senate everything I knew about legislation that we expected to get from the other place.

• (2050)

Senator Asselin: You wanted to take us by surprise.

Senator Olson: High priority was given to a number of pieces of legislation, such as the borrowing authority bill, the appropriation bill and the Canagrex bill, to mention a few, and the Senate has dealt with them. Three weeks ago we were not sure that we would not receive many more bills. Now we have a list.

Frankly, I do not believe that all of these bills will get to us. However, in fairness to honourable senators opposite, I think that the house leader ought to list all legislation we might receive. But even if you look at the possibilities, there are no surprises. For example, Bill C-95 has been around for months. It is not a case of this house having to go through a perseverance test to pass that legislation. Another possibility is Bill C-152, which deals with government reorganization. We may or may not get that bill, but it is not unknown to senators. It has been around for at least six months. There is a possibility we may receive the legislation respecting the Judges Act. Senator Flynn has already indicated that he has some background knowledge of that bill, and that there is no great difficulty with regard to it. I do not think it will take very long to deal with Bill C-163, the Canadian Aviation Safety Act. The bill is well known to people who have an interest in that particular area. Bill S-24, the Canada-West Germany tax agreement bill, will probably not take us any more than a few minutes to deal with, because it has already been passed in all its stages by this house. I understand that if we do receive it we will be asked to concur to one amendment.

I say very sincerely to Senator Muir and Senator Marshall, both of whom have expressed some concern, that the list is not a long one of new subject matters requiring a great deal of background study. And I say equally as sincerely that I think that the Senate is capable of coming to grips with such legislation and dealing with it relatively quickly, as in the past, when it has pre-studied the subject matter of legislation. So the list of 12 pieces of legislation mentioned by Senator Marshall can probably be reduced to between six and eight. And, realistically, the list can probably be reduced by one or two more bills.

HISTORIC ANNIVERSARIES

BICENTENNIAL CELEBRATION OF THE ARRIVAL OF THE UNITED EMPIRE LOYALISTS—SAINT-JEAN-BAPTISTE DAY—DISCOVERY OF CANADA—INQUIRY AMENDED

Leave having been granted to revert to Notices of Inquiries.

Hon. Peter Bosa: Honourable senators, I would like to make a minor change to the inquiry standing in my name. The inquiry now reads:

> That he will call the attention of the Senate to three historic anniversaries occurring on June 24: (a) the bicentennial celebration of the arrival of the United Empire Loyalists; (b) Saint-Jean-Baptiste Day; and (c) the discovery of Canada.

I ask that the words "occurring on June 24 " be removed.

Hon. Jacques Flynn (Leader of the Opposition): Do you not wish to pin the discovery of Canada down to a certain date?

Hon. Martial Asselin: Do you have a date in mind?

Senator Bosa: The reason I was prompted to make the change is that all the United Empire Loyalists did not arrive in Canada on the same day, and it would be inaccurate to say that they have chosen June 24 as the day to celebrate that very historical anniversary.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I hope my honourable friend intends to explain what he means by the "discovery of Canada". Is he going to start with Leif Ericson or go back before his time? Is he going to start with Sir Humphrey Gilbert, who came to Newfoundland some 300 years ago, or is he going to start with Jacques Cartier?

Senator Flynn: Or with Giovanni Caboto.

Senator Roblin: Or is the honourable senator going to say that the discovery of Canada hinges on the voyage of a man called John Cabot? I want my honourable friend to explain which discovery he has in mind because I shall follow his speech with much interest.

Hon. Robert Muir: The preponderance of evidence indicates that John Cabot landed on Cape Breton Island, not Newfoundland.

Senator Bosa: In answer to Senator Roblin's query, I shall speak of that person who is generally accepted as the official discoverer of this country; not the first person to land on this continent, but the person *Encyclopedia Britannica* recognizes as being the official discoverer of this country.

Senator Flynn: What do you mean by "official"?

The Hon. the Speaker: Honourable senators, is it agreed that the inquiry may be so amended?

Hon. Senators: Agreed.

QUESTION PERIOD

PUBLIC SECTOR COMPENSATION RESTRAINT PROGRAM

CANCELLATION OF DINNER CELEBRATING FIRST ANNIVERSARY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, last week the Deputy Leader of the Government made a great speech during the debate on the appropriation bill in which he lauded the famous six-and-five program of the government. At about the same time I received an invitation from Senator Keith Davey, who is not present in the chamber tonight—but I am sure that it has nothing to do with the matter I am about to raise—and the Honourable Serge Joyal, inviting me to dinner in the Confederation Room of the West Block, House of Commons, on June 28 at 1830 hours. The

occasion is to celebrate the six-and-five program and to hand out some awards or something.

Hon. Robert Muir: Oscars.

Senator Flynn: I understand that the event has been cancelled. I wonder whether the Leader of the Government can explain why? Perhaps he has been given an explanation from the Honourable Serge Joyal or even Senator Keith Davey, although I do not know in what capacity he was inviting people to this event. My interest in why this event was cancelled is not that I am upset, because I had already decided I would not attend, but merely for the information of those who may not have been invited but who may have read about the matter in the press.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to make inquiries. I, too, received an invitation—

Hon. Duff Roblin (Deputy Leader of the Opposition): That is more than I received.

Senator Olson: —but, unlike Senator Flynn, I intended to accept my invitation because I think that Canadians have demonstrated a tremendous ability to co-operate with each other and with their various levels of government in reducing inflation from what was, I believe, around 12 per cent down to 5.4 per cent. That is a tremendous achievement. So the reasons for having the celebration obviously are valid, but there may be some reasons why there is no dinner.

Senator Flynn: Perhaps the reasons for cancellation may be even more valid.

Senator Olson: I shall have to make inquiries.

Senator Flynn: The Leader of the Government has suggested that the six-and-five program has resulted in bringing inflation down from 12 per cent to 5.4 per cent. Of course, he is repeating what the deputy leader said in his remarks last week. According to various economists, the only reason for that drop in the rate of inflation is the terrible recession we have suffered for the past 15 months.

Senator Olson: Certainly the recession has been difficult for Canada, as it has been for almost every country in the world. That is very well known. However, I believe that the difficulties faced by Canada have been less severe than those faced by other countries. What is more, we are now starting to see some positive signs of growth and a turnaround. In fact it is a far more broadly based economic recovery than many of us even dared to hope three or four months ago. I think the Canadian people ought to take a great deal of satisfaction from that as well.

● (2100)

Senator Flynn: Yes, but that has nothing to do with six-and-five.

Hon. Jack Marshall: Can the Leader of the Government say whether the government or the PMO have recovered the $1.38 for each invitation they sent out? Have they recovered that amount or how will that be dealt with under the restraint program?

Senator Olson: I am not sure that $1.38 is an extravagant cost for sending an invitation. I know of no precedent for attempting to recover the cost of invitations for an event that did not take place.

Senator Roblin: Whose idea was this anyway?

Senator Marshall: In view of the fact that they will be returning the cheques they received, the 140 cheques for 32 cents each, in order to save money could the Canada Post not send those out without postage so that they could recover that measly amount of money?

Senator Olson: I am not quite able to appreciate fully Senator Marshall's concern for 32 cents times 140 cheques, but, to answer his question straight out, I do not know of any way in which the Post Office could relinquish its requirement to collect postage on whatever they carry.

Senator Muir: Honourable senators, I should like to direct a supplementary to the Leader of the Government on the exchange which took place between him and the house leader on this side. During the time of the high inflation rate, and goodness knows it was high enough, the Leader of the Government went on record as saying that it was caused by the Reagan policies in the United States. He said that the close proximity of Canada to the United States caused the high inflation in Canada. In view of that fact, and in view of the fact that the inflation rate in Canada is starting to go down, following a much quicker decline of the inflation rate in the United States, is the Leader of the Government willing to admit that there might be some connection there, owing to our closeness to the giant? Would that not have some effect on Canada?

Senator Olson: Honourable senators, I think Senator Muir is attempting to simplify a very complex question. I am afraid I cannot join with him in that oversimplification. If he is asking me whether there is a relationship between the rate of inflation in Canada and the rate of inflation in our great neighbour to the south, a country which is very important to our financial system and to our whole economy because of the freedom of movement and access we have to each other's markets, the answer is that, yes, there is a direct relationship. Of course, one of the points I was making when he was asking his questions in the first place, although I do not want to go into the matter in great detail now, is that there is also a direct relationship between interest rates and inflation. One follows or leads the other in almost all cases.

I am not sure which question Senator Muir is referring to now, but we know that most of those questions were related to some level of interest rate. So long as we have the freedom of movement in commerce and in finance between our two countries, there is a direct relationship between the interest that can be charged in this country and the rate that is in effect in the United States. That is a fact. The relationship between that and inflation is just as valid today as it was when I replied to those questions. So the answer is yes.

ARMED FORCES DAY

LACK OF CEREMONY ON PARLIAMENT HILL

Hon. Jack Marshall: I should like to ask the Leader of the Government a question with respect to Armed Forces Day, which evidently was Saturday last. Just about the only way one would know there was such a day was by reading about it in a special section of the Ottawa *Citizen*.

If Armed Forces Day was celebrated, can the Leader of the Government explain why nothing was represented on Parliament Hill to show the people just what we have in our Canadian forces? Indeed, why is there not more exposure of our Canadian forces, if they are celebrating Armed Forces Day?

Hon. H. A. Olson (Leader of the Government): One of the purposes of Armed Forces Day is to enable most of the Canadian forces bases across the country to hold something like an open house—I am not sure if they call it that—to which they can invite the public. That was certainly the situation in the part of Canada I come from.

I believe there is, if not a great deal of advertising, at least some advertising relating to Armed Forces Day. It is a form of recognition which is meant to focus the attention of the public on the armed forces, perhaps particularly on their bases.

Senator Marshall: Well, I called the Department of National Defence and was advised that they do not do anything on Armed Forces Day. Whatever exposure they can afford to give the armed forces they reserve for Canada Day, which should be Dominion Day.

Senator Olson: The Senate made a decision about that.

Senator Marshall: At a time in history when Canadian forces are an embarrassment to the world, and when you consider the amount of money—$50-odd million—being wasted on advocacy advertising that is meaningless, will the Leader of the Government take the matter up with the powers that be so that those people who are supposed to advertise the Canadian forces will try to arouse a feeling in the Canadian public that Armed Forces Day is important and is truly a part of Canada? Will he do that, or is the government just trying to hide the fact that the Canadian forces are so weak that we shouldn't show them?

Senator Olson: No, the government is not trying to hide anything. I almost said "not trying to hide the fact," but that would have been incorrect because it is not a fact. I don't know what else to say.

If Senator Marshall is not happy with the amount of money that was used to advertise Canadian Armed Forces Day, I am sorry. He is certainly entitled to his opinion. However, as he himself pointed out, there was a special supplement in the newspaper that he identified, but that was not the only paper covering the event. I certainly noticed the supplement in the *Citizen*, and I believe I saw one or two other indications in other papers that Armed Forces Day was being honoured. There were a number of tributes paid to the armed forces by those supplements and particularly by some of the advertisers.

I am not sure just what point Senator Marshall is trying to make. If it is that we do not spend enough money on advertising and on trying to draw public attention to Canadian Armed Forces Day, then I take it he is recommending I advise my colleagues that in future we should spend more money on that kind of advertising.

TRANSPORT

BRITISH COLUMBIA—POSSIBLE STRIKE OF GRAIN HANDLERS—SETTLEMENT OF DISPUTE

Hon. D. G. Steuart: Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board.

An Hon. Senator: Welcome back.

Hon. Jacques Flynn (Leader of the Opposition): It is nice to see the minister back.

Senator Steuart: Let there be a little decorum in this place, please.

There is a great deal of concern in western Canada, particularly among western farmers, that the rapid movement of wheat to the west coast not be interrupted. Could the minister bring us up to date with respect to the quarrels that have arisen between the grain handlers union and the companies on the west coast?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, William Kelly, the Assistant Deputy Minister of Labour, suggested to the parties involved that they should settle their dispute on the basis of one-dollar increase in the hourly rate.

I am informed that over the weekend the grain workers union approved the settlement by a vote of about 70 per cent. I understand that a radio news report out of Vancouver has stated that the terminal grain operators there have also accepted the settlement. I am not 100 per cent sure of that, but I understand that that was what the radio report stated.

• (2110)

Personally, I am very pleased that the grain workers' union have agreed to this settlement. It indicates to me that this is a very responsible union, led by a responsible leader, Mr. Henry Kancs. Proof of this, honourable senators, is that in the last few weeks, although the union refused to undertake overtime, in their regular shifts they were able to bring about car unloads at the west coast very close to record levels, so they have continued to perform at a very commendable rate.

I know from talking to Mr. Kancs personally that he feels that his workers should be efficient and competent, and work in the best interests of the grain producers of western Canada, because large exports of grain out of Canada are essential to the economic well-being of this country. I would therefore like to express my own appreciation to Henry Kancs and the membership of his union for their responsible attitude.

Although I cannot vouch for it, I am confident that the B.C. Terminal Elevator Operators Association have also accepted

Mr. Kelly's proposal, that this labour dispute has been settled and that the productivity of the workers on the west coast will continue in order that record exports can continue to be made.

Senator Steuart: I have a supplementary question for the minister. I did not hear what that settlement was. Is it an increase of a dollar an hour, and, if so, what would that be as a percentage?

Senator Argue: It is close to seven per cent.

Senator Flynn: Then it is over six-and-five.

Senator Roblin: And this is the five-year, not the six-year.

THE BUDGET, 1983

CANADIAN HOME OWNERSHIP STIMULATION PLAN

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have two delayed answers this evening. The first is in response to a question asked by Senator Asselin respecting the government's position relating to grants under the Canadian Home Ownership Stimulation Plan. This is a fairly long reply, and I would ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The precise meaning of the question asked by the honourable senator is unclear, but I take it that he is asking for the government's position with respect to applicants for a grant under the Canadian Home Ownership Stimulation Plan (CHOSP) between the date that the CHOSP funding was increased—April 19, 1983—and the date after which applications were no longer being accepted by CMHC—May 5, 1983.

As the honourable senator will know, the federal government has provided an additional $75 million to ensure that all qualified applications and requests for start designation received by CMHC by May 5, 1983 could be honoured. To be eligible, home purchasers will have to have completed an offer to purchase by December 31, 1983 on a house having a certified construction start prior to May 6, 1983. The unit designation procedure was established when CHOSP was extended into 1983 with an additional $100 million and made available on a 'first come, first served' basis.

It is evident that CHOSP is an unparalleled success. By the end of 1983, about 285,000 Canadian families will have been assisted in obtaining a home of their own. Since the Plan was first introduced, there has been a dramatic turnaround in the residential construction industry. The housing industry is now projecting starts will exceed 160,000 in 1983. CHOSP has fulfilled its role in stimulating the economic recovery and creating thousands of jobs for Canadians. The effect of the Plan is demonstrated by the number of single housing starts in May 1983—14,488—which is an all-time record.

Home ownership is now within the reach of thousands of Canadian families who could not afford a home of their own when CHOSP was introduced. The current lower interest rates mean that the income required to purchase a home is some $7,500 less than when rates were at their peak. In addition, the government has announced changes to the Registered Home Ownership Savings Plan (RHOSP) regulations which will encourage Canadians to put their savings to work and which will provide a benefit to many new home purchasers similar in magnitude to that which was available under CHOSP.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. H. A. Olson (Leader of the Government): Honourable senators, the other delayed answer I have is in response to a question asked by Senator Guay regarding the Garrison diversion project. This, too, is a fairly long answer, but a very precise and comprehensive one. I was almost hoping that someone would insist upon my reading it.

Hon. David Walker: If it it so good, we will accept it as read.

Senator Olson: I would ask that this answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Canadian Government shares the concern of honourable members over proposed appropriations by Congress of $22.3 million in fiscal year 1984 for construction of the Garrison Diversion Project. Senator Guay will by now know that the full Senate voted June 22 to defeat an amendment which would have deleted Garrison funding from the Energy and Water Development Appropriations Bill under consideration. However, the bill has yet to go before the conference of members from the Senate and House of Representatives before final approval is given to the 1984 appropriations. I would point out that the funding proposal contains a stipulation that none of the monies will be spent on features affecting water flowing into Canada.

As I indicated in my earlier reply to the honourable senator, the Canadian Government has taken advantage of every available opportunity to ensure that Canadian interests and concerns with respect to the Garrison Project are fully understood and taken into consideration by the U.S. Administration and by Congress. This was demonstrated by the May visit to Washington of the all-party federal/provincial delegation which met with a number of members of Congress to reiterate our strong concern respecting substantially increased appropriations proposed for 1984 and design features of the currently authorized plan which might adversely affect Canadian waters. Earlier this month, the Minister for Employment

and Immigration travelled to Washington to make representations to members of Congress concerning implications of the Garrison Project for Manitoba interests. The ambassador recently wrote to all U.S. senators reiterating the position put forward in an attached letter from Premier Pawley that additional funds for Garrison should not be approved until outstanding bilateral issues concerning the Project are resolved in accordance with the Boundary Waters Treaty. In the week just prior to the Senate vote, the Embassy in Washington was instructed to send a diplomatic note on Garrison to the Administration, with a request that it be conveyed to all Congressmen. The note expressed concern over the reprogramming of 1983 funds and the sharply increased level of funding proposed for 1984, at a time when bilateral consultations are still in progress.

These efforts will continue in July when Ambassador Gotlieb will convey Canadian views directly to Interior Secretary Watt. The objective underlying all such representations is, of course, to assure that no features of the project which would adversely affect waters flowing into Canada are constructed until Canadian concerns have been fully resolved.

CANADA POST CORPORATION

SUBMISSION OF ANNUAL REPORTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Is my honourable friend prepared to respond this evening to the question I posed on June 22 last regarding the reports of the Canada Post Corporation that have been promised for the last two years?

Hon. H. A. Olson (Leader of the Government): No, honourable senators, I do not have a reply to that question tonight. I have made inquiries regarding that matter and I shall make further attempts to expedite a reply since I certainly would like to have it before we adjourn.

Senator Roblin: I, too, hope we will receive a reply regarding that matter since the last revelations we have had from crown corporations have added to the national debt something in the order of $2 billion. We have received no report from Canada Post Corporation for the fiscal year ending June 1982, and there is as yet no sign of one for 1983, even though the statute clearly calls for a report. I cannot understand why the government has not insisted on these reports being presented.

Senator Olson: I understood the purport of Senator Roblin's question from the comments he made in the first instance.

OFFICIAL REPORT

DELIVERY TO SENATORS' OFFICES

Hon. Joseph-Philippe Guay: I would like to ask if there is any particular reason why *Debates of the Senate* are delivered so late in the day. We adjourned on Thursday last and returned here today, and my copy of the *Debates* was not in my office until late this afternoon.

Hon. H. A. Olson (Leader of the Government): Honourable senators, although this area is not within my jurisdiction, I know you have to ask the question of me. However, I am sure that the people who have responsibility for the delivery of *Debates of the Senate* have heard Senator Guay's inquiry.

SUPPLY AND SERVICES

IMPORTATION OF FISH—STATISTICS

Question No. 106 on the Order Paper—**By Hon. Jack Marshall:**

What is the breakdown of the amount of fish imported into Canada for the last five years with regard to (i) species (ii) weights (iii) exporting country?

Reply by the Minister of Supply and Services:

Statistics Canada reports:

Statistics on Canadian imports of fish in the last five years (i) by species (ii) weight (iii) dollar value and (iv) exporting country are given in Statistics Canada's publication *IMPORTS Merchandise Trade*, Catalogue No. 65-203 Annual, 1982, pages 18 to 31 inclusive.

THE SENATE

MOTION RE SUSPENSION OF RECORDING OF DAILY ATTENDANCE OF SENATORS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator McElman, seconded by the Honourable Senator Denis, P.C.:

That the practice of recording the daily attendance of Senators in the Senate be suspended effective April 14, 1981, and remain suspended until the beginning of a new session of the 32nd Parliament, or the first session of the next succeeding Parliament, whichever may first occur.—(*Honourable Senator Frith*).

Hon. Jacques Flynn (Leader of the Opposition): I would like to ask a question of Senator Frith regarding this matter. If Senator Frith were to say that we will have a new session in the fall of this year, possibly Senator McElman would be willing to withdraw his motion.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Opposition has, with his customary unerring intuition, scooped me. The reason I have been standing this order is because I know that that is indeed the plan, namely, to sit for one or two days, then prorogue, and start a new session. However, I want to have that information in a firmer form than I have at the present time.

Hon. Charles McElman: Honourable senators, I may say that I, too, would want that information in firmer form before I withdrew my motion.

Senator Frith: I might say that I would not blame you.

Order stands.

CANADIAN SECURITY

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-157—DEBATE ADJOURNED

Hon. H. A. Olson (Leader of the Government) pursuant to notice of June 9, 1983, moved:

> That a Special Committee of the Senate be appointed to examine and consider the subject-matter of the Bill C-157 intituled: "An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto", in advance of the said Bill coming before the Senate;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournments of the Senate;
>
> That the Committee have power to act jointly with any committee appointed by the other place to examine the subject-matter of the aforementioned Bill; and
>
> That a Message be sent to the House of Commons to request that House, if it deems it advisable, to appoint a committee to act jointly with that already chosen by this House.

He said: Honourable senators, I only want to make a short intervention at this time respecting the motion of which I gave notice a few days ago regarding the appointment of a special committee of the Senate to examine and consider the subject matter of Bill C-157 in advance of the bill's coming before the Senate. There are a number of reasons why I believe that we ought to get this under way at this time so that the committee can have an opportunity to look at certain aspects of this matter during the adjournment period, which will probably be from June 30 until September 12.

● (2120)

The third paragraph of the motion states:

> That the Committee have power to act jointly with any committee appointed by the other place to examine the subject-matter of the aforementioned Bill;

There is some difficulty—and I do not want to try to explain that difficulty—with respect to whether or not the other place is going to pass a motion that would, in some respects, accept our invitation to join with us to examine the subject-matter of Bill C-157.

The subject of a new Security Intelligence Service is so important that some examination should be conducted by a group of people who are interested and who have a high level of competence and understanding in the area, in this case, members of the Senate of Canada. Therefore, we ought to establish the authorization for this special committee and be prepared to move forward on this so that some meetings can be held during the summer recess.

One further request I have, honourable senators, and one which I think may clear up some misunderstanding—although I am not sure there has been very much—is that we delete from the first paragraph of the motion after the semicolon the words "or any other matter relating thereto." Quite frankly, I think we should limit the inquiry to the contents of Bill C-157. I know I require unanimous agreement from the Senate to amend the motion.

My other request is that we add, after the second paragraph, the following:

> That the committee submit its report no later than October 27th, 1983;

I do not have a great deal more to say on this matter, other than I think the Senate can do an excellent job as far as an examination of this subject is concerned, as the Senate has demonstrated more than once in the past. The Senate can perform a useful public service by hearing witnesses from both sides of the question, the pro and con, but indeed it is far more complicated than that.

I would think honourable senators would agree with me that we can find a group among us, perhaps eight or nine, who can perform a useful public service during the recess if we were to authorize the establishment of this committee.

Therefore, I ask honourable senators on both sides of the house ot concur in moving forward on this and, hopefully, to accept the two amendments to which I have referred, the one minor amendment and the other with respect to the date of the report.

If honourable senators do not wish to do that, I have no option but to give notice of those amendments or almost—

Hon. Duff Roblin (Deputy Leader of the Opposition): Someone else has to do that.

Senator Olson: That is correct, it could be done that way, or I could give notice now and introduce a different motion at the next sitting of the Senate, but I would hope that there is enough agreement on both sides of the house that this is the right thing to do in the public interest.

Hon. Daniel Riley: Would the Leader of the Government repeat the amendments?

Senator Olson: Certainly. The first amendment is found at the end of the first paragraph. The first paragraph states:

> That a Special Committee of the Senate be appointed to examine and consider the subject-matter of the Bill C-157—

It then sets out what the act is designed to do, and concludes by stating:

> —in advance of the said Bill coming before the Senate;

What is added after that is:

—or any other matter relating thereto.

I suggest that we delete that part so that the study is confined to Bill C-157.

The second amendment to the original notice of motion is:

That the committee submit its report no later than October 27th, 1983.

Senator Roblin: May I ask my honourable friend what version of his resolution he is referring to? I am looking at the *Minutes of the Proceedings of the Senate* dated Wednesday, June 22, 1983, in which this resolution appears on page vii. I do not see any reference to the phrase "or any other matter relating thereto." Have I misread it?

Senator Olson: I hope that is right, because that was not intended to be inserted in the motion. The copies of the motion I have before me contain those words.

Senator Roblin: It is quite unlikely that we will conclude the discussion on this matter this evening, so could my honourable friend take advantage of the interval to tell us which version of the resolution is really his? Would the real resolution please stand up?

Hon. Royce Frith (Deputy Leader of the Government): What page were you referring to in the *Minutes of the Proceedings of the Senate?*

Hon. Jacques Flynn (Leader of the Opposition): We referred to page vii of the *Minutes*.

Senator Olson: I see that now.

Senator Roblin: There is no reference that I can spot to the phrase my honourable friend wants deleted.

Senator Olson: I am very appreciative of Senator Roblin's drawing that to my attention. I was referring to the sheets I have in front of me. That is exactly how I should like the motion to read.

So, the one amendment would be to insert:

That the committee submit its report no later than October 27th, 1983.

Senator Flynn: Honourable senators, I have privately indicated to the Leader of the Government our reservations on this side regarding a referral of this matter to a special committee of the Senate, rather than to the Standing Senate Committee on Legal and Constitutional Affairs if the other place decides not to join with us in a joint committee.

Secondly, I do not think we should make a decision on this before knowing what the other place is going to do; therefore, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 28, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

CANADA EVIDENCE BILL, 1982

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO MAKE INTERIM REPORT

Hon. Joan Neiman, Chairman of the Standing Committee on Legal and Constitutional Affairs, with leave of the Senate and notwithstanding Rule 45(1)(i), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs, to which was referred the Bill S-33, intituled: "An Act to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada", have leave to make an interim report thereon.

Motion agreed to.

[*English*]

INTERIM REPORT OF COMMITTEE PRESENTED

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, June 28, 1983

1. The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill S-33, intituled: "An Act to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada", has, in obedience to the Order of Reference of December 7, 1982, examined the said Bill and now presents its interim report as follows:

2. Your Committee has heard representations from the following organizations and individuals: The Canadian Bar Association (on two occasions), the Criminal Trial Lawyers Association of Edmonton, the Advocates' Society (civil proceedings), the Canadian Bankers' Association, the Criminal Lawyers' Association, the Advocates' Society (criminal proceedings), the Canadian Business Equipment Manufacturers' Association, the Canadian Payments Association, le Barreau du Québec, the Association of Records Managers and Administrators, Mr. Justice Pigeon (retired), Professor Stanley Schiff (Faculty of Law, University of Toronto), and Professor Paul Rothstein (Georgetown University Law Center, Washington, D.C.). Officials from the Department of Justice appeared twice before your Committee.

3. Your Committee also received written comments from several other individuals and organizations. Some of the provinces indicated they preferred to observe the progress of the Committee for the time being.

4. In its second presentation to your Committee on June 22nd, the Canadian Bar Association stated that its major detailed brief as well as a separate brief prepared jointly with the Barreau du Québec relating to the practise of law in Quebec, represented the views of concerned and experienced members of the Association. However, as there had been no time to process those reports through the various organs of the Canadian Bar Association as required by its by-laws, they were not being delivered as official statements of the position of the Canadian Bar Association.

5. Your Committee heard many representations with respect to Bill S-33 regarding the procedure followed by the Department of Justice in preparing it. The most frequent criticism of a general nature made to the Committee was that during the genesis of Bill S-33 there was insufficient consultation with academic experts in the law of evidence as well as with the practising Bar. The defence Bar in particular felt that, as a result, the Bill tended to be "Crown oriented".

6. There were a number of varying opinions as to whether S-33 was a code of evidence. The Government took the position that it was not intended to be. Your Committee is of the opinion that, while a few witnesses did not see the necessity of a comprehensive statutory statement on the law of evidence, most of them would approve or at least accept a Uniform Law of Evidence Act, provided the substantive changes which they recommended were incorporated into it.

7. Officials of the Department of Justice attended and followed closely all the hearings of your Committee. They have received copies of all submissions and briefs. In addition, most of the witnesses who appeared before the Committee have offered to assist in the revision of Bill S-33 which the Committee understands will take place during the coming summer adjournment of Parliament.

8. Your Committee therefore recommends:

(a) that during the revision of S-33, the appropriate officials of the Department of Justice work closely with the Canadian Bar Association, professional and other groups and individuals who have offered their services;

(b) that the revision contain a preamble indicating clearly that the Uniform Law of Evidence Act is not intended to be a code;

(c) that the Minister of Justice send a draft of the revised proposed legislation to interested governments,

organizations and individuals for their comments and analyses before submitting another Bill to Parliament.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Neiman: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be placed on the Orders of the Day for consideration later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we have not received a message from the House of Commons, which means that it has not passed any other Bills, including, if I am not mistaken, the resolution on native rights, that is, the amendment to the 1982 Constitution.

I wish the Leader of the Government or his deputy would let us know what is going on. Is there a conspiracy in the other place to send us all the legislation to be passed at the very last minute? When are we going to receive the six or seven Bills the Leader mentioned yesterday? Some time during the day tomorrow? Will the Senate again be put in a position where it will have to pass a whole series of Bills in a few minutes? I really would like some information on this.

From what I have seen going on in the House of Commons, it seems to me that the Government House Leader in the other place is playing a cat-and-mouse game with the Opposition, and even more so with the Senate. He is taking for granted that all we have to do is say yes right away, if we want to adjourn the day after tomorrow. Otherwise, we might be coming back next week. In any case, I would like to know what is happening as far as the Government is concerned. Let the Government be frank and tell us exactly what it expects us to do and how it thinks we will be able to discharge our responsibilities.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish to assure the Leader of the Opposition that there is no conspiracy, or whatever term he used, or any cat-and-mouse game being played by the government. All the government is doing is trying to obtain agreement from the opposition parties in the other place to deal with those bills that were mentioned by the Deputy Leader of the Government yesterday. The government is attempting to do that in a manner which would maximize the time left, which we now know is until 6 o'clock Thursday, June 30. I do not think I should comment further as to why the opposition parties in the other place are not giving their consent. I indicated yesterday that we did not expect to get all the bills, and that we did not know which ones would be passed in the short time left before the adjournment. We were trying to inform honourable senators on both sides of this house what was being negotiated so that we could arrange our time, by using the pre-study technique and that sort of thing, to deal with these matters. I am not prepared now—I know better because I have been around long enough—to predict when other people will come to an agreement. It is my sincere opinion that they would be doing a service to Canada if they could come to an agreement on some if not all of those bills, but I cannot predict that. It may be that the house leader can indicate whether there is a higher or lower probability today that we will get some of them. What we were doing was alerting honourable senators, especially the opposition, as to what might be coming before us in the three days left until the order for adjournment in the Commons takes effect.

● (1410)

Senator Flynn: Honourable senators, as usual, the Leader of the Government has said nothing at all.

Senator Olson: I explained exactly why we were trying to be helpful.

Senator Flynn: Yesterday the leader invited the Senate to pass a motion to refer the subject matter of the sports pool legislation to committee, saying that it was urgent. The committee has not been called and we do not know whether it is going to be called today. The Minister of State for Fitness and Amateur Sport was supposed to be here today but he is not.

Hon. Martial Asselin: He is in British Columbia.

Hon. Jack Marshall: And the chairman of the committee is not here either.

Senator Flynn: That is my first point. My second point is that yesterday the Commons spent the whole day on the sports pool legislation. Today, they decided that they are going to rush through Bill C-163, to establish the Canadian Aviation Safety Board. Agreement was reached within two hours to pass this bill on second reading, refer it to committee and have the report stage on third reading proceeded with very quickly. If this had been done yesterday, we could have received the bill today and proceeded with it in the normal way. The government preferred to push the opposition to the limit on a bill that the opposition did not want to pass, and now today they are dealing with something else. As a result, the Senate is going to receive that legislation much too late to be able to deal with it properly. The Senate is the last worry of the Leader of the

Government in the other place, and apparently it is the last worry of the Leader of the Government in the Senate.

Some Hon. Senators: Hear, hear.

Senator Olson: Honourable senators, the Leader of the Opposition should not say things like that, but perhaps he has some purpose in doing so which is not apparent to me at the moment.

Senator Flynn: Yes, I have a purpose.

Hon. David Walker: We would like to get rid of you.

Senator Flynn: I would like to improve him.

Hon. Duff Roblin (Deputy Leader of the Opposition): Don't be so ambitious!

Senator Olson: The Leader of the Government in the other place has, as his paramount purpose, getting bills passed that are important to the public service and beneficial to Canadians. There are a number of them there, including the ones that the Leader of the Opposition has referred to.

● (1415)

I think it is unfair for the Leader of the Opposition to say, whatever reasons the opposition members have for failing to deal with these bills, that the responsibility comes down on the head of the house leader in the other place. The comment he made about me is also unfair, but I have broad shoulders and I know that every once in a while I have to take that sort of thing from him.

Senator Flynn: It may be unfair if the Leader of the Government has done his best to try to convince the house leader in the other place to take account of the position of the Senate. We know very well that the Canadian Aviation Safety Board bill, which they are going to pass today, could have been passed a long time ago because it has been on their order paper for months. In my view it is a more important bill than the sports pool bill—

Some Hon. Senators: Hear, hear.

Senator Flynn: —which is the cherished baby of the Minister of State for Fitness and Amateur Sport, who is now entering the chamber.

If I have been unfair to the Leader of the Government, perhaps he can assure us that he was unsuccessful in trying to convince Mr. Pinard of the necessity of taking into account the position of the Senate. If he tells me that he made that effort, I will withdraw my comment that the last thing he worries about is the position of the Senate. However, only that explanation will move me to withdraw my comment.

Senator Olson: Honourable senators, I have discussed the time requirements, and I have also complimented the opposition and other senators for giving us the opportunity of moving, sometimes, reasonably quickly on matters that have been before us for a long time. I think the house leader in the other place has taken all of that into account. I know he is aware of it because I have discussed it with him many times. However, perhaps that is not where the problem lies. It may be that he is unable to convey that to the other house leaders so that they can appreciate the situation.

I am satisfied that if the other place had been willing to adopt any one of the eight measures yesterday, last week or even before that, and had made the kind of agreement that the Leader of the Opposition now claims was made—I am not arguing that; he may be right about that—these bills could have been passed, as he has pointed out, many days ago.

However, we cannot turn back the clock. We only have the hours from now until June 30, and I am sure that Senator Flynn, as Leader of the Opposition, along with everyone else in the Senate, wants to co-operate in making the best use of the time we have left.

Senator Flynn: Honourable senators, from what I could see of what was going on in the other place this morning, the aviation bill, which was given second reading and referred to committee, could have been passed a long time ago, because members of the opposition mentioned that the delay was the fault of the house leader in the other place. That has been clearly stated on the record, and no one has rebutted that statement.

The government is stubborn. It is telling us that it will not give us a chance to deal properly with this bill unless we pass other more controversial bills. That is the kind of blackmail that has been going on, and the victim is, of course, the Senate. I am quite sure that a significant number of my good friends on the other side share this belief.

An Hon. Senator: Hear, hear.

Senator Flynn: I am glad that I got at least one acknowledgement from the other side on that point.

● (1420)

THE ECONOMY

EFFECT OF RESTRAINT PROGRAM

Hon. Robert Muir: Honourable senators, if I may, I would like to pose a question to the Leader of the Government in the Senate. It has to do with his comments of last night regarding inflation. According to the information at hand, taken from the U.S. Bureau of Labour statistics, *The Economist* and Statistics Canada, in the month of May in Canada the inflation rate was 5.4 per cent; the unemployment rate was 12.4 per cent, and the misery rate was 17.8 per cent. In April the United States inflation rate was 3.9 per cent—and it is expected to be much better when the statistics are in for May—the unemployment rate in May was 10.1 per cent and the misery rate was 14 per cent.

May I ask the Honourable Leader of the Government this question: If the six-and-five program is lauded so highly as being such a success, why is Canada not ahead, in terms of percentages, of the United States?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure that I made the statement in quite the way Senator Muir has put it. What I did say was that the relative inflation rate of 5.4 per cent, calculated on an annual

basis between the months of April and May, is a significant improvement over what it was a year ago. Indeed, a year ago I believe that many people—including, perhaps, some members of the government—were not sure whether we could bring the inflation rate down to that level, as a consequence of the drop in interest rates and so on, so that the economy could begin to pick up. I think that we, as Canadians, ought to be very proud that we were, as a nation, able to bring that about.

We are aware that there is an unacceptably high unemployment rate, not only in this country but in several other countries, and this fact is vital to our economy because of the high level of trading and economic activity that is interrelated with their economies. The American interest rates and unemployment levels, at least over the last while, have been somewhat lower than ours. The comparison that I was making was as to the improvement over the past 12 months. The contribution that Canadians have made is such that the inflation situation is not as bad as it would otherwise have been.

Senator Muir: I would certainly agree with the honourable leader when he says that things are much better now than they were a year ago. With respect to unemployment, however, the Canadian rate is higher than that of the U.S., West Germany, Japan, France, Italy and Sweden.

I am glad that the honourable gentleman is giving credit to the Canadian people for the effort they have made. Is he still suggesting, however, that the improvement has been brought about solely as a result of the six-and-five program?

Senator Olson: That question has been asked over and over again.

Senator Muir: We get different answers all the time.

Senator Olson: No, honourable senators, the same answer is given all the time. It is that the government, at least in some respects, took the lead in attempting to set a target, which was to reduce the inflation rate to 6 per cent in one year and to 5 per cent in the following year. A variety of meetings, conferences, consultations and so forth were held for the purpose of asking the private sector—whether it was business, labour or private entrepreneurs—to co-operate for the sake of the Canadian economy and the general well-being of the Canadian people. The object was to bring the inflation rate down to the levels that were predicted in the six-and-five program.

If Senator Muir would not like to give the government any credit for the improvement, that is up to him. In my view the government took the lead in directing at least some activity towards trying to bring the inflation rate down. However, we want to give full credit to everybody else who contributed to bringing the inflation rate down.

Senator Muir: The honourable gentleman is, as usual, twisting and squirming and putting words in my mouth. Give the government credit, yes, but according to the spokesmen for the government—and they can be quoted—six-and-five did it all; not the Canadian people, as the minister says today. That is the only thing. Do not put words in my mouth. Listen more carefully.

[Senator Olson.]

• (1425)

Senator Olson: I was not trying to put words into the honourable senator's mouth. I was trying to clarify what seemed to be something that was not quite clear to him.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: I have a question for the Leader of the Government in the Senate. I thank him for the delayed answer he gave me to my previous question. I refer to the concern of people from the province of Manitoba with regard to the Garrison Dam project.

On page 5871 of *Debates of the Senate* the Leader of the Government indicated pretty well what has transpired, and what we have mentioned from time to time in the last few weeks about, particularly, the representations made in May in Washington by a group of both provincial and federal representatives, whereby I brought to attention the fact that the minister had not been there. In the second paragraph of the response of the Leader of the Government yesterday he said:

> Earlier this month, the Minister for Employment and Immigration travelled to Washington to make representations to members of Congress concerning implications of the Garrison Project for Manitoba interests.

I should like to ask the Leader of the Government if he can tell me the date when the Minister for Employment and Immigration was in Washington, and what was the actual result of his delegation? Who did he see and what were the results? This is not mentioned in the answer. I think it would be very interesting if we were to get a report from the minister on the success he achieved while in Washington.

I realize that in the last paragraph of the answer the Leader of the Government said:

> These efforts will continue in July when Ambassador Gotlieb will convey Canadian views directly to Interior Secretary Watt. The objective underlying all such representations is, of course, to assure that no features of the project which would adversely affect waters flowing into Canada are constructed until Canadian concerns have been fully resolved.

I would suggest that the Canadian concerns have not been fully resolved. I know what is going to be done in July, but it would be interesting indeed if the Leader of the Government could obtain for me the results of the visit of the Minister for Employment and Immigration to Washington, and also tell us the date he was there so that we could follow this up and know exactly what is taking place. While you mention the fact that he was there, there is nothing to tell us whom he saw or what success he had.

Hon. H. A. Olson (Leader of the Government): I will refer that question to the Minister for Employment and Immigration.

FEDERAL-PROVINCIAL RELATIONS

BRITISH COLUMBIA—ADVANCED LIGHT RAPID TRANSIT SYSTEM—STATEMENT BY MINISTER OF STATE FOR FITNESS AND AMATEUR SPORT

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport. I should like to say how very sorry many of us were to see the minister making a spectacle of himself on national television last night, strutting and uttering bombast and threats against the recently re-elected Government of British Columbia.

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Senator Murray: I wish to know whether the minister would like to take advantage of this opportunity to withdraw any unfortunate threats that he made on national television last night, and bring things into their proper perspective on this issue.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I welcome the opportunity to make a statement in defence of the word "Canada." I am rather surprised that this vocal representative of the party which aspires to be the Government of Canada, the party which states that it believes in Canada, would stand up on the floor of the Senate and defend an action which is indefensible.

Let me point out some facts of life about the situation in my province. The Government of Canada entered into an agreement with the Province of British Columbia to help put in place one of the world's outstanding pieces of transportation technology, developed in Canada by Canadians who come from every province in the land. The agreement was to install in British Columbia's lower mainland a superb light rapid transit system developed in Kingston, Ontario. It features first-rate technology, excellent Canadian engineering and excellent Canadian workmanship and electronics.

• (1430)

The reason for federal involvement? As honourable senators may know, the Province of of British Columbia will be hosting an international transportation fair in 1986. We hope that thousands of people from Canada and abroad will attend Expo '86. It was felt appropriate that in view of the multibillion dollar market for light rapid transit technology which exists in today's world, the federal government should help to put in place in British Columbia a demonstration LRT project featuring this Canadian technology, a project which the world could be invited to see in operation before and during Expo '86.

What would that mean? World-wide sales. It would mean jobs for workers in that industry in the honourable senator's province and in other provinces across the country. Largely through the effort of those ministers in Cabinet representing British Columbia, including my friend and colleague, Senator Jack Austin—

Some Hon. Senators: Hear, hear.

Senator Perrault: —an agreement was signed with the Government of British Columbia to provide $60 million in funds contributed to that LRT demonstration project by taxpayers in all provinces. A formal legal agreement was reached with the Province of British Columbia for the provision of funds for the demonstration LRT section and the construction of LRT vehicles. The agreement also called for an accord with respect to signage and symbols. One of the reasons for requesting federal signage and symbols is to ensure that provincial governments and the people of the regions understand that there are people of all parties working at the federal level, in the Senate and the House of Commons, who are deeply concerned about their regions, that provincial governments are not the exclusive spokesmen for the hopes, dreams and aspirations of Canadians. A comprehensive agreement was signed in February of 1982.

On behalf of the Canadian people we agreed to pay 50 per cent of the costs of this demonstration one-mile section in the City of Vancouver. On behalf of the Canadian people we agreed to pay approximately 50 per cent of the cost of building 114 light rapid transit vehicles, with the firm understanding that there would be appropriate Canadian symbols displayed in connection with that project. As I have said, a legal document was put in place, and the agreement was duly signed by the Premier of British Columbia, my cabinet colleague, Senator Austin, myself and others. What happened? We were informed that the opening ceremony for this light rapid transit facility would be held yesterday morning. We were informed that the word "Canada" would appear on those LRT vehicles. That assurance was given at the highest cabinet level and by the head of the light rapid transit organization. At 8 o'clock yesterday morning I was informed unofficially that the Government of British Columbia at the last moment had refused to have the word "Canada" placed on the outside of the vehicles, 50 per cent of the cost of which was paid for by Canadian taxpayers from coast to coast. We said that we would refuse to attend the ceremony unless the word "Canada" appeared on those vehicles.

Some Hon. Senators: Hear, hear.

Senator Perrault: I was told that the failure to advise us of this breach of contract and of faith was because they were afraid to tell us because they thought that "the senator would not appear for the ceremony if he knew in advance". Frankly, honourable senators, this incredible conduct is no way to enhance and develop federal-provincial relations. It is no way to advance understanding and co-operation between any federal government—be it Conservative, Liberal, or one of any other political persuasion—and the provincial governments. Therefore federal representatives absented ourselves from the ceremony. Later I stated on behalf of the people of Canada that I deplore the provincial action, that I was dissatisfied with the failure to allow "Canada" to appear on the cars, that I regretted the action taken, and I felt it would do very little to enhance relationships between the two levels of government.

Some Hon. Senators: Hear, hear.

Senator Perrault: There was no specific threat whatsoever to withdraw funds from the Province of British Columbia. If this is the new Conservative approach—and I doubt it because I do not believe that even the honourable senator's colleagues support the view he has taken today—I am appalled. The Conservative senators I know are deeply committed to Canada and I can only say that I am surprised that Honourable Senator Murray would utter such words in defence of such an indefensible proposition. Surely this Parliament and the parties that serve here must convey to the Canadian people in all regions that the people who serve them in Ottawa are just as deeply concerned about serving Canada's regions as are certain provincial premiers, who all too often claim that they are the only legitimate spokesmen for the interests of the Canadian people. This is not true.

● (1435)

Hon. Jacques Flynn (Leader of the Opposition): Who claims that?

Senator Perrault: If we do not have the right and responsibility to stand up and take a position in defence of federalism on a non-partisan basis, then we should not be serving here at all.

Some Hon. Senators: Hear, hear.

Senator Murray: The minister has been very unclear as to what is in this agreement between Canada and British Columbia. At one point in his remarks he said that Canada and British Columbia had agreed to reach an accord on signage and symbols, whatever that means. It is not quite clear from the minister's remarks whether there is or is not agreement on that particular point. Therefore, I ask him to table, as soon as he can conveniently do so, a copy of the agreement so that we can all have a look at it. Those of us who watched the national news last evening heard the minister threatening the Province of British Columbia as to the availability of federal funds for future projects.

Hon. R. James Balfour: Fiscal retaliation.

Senator Murray: Once again, I give the minister the opportunity to withdraw that kind of threat toward the taxpayers of his own provinces.

Hon. D. G. Steuart: They can threaten us but we cannot threaten them.

Senator Frith: That's right.

Senator Perrault: I am grateful to the people of my province for their support, as indicated in one poll taken this morning which I am advised shows that they are in favour of the federal position and against the position taken by Senator Murray by 8 to 1.

Senator Balfour: There was another poll taken there just a few weeks ago.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): You have got them going, Ray.

Senator Perrault: Let us put the pertinent part of the agreement on the record.

Senator Murray: Table it so we can see the whole thing.

Senator Perrault: It reads as follows:

> The wording, format, design and location of all signs plaques and of the logo, marks or other identification marks to be developed by UTA and as well as all other corporate public communications referred to in paragraphs 4.06(a) through (d) must be planned and scheduled with the full participation of the Crown and be commensurate with the Crown's 50 per cent participation in the cost of the Project and the purchase of the vehicles and must be satisfactory to the Crown before they can be placed, erected, affixed or painted on.

That part of the agreement was violated in fact and in spirit and in principle by the Government of the Province of British Columbia.

Senator Flynn: That is not very convincing.

Senator Perrault: I trust that Senator Murray is not defending violations of that part of the agreement. There are clear violations of this and other sections of the agreement.

Senator Murray: The minister knows that he cannot read selectively from a document, that he will have to table the entire document. If that section of the agreement provides that there be agreement on logos and signage, then he and his colleagues and the officers of the Government of Canada are derelict for not having reached the agreement many weeks ago and for not discovering until yesterday morning that their precious maple leaf and bar was not on the car.

Senator Perrault: Any fair-minded or logical person would dismiss the comments made by Senator Murray as completely unworthy of either the senator or the Senate. I would be most pleased to table the document which I hold in my hand.

Senator Murray: And withdraw the threats.

Senator Perrault: I suggest to Senator Murray that if he truly wishes to serve the interests of the federal system—

Senator Murray: Withdraw the threats of last night.

Senator Perrault: —regardless of the party to which any of us may belong, he will check his facts before he stands in his place and makes inane statements.

May I table this document?

Senator Flynn: Honourable senators, with all due respect, what the minister has quoted does not support his contention at all. He mentioned the Crown. It could be the Crown in the right of the province or the Crown in the right of Canada. There is nothing there that really supports the opinion of the minister. He should not get so excited. He got too excited yesterday. He should not continue. Let him quiet down and try to reflect upon what he did yesterday and what he should do in the future.

● (1440)

Senator Perrault: Senator Flynn urging restraint is like an arsonist giving a lecture on fire prevention.

Senator Flynn: It's timing; you have got to know when to do it.

Senator Perrault: May I inform honourable senators that the agreement was drawn—

Senator Steuart: By a real lawyer.

Senator Perrault: —was drawn between legal officers of Crown Federal and Crown Provincial. There is no doubt in the minds of those who have read the agreement what the agreement is all about. Indeed, I can share with honourable senators the fact that in my view the minister responsible for light rapid transit in the Vancouver area is personally most unhappy and frankly apologetic about the situation, as is the head of Urban Transit, who was overruled by a higher power.

Senator Flynn: Who was the higher power? I think you should be more precise now.

Hon. Duff Roblin (Deputy Leader of the Opposition): It wasn't God, was it?

Senator Flynn: You say that the minister is sorry, but who was responsible? Is the Premier of British Columbia the man you are insinuating was responsible for that? It is all very well to create a strawman and punch him to death, but surely you can come up with something to say that is intelligible.

Senator Perrault: Honourable senators, I do not wish to extend unduly this debate—

Some Hon. Senators: Oh, oh.

Hon. Martial Asselin: Who started it? You started it.

Senator Perrault: —but when the most senior minister in a cabinet is overruled after achieving an agreement—

Senator Asselin: By whom?

Senator Perrault: —an agreement with the federal government, obviously a person senior to that minister has made the decision.

Senator Roblin: Oh, you are coy.

Senator Steuart: It was either Father Bennett or God himself. Figure it out for yourselves.

Senator Flynn: In any event, we will no doubt see, because it is quite clear now that the minister has been alluding to Premier Bennett. We will see what reply Premier Bennett has to make.

Senator Balfour: If I may put a supplementary to the minister, did I understand Senator Perrault to deny that yesterday in the presence of television cameras he made a threat of fiscal retaliation against the people of British Columbia, either in express terms or by implication?

Senator Flynn: He didn't mean it.

Senator Balfour: That was my understanding.

Senator Perrault: I stated that the matter would have to be the subject of discussion involving the federal cabinet, and that meetings would be held in Ottawa. Those meetings will be held to determine what the future holds. Clearly, however, when a government violates a legal agreement, one must assess one's relationship with that government. Certainly, as a British Columbian I do not want to see any retaliation against the people of my province and I will fight that. I will not support that.

Senator Flynn: Maybe not today.

Senator Asselin: But yesterday.

Senator Perrault: But in my view the Government of British Columbia, by the action it took yesterday, is not encouraging those who wish to serve the interests of that province here.

Senator Flynn: Senator Austin, is that your advice? Do you share those views?

Senator Asselin: No, Jack wasn't there.

HEALTH AND WELFARE

MEDICARE—USER FEES AND EXTRA BILLING

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Social Development. A few days ago he and I had an exchange on the question of Madam Bégin's threats uttered in New York concerning a Canada health act which might or might not be brought in in the fall. The Minister of State for Social Development was kind enough to send me a copy of the text of Madam Bégin's speech in New York in which, indeed, there is no reference to a Canada health act being brought in in the fall containing the provisions I referred to.

However, I find that the statements attributed to the minister were contained in an interview with the Canadian Press in New York. I would ask the minister whether he has had an opportunity to speak with his colleague about what she intended to say in that interview, and, in any case, whether he can obtain for senators a transcript of that interview.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have inquired after a transcript but I have been told that none is available. Apparently there was a press scrum after her address in which she made some comments. I understand from the minister that she said that she is contemplating the possibility of introducing legislation to ensure that universal access to medicare will remain the dominant principle in the Canadian health care system.

ROYAL CANADIAN MOUNTED POLICE

ISSUANCE OF SALARY CHEQUES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Flynn concerning an alleged delay in the issuance of salary cheques to the Royal Canadian Mounted Police. I am not sure of the date the question was asked.

Hon. Jacques Flynn (Leader of the Opposition): It was a long time ago. Are you sure you don't have the date there? It must have been the end of the fiscal year, surely.

Senator Olson: Yes, it must have been the end of March or the beginning of April 1983. The answer is fairly technical.

Senator Flynn: If it is not too long, I think it would be interesting for you to read it now.

Senator Olson: Very well. I believe the gist of the question was to ask the minister for an explanation of why the government found it necessary to delay the issuance of pay cheques to members of the RCMP. Evidently in his question Senator Flynn referred to a newspaper article that had suggested that the borrowing authority was the cause of the situation. The answer is as follows:

> The newspaper article attributes the RCMP pay situation to the borrowing bill of $5 billion. This is not the case nor is the Government out of funds.
>
> The issue is a technical thing related to the interim supply bill which covers the cash requirements of all departments for the first three months of 1983-84.
>
> Because the RCMP cheques are dated April 1, 1983, and not March 31 as reported by the press, the full amount of these cheques must initially be paid out of 1983-84 funds. Accounting adjustments are made later to charge 1982-83 with costs up to March 31. The RCMP has sufficient funds for this purpose in its 1982-83 payroll budget.
>
> The RCMP acted prudently in holding the cheques one day; they can be released after the interim supply bill is given Royal Assent later today.
>
> It is normal for payroll cheques to be distributed in advance to departments and agencies on the clear understanding that they will not be released before paydays.
>
> Payroll cheques are dated every second Friday but they are distributed on Wednesdays, Thursdays and Fridays—in accordance with an agreement between the Government and the chartered banks—to alleviate lineups.
>
> The RCMP is on a different 2 week pay cycle than most departments with its next one being April 1, and the agreement, in this case, is that the cheques would be issued on Thursday March 31. Since Friday is a holiday, however, distribution was expected today.
>
> With Royal Assent later today and the subsequent release of supply, the RCMP will be able to issue the cheques tomorrow. (1 day late from expectations).
>
> Special arrangements have been made to obtain the required Governor General's warrant immediately after Royal Assent. The RCMP will then advise all units across Canada (by telex) to release the pay cheques.

The answer, of course, relates back to that date, but it does give in precise detail the answer to Senator Flynn's question.

• (1450)

Senator Flynn: I want to thank the minister for this reply. I will look at it because it is interesting from a technical point of view.

THE SENATE

ORAL QUESTIONS—APPLICATION OF ACCESS TO INFORMATION ACT

Hon. Jacques Flynn (Leader of the Opposition): The access to government information legislation comes into force on July 1 by proclamation. Relating this to our own situation I was wondering if questions asked in the Senate will be subjected to the delay of 30 days that is provided for in the legislation. It is very seldom that we have a reply within that time, and I wonder if the proclamation of that legislation will result in a change in our situation.

Hon. H. A. Olson (Leader of the Government): The answer to that question is no, since perhaps 90 per cent of the questions are answered within a lesser period of time than 30 days. We will try to keep up that practice and, indeed, be as efficient as we have been in the past.

CANADA POST CORPORATION

SUBMISSION OF ANNUAL REPORTS

Hon. Duff Roblin (Deputy Leader of the Opposition): In view of my honourable friend's comment, may I ask why I have not yet received an answer to my question regarding the post office?

The post office is a crown corporation. It is, under the Financial Administration Act, expected to file two reports—one on its activities and one on its capital budget for the year—within thirty days after the end of each year. It has not reported for 1982; it is not going to report for 1983. Has the deficit in the post office anything to do with the non-receipt of these reports?

Hon. H. A. Olson (Leader of the Government): As I told Senator Roblin yesterday, and once before, I am attempting to get a full and complete answer to that question, which information he has every right to have.

Senator Roblin: I am glad to have that right, but I would like even more to have the answer. I wonder if my honourable friend is going to give me the answer before we rise for the summer.

Senator Olson: I am attempting to obtain an answer, as I said. I feel a bit embarrassed that I have not received it to date. I think it has some technicalities attached to it, but I will certainly get it as soon as I can.

Senator Roblin: Would my honourable friend undertake to send it to me, if it is received after we have risen for the summer?

Senator Olson: I will undertake to do that also.

THE SENATE

REFORM—REPORT OF DELEGATION TO AUSTRALIA

Hon. Jack Marshall: Honourable senators, I rise on a point of order having to do with a question which I asked of Senator

Frith on June 15 with regard to the election of senators in Australia.

I received a letter dated June 24, 1983 from a professor at the University of Waterloo, and perhaps I shall read a paragraph of it to explain what he said:

> Your assessment, for example, that senators are subject to control by the parties is correct in the sense that the party executive (or some part of it) accepts nominations and has the power to rank candidates on the ballot. The ballot position, of course, is probably the key factor in determining which individuals are actually elected under a PR system—not their personal qualities; their beliefs or their experience.

The PR system there referred to, I presume, means proportional representation.

Is this what Senator Frith is advocating for Canada?

Hon. Royce Frith (Deputy Leader of the Government): I have lost count of how many times I have said this, but I do not mind repeating it a hundred times if necessary. The answer is no, that is not what I am recommending for Canada. As I have said on other occasions when I have talked about what I think we should borrow from the Australian system, we should not borrow the system of party slates; that we should not aspire to develop for Canada the system that exists in Australia by reason of the very strong control that the two major parties have over the electoral system in Australia.

My recommendation is based on the assumption that proportional representation will work better in Canada, even though there are party lists, because there are regional parties in Canada and therefore the result, on the basis of Canadian voting patterns, would be that no party would have control of the Senate.

Senator Marshall: It was disclosed the other day in the television news coverage that, after a couple of hundred years in the United States, the Supreme Court has ruled that the Senate does not have a veto over the executive. The executive, in the United States, is appointed by the President, and evidently the Senate does not have a veto over what that non-elected body might do. The point I am making is that, if it is good enough for the President of the United States to pick his executive, who are not elected and who are the people who run the country, for their personal qualities, how can we consider having an elected Senate in Canada, which would do nothing for the country?

Senator Frith: That is essentially a rhetorical question, but nevertheless I will treat it as asking for information. It seems to me the question is: If there is a system that exists in the United States involving the appointment of the executive, how can we in Canada even consider an elected Senate? I do not see the connection, and I do not see why we cannot consider a elected Senate just because of something that happens in the United States.

Senator Marshall: All I am saying is that this is an exercise in futility on which we are wasting money considering something that has been in existence in the United States for over one hundred years. Considering the problems that exist here, let us be independent and do what we should in the light of our responsibility to the public. Let us not get involved in the utter nonsense that is going on now.

Senator Frith: Honourable senators, we have a difference of opinion. Senator Marshall's views differ from mine but I do not consider them utter nonsense. He thinks that my views are, and I suppose that is democracy.

FEDERAL-PROVINCIAL RELATIONS

ADVANCED LIGHT RAPID TRANSIT SYSTEM—REQUEST FOR TABLING OF CANADA-BRITISH COLUMBIA AGREEMENT

Hon. Lowell Murray: Mr. Speaker, I have now obtained a copy of the document, tabled a few minutes ago by the Minister of State for Fitness and Amateur Sport, which purported to be an agreement between the federal government and the Government of British Columbia. What it is, in fact, is a news release issued by the minister and, although it does in fact quote part of one paragraph, I would ask the minister to table the entire agreement at his early convenience.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, I did not attempt to suggest to the Senate that what I tabled was the total agreement. I said I would be pleased to table the document which "I held in my hand", and I have tabled that document.

The entire agreement involving two levels of government is another matter, the tabling of which may involve seeking permission from the Government of British Columbia. However, the possibility, at least, of tabling this document will be examined.

[*Translation*]

CANADIAN SECURITY

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-157—ORDER STANDS

On the order:

> Resuming the debate on the motion of the Hon. Senator Olson, seconded by the Hon. Senator Frith:
>
> That a Special Committee of the Senate be appointed to examine and consider the subject-matter of the Bill C-157 intituled: "An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto", in advance of the said Bill coming before the Senate;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournments of the Senate;

That the Committee submit its report not later than October 27th, 1983;

That the Committee have power to act jointly with any committee appointed by the other place to examine the subject-matter of the aforementioned Bill; and

That a Message be sent to the House of Commons to request that House, if it deems it advisable, to appoint a committee to act jointly with that already chosen by this House.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, yesterday I indicated we had certain reservations regarding this motion. What I would like to say to the Leader of the Government is, that if he has no serious objections, I would rather wait until Thursday to dispose of this motion. We will know at that time whether the House of Commons has or has not decided to join us. If it does not, we will probably have no objection to a special committee of the Senate examining this matter.

However, I would rather wait and see what the House of Commons intends to do.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, there are a number of things we have to consider, including the suggestion that Senator Flynn has made. One of those things, of course, is that we may not be here on Thursday because, if there is agreement in the other place, Thursday is probably going to be private members' day there. If that is all that remains, then we may not be sitting on that day.

● (1500)

As I tried to explain to Senator Flynn yesterday, we have other arrangements to take care of with respect to this matter. The committee would be established to examine the subject matter of Bill C-157, and to issue an invitation, if you wish, to the House of Commons to join with us in that study. If the House of Commons fails to take advantage of that invitation, then by passing the motion in its current form we would have achieved all of those things that we wished to achieve, in any event—that is, we could go forward with it, but the invitation would be open for the House of Commons to join with us until they adjourn no later than 6 o'clock on Thursday, June 30, 1983.

There is also the matter of appointing members of the Senate to the special committee once the motion is passed. As Senator Flynn knows, we require unanimous agreement to do that. We would require the guarantee that all honourable senators would give their unanimous consent that appointments be made during that same sitting of the Senate, otherwise we would receive authorization to establish the committee, but would have received no authorization to appoint the members.

I plead with Senator Flynn to make whatever comments he wishes to make on this matter now so that a special committee of the Senate can be established to hear the views of those interested in this particular matter, and to ensure that that committee can report to the Senate by October 27, 1983.

I think it would be a disservice if we failed to take advantage of the time available to us over the next four months, or so, and if we did not appoint a Senate committee for that purpose.

Senator Flynn: I do not wish to delay the decision later than, let us say, Thursday, and I could have an answer for my honourable friend tomorrow. I just want to be able to assess the situation with regard to the other place, and the reaction opposition parties may have to this proposal.

I agree with the Leader of the Government that we should have a committee commence hearings during the summer recess, but I hope that that would not be in the next few weeks, and certainly not before August, in any event.

I am suggesting that we stand this order now until the next sitting. I will then be in a position to let the Leader of the Government know what position we intend to take on this matter. If the House of Commons does not appear to be willing to join with us, I certainly will not resist the appointment of a special committee of the Senate.

Senator Olson: I appreciate that, but I wonder if the Leader of the Opposition could go a little further than that. I said that there was a possibility we may not meet on Thursday.

Senator Flynn: If that appears to be the case, we shall deal with the matter tomorrow.

Senator Olson: If the Leader of the Opposition could give us an undertaking that we will deal with this tomorrow, and also that we will pass a motion appointing members to that committee tomorrow as well, that would be acceptable.

Senator Flynn: It would be useless to pass the motion and not complete the matter by appointing the committee members.

Senator Olson: If that is generally agreed to by the Leader of the Opposition, and all other honourable senators who are listening, then that is acceptable.

Hon. Martial Asselin: You said that you wanted to invite the members of the House of Commons to join with us in establishing a joint committee. When will you do that?

Senator Olson: The message is sent to the House of Commons when the motion is passed.

Senator Asselin: That will be too late.

Senator Olson: Senator Asselin knows that the members of the House of Commons are aware that this motion is before us. When it is passed by the Senate, we will send a formal message to them. I suppose that that is another argument in support of the statement that we should deal with it today rather than tomorrow.

If Senator Flynn is not willing to proceed with this matter today, but will give us the undertaking that the matter will be dealt with tomorrow and that unanimous consent will be given—and I know that that cannot simply be given by the Leader of the Opposition, but that all honourable senators must give that unanimous consent—we would be willing to accept that.

If that is the undertaking the Leader of the Opposition is willing to give us, we should be in a position to deal with this tomorrow, but I hope he will not ask for a further delay or amendments to the motion tomorrow.

Senator Flynn: Quite frankly, after our caucus meeting tomorrow morning, I will be in a position to tell the Leader of the Government what we intend to do with respect to this matter. As I said, if the House of Commons decides not to join with us in establishing a joint committee to examine this matter, we can adopt the resolution and appoint a special committee of the Senate right away.

Senator Olson: I accept that from the leader. I think it would be better if he were to do that right now, but if tomorrow is more convenient, that is fine.

Order stands.

CANADA EVIDENCE BILL, 1982

CONSIDERATION OF INTERIM REPORT OF COMMITTEE—DEBATE CONCLUDED

The Senate proceeded to consideration of the Interim Report of the Standing Senate Committee on Legal and Constitutional Affairs which was presented earlier this day.

Hon. Joan Neiman: Honourable senators, when members of the Canadian Bar Association appeared before the Standing Senate Committee on Legal and Constitutional Affairs for the second time last week, its President, Mr. Yves Fortier, mentioned to me afterwards that Bill S-33 was probably one of the most important pieces of legislation to the law profession, and, of course, ultimately to the public which that profession serves, that has ever had to be considered by that association. I think the committee itself appreciated and understood that, and it was for that reason we decided that we should make an interim report to the Senate on this bill.

In the copy of the report that I believe has been distributed you will see that the committee heard from a number of witnesses. We heard a range of criticism and comment from representatives of the civil bar, the criminal bar and specialists in particular fields.

As we mention in paragraph 5, there was a fair amount of criticism expressed with respect to the process which had taken place in that a number of witnesses felt that there had not been sufficient consultation with practising members of the bar and with certain specialists in the law of evidence, such as law professors.

We heard from the Department of Justice with respect to the process it had followed, and were told that this bill had taken some four years to prepare. We felt there was some validity to part of the criticism but, on the other hand, the Canadian Bar Association itself admitted that lawyers, because of their very occupation, tend not to get involved in the study of proposed legislation unless they are directly asked to do so, or, in fact, are forced to do so, because they have so many other matters which claim priority.

• (1510)

However, the Canadian Bar Association, after its initial appearance before us, enlisted the aid of approximately 15 different experts in various fields of law directly interested in particular aspects of Bill S-33. As a result of their work, we were presented last week with an enormous brief of detailed comments and criticisms on the entire range of that bill.

The Canadian Bar Association also worked with the Barreau du Québec in order to present a special brief which dealt principally with the possible effects of Bill S-33 on the civil code of Quebec. All of these very detailed briefs were extremely helpful. We have appended them to the reports of the committee's proceedings, and did not try to assess the merits of every point raised at the time because it would have been impossible to do so. In order to do that kind of study, we would probably need another four years. However, officials from the Department of Justice were in attendance throughout the proceedings and obtained copies of all the briefs and submissions that were made.

I suppose it could be said that there was a feeling that the witnesses tended to take some special issue with those provisions in the bill which perhaps would not be as helpful to them, or which were unclear, or might be difficult to carry out, while they tended to ignore, or approve by their silence, other areas which they felt would not assist them in their particular area of advocacy. However, over a broad spectrum the witnesses were extremely fair in their comments. In fact, Mr. Edward Greenspan, Q.C., who appeared on behalf of the criminal section of the Advocates Society, pointed out to us that he felt that the ultimate test in looking at this bill and its provisions had to be fairness not only to the legal profession but also to the defendant and the litigants in a particular law suit. He put the case extremely well and the standard which he suggested is certainly one which the committee could support.

The other area that was mentioned fairly frequently was whether this bill was a code, or was intended to be a code. The Department of Justice reassured us that it was not intended to be a code. I found it rather difficult to extract a clear definition of when a code is actually a code. I believe that is one of the reasons why we have recommended that there should be something in the preamble that states very clearly the intention of the legislation.

There were some groups who came before us simply to speak to specific clauses of the bill, in particular those provisions which would have an impact on evidence in emerging fields of high technology respecting computer evidence. I believe it is a very complex field and one which requires a lot of study and input from professionals and experts. The example which was drawn to our attention by another distinguished member of the bar, Mr. Gordon Henderson, Q.C., of Ottawa, was the use in the bill of words such as "copy", "facsimile" and "true copy", as well as a number of other words that seemed not to have been well defined. There again, in order to have consistency in this bill and to make it uniform with other federal legislation, such as the Criminal Code, a great deal of work will have to be done.

We also were fortunate enough to have the Honourable Mr. Justice Pigeon appear before our committee. He spoke specifically to the French version of the bill which, I think it would be fair to say, he found deplorable in its original state. However, even before he appeared before us the department was already working on a new version which will incorporate, we hope, better language as well as better provisions.

It will be noted that we have recommended that during the revision—which, we understand, the department will be working on this summer—the officials take advantage of the many offers that were made to them by the Canadian Bar Association, and by other professionals and experts, to assist them in the actual drafting or consideration of various provisions in the bill. Honourable senators do not have to be told how useful and beneficial it is to engage the services of professional people and experts because we have done it on many occasions, and in the long run it has saved time and money, not only for the government but also for the public.

The Minister of Justice has been kept informed of the hearings before our committee, and has co-operated with us fully. He indicated that he will be studying with his department all the recommendations that have been made. I anticipate that when a new version of this bill is presented, it will certainly bear the fruit of much of the work that has already been done by this committee, and we will look forward to making another careful study of it at that time.

[*Translation*]

Hon. Martial Asselin: Honourable senators, on second reading, the Official Opposition gave its support in principle to a bill of this type. We were aware of this after consulting with provincial attorneys general, and we had come to the conclusion that a standard evidence act should be adopted by the Canadian Parliament. As the committee Chairman has said—and I would like in passing to congratulate her on the very patient and able manner in which she chaired that committee—the committee tackled its task in earnest. We heard many experts and specialists in evidence law, such as university professors and retired judges, who not only told us about the defects of this bill, but who also praised some positive elements of the bill now before us.

The most significant submissions were made by the Canadian Bar Association and the Bar of the Province of Quebec. The Canadian Bar Association especially made a very careful clause by clause analysis of the bill and raised such important objections that we concluded that the defects contained in this bill had to be corrected.

The Bar of the Province of Quebec pointed out among other things that the Evidence Act did not apply in the same way to civil and to criminal matters. It was even suggested that we might divide this bill into two parts to deal separately with the Evidence Act as it applies to the Civil Code and to the Criminal Code. What really struck me in the studies on the shortcomings of this bill is that we ended up by concluding that if we were to adopt the bill as it was, an accused would not have much of a chance to plead his case before the courts. We were aware of course that the Crown must defend the rights of society. But an individual also has rights which must be protected when he is defending himself against an accusation. The defence counsels in criminal law who appeared before the committee did say how important it was for us to keep the rights of individuals in mind when studying such a far-reaching piece of legislation, because many of its chapters raised new points of law. I would remind honourable senators that banking institutions came to discuss how computer print-outs might be accepted as prima facie evidence.

We should also talk about the security systems within those financial and banking institutions so as to know how such evidence might be presented by a responsible and competent person who would say to the court: Here is what the computer has to say, and that ought to be taken into consideration by the court.

We also had to discuss how an individual pleading his case against a financial or banking institution might defend himself if he were faced with prima facie evidence such as computer print-outs brought before the court.

Those are all important legal aspects which were debated before the committee, but we of the Official Opposition will accept the report presented by the chairman. We hope that during the summer recess the people who appeared before the committee and the associations of legal experts will co-operate with the officials of the Department of Justice with a view to drafting a bill which will be more acceptable, closer to reality and consistent with the evidence we have heard. That is why the Official Opposition will support the committee report.

The Hon. the Speaker: Since no other senator wishes to take part in this debate, we will consider it closed.

• (1520)

[*English*]

THE ESTIMATES 1983-84

CONSIDERATION OF INTERIM REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the interim report of the Standing Senate Committee on National Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1984, which was presented on Tuesday, June 14, 1983.

Hon. Douglas D. Everett: Honourable senators, recently I presented the interim report of the National Finance Committee on the main estimates, and it was printed as an appendix to the proceedings of that day. As a result honourable senators have had an opportunity to read it.

Hon. Duff Roblin (Deputy Leader of the Opposition): What was the date, please?

Senator Everett: I would have to look that up for you. Do you wish me to do that?

Senator Roblin: I do not want to interrupt you.

Hon. Charles McElman: It was June 14.

Senator Everett: I would remind honourable senators that about a year ago the Senate approved the formation of a Subcommittee on Estimates as part of the Standing Senate Committee on National Finance. That committee was appointed by the Senate under the chairmanship of Senator Doody. Therefore, this is the first year that the subcommittee has handled the estimates.

Honourable senators, I really stand here in the wrong place. Senator Doody should be making his address to the report. However, he has indicated that he wishes to be a little more critical in his remarks than I may wish to be and, therefore, he would rather that I handle the first discussion on the report.

I congratulate the members of the committee, especially the chairman, Senator Doody, and also Mr. Jeff Greenberg of the Parliamentary Centre, who acted as the study director, for an excellent examination of the main estimates and, I believe, an excellent report.

If you read the report, honourable senators, you will see that it indicates that a considerable amount of progress has been made in stabilizing the Canadian economy. The annual inflation rate, recently reported, has dropped to 5.4 per cent and, indeed, the May over April figures indicate an annualized rate of inflation of 4.25 per cent. The rate of inflation is down and appears to be, at this time, dropping.

Unemployment has dropped from 12.8 per cent to 12.4 per cent—a slow drop, indeed, but nonetheless it is going in the right direction. As the economy expands, I think we can have confidence that unemployment will drop further.

The growth in the gross national product in the first quarter is 3.4 per cent in nominal terms and 1.8 per cent annualized in real terms. To put that in context, one has to recognize that for the five quarters prior to that the gross national product in Canada had been negative, not positive. Therefore, the rebound that is taking place is, indeed, taking place faster than was originally expected.

When we look at the exchange rate we find that the Canadian dollar is up against most other currencies and, in fact, has held fairly steady even with the U.S. dollar. It has done this, interestingly, while the spread in interest rates between the United States and Canada has been reduced. At the present time 30-day commercial rates in Canada are about one-quarter of one per cent above those in the United States; and long-term corporate rates have dropped from a spread between Canada and the United States of 2½ per cent to one-half of one per cent at this time. This has happened without a decrease in the exchange rate.

This "happier"—and I say that conditionally—state of events was achieved by a steady reduction in the money supply over a long period of time and by the willingness of the government to accept the flak of high interest rates, high unemployment, and a reduction in economic growth—a difficult thing to do, but that, after all, is what governing is all about.

• (1530)

During that period there was, of course, an expansionary budget, which in fact ran contrary to the setting of monetary policy. It is important to note, however, that, despite that expansionary budget, the deficit was not monetized and therefore, as I will attempt to show later, did not contribute to inflation. In fact, the expansionary budget mitigated the painful effects of the slowing economy on those who could least protect themselves. The final element was the six-and-five policy, which applied the reality that was being achieved in the marketplace to the government sector.

What were the critics of government policy suggesting? What did they say the settings should have been? If I recall correctly—and I think I am accurate—they were against the six-and-five policy; they suggested that we should expand the money supply, that we should balance the budget, that we should lower interest rates and that we should let the exchange rate drop. The undoubted result of that would have been a much larger than contemplated drop in the exchange rate. I think at the time they said that if we allowed interest rates to come down by 2 per cent, the exchange rate would have come down by 6 or 7 per cent. It is pretty clear that, had that policy been followed, we would have been involved in a much, much lower exchange rate than we have today and one lower than that which was predicted by those who suggested that policy. If the effect of that lower exchange rate were combined with their suggested increase in the money supply, we would have been faced with a very high inflation. Had the critics' policy been followed, interest rates indeed would have dropped for a time, but as inflation took hold and was driven to new highs, so would interest rates have been driven to new highs. People would have suffered more under that suggested policy than they have under the policy that has been followed. It was difficult and required a great deal of patience, but the government, in this case, did the right thing and had the political fortitude to stick with it. The result we face today is an economy that is prepared for real growth so that the benefits will not be destroyed by the effects of inflation.

In the report of the subcommittee, one of the areas that was examined and is of great concern to people who view the economy today is that of budget deficits. For the year ending March 31, 1982, the federal deficit was $21.1 billion. For the year ending March 31, 1983, the federal deficit is $25.2 billion, and for the year ending March 31, 1984, it is estimated to be $31.3 billion.

The important issue respecting a deficit, in economic terms, is whether or not it is being monetized. In other words, is its size so great that the central bank is forced to increase the money supply in order to accommodate it? This is not happening, and I quote the Governor of the Bank of Canada in saying that it is not happening yet. That word "yet" is very important.

Another problem with the deficit which has been of concern to people is whether or not there is crowding out; that is, competition between the government and the private sector for the available funds. Crowding out is not happening at this

point because there is an astonishingly high savings rate in Canada. In addition, there is, of course, reduced activity and reduced requirements for funds in the private sector.

Honourable senators, the deficit has two components. First, it has a cyclical component, which is composed of those stabilizing elements of government spending such as unemployment insurance, which increase expenditures when the economy is operating below capacity, and revenues, which, of course, are reduced when the economy is operating below capacity. The other element of the budget deficit is the structural component, which is what is left after the cyclical component has been removed.

How large is the structural or continuing element of the deficit? At March 31, 1982, the deficit was $22.1 billion and represented 6.3 per cent of the gross national product. The structural element of the deficit at that time was 3 per cent of the GNP; that is, almost half of the 6.3 per cent.

When we deal with the cyclical and structural elements of the budget, we come to the concept that is known as full employment budgeting. This is a means of telling whether at a particular time a budget deficit is stimulating the economy. The deficit is stimulative if, at full employment, it still exists. The Department of Finance use an unemployment rate of 6.3 to 7 per cent in order to determine this fact. They do not call it the full employment rate, but use the euphemism "the average rate of labour utilization." However, I choose to call it the full employment rate. If we estimate the gross national product in 1983 to be $374.5 billion and use an unemployment rate of 6.3 to 7 per cent, even then our deficit would be 3.1 per cent of that gross national product. So we come to the conclusion that the deficit is stimulative.

We then have to look at whether or not that deficit has been damaging to the economy. In one way, honourable senators, it has been damaging to the economy. It has certainly made the economy less responsive to monetary policy; there is no question of that. However, as I said earlier, it did help mitigate the effects upon the less protected members of society of the downturn in the economy caused by the restriction of monetary growth. Indeed, when the economy went into recession, fiscal policy was correctly set at that point to stimulate the economy back towards a reasonable rate of growth. The deficit was not monetized and there was no crowding out.

I would say, therefore, that on balance the effect of the deficit was probably good. In future, however, the effect might be quite different. I believe that a good deal has been achieved by the recent economic policies of the government and the central bank, but there are some very disquieting signs on the horizon. They arise mainly out of the fact that expectations of continuing inflation are still deeply embedded in people's psyches. People say to themselves that inflation is licked, but deep down, if you probe, it will be found that they believe the price of land, paintings, collectibles and goods are going to go back up again. Superficially they will tell you inflation has been licked, but deep down they believe that there is going to be inflation in the future. I think that makes people less resistant to price increases. In fact, if there are price increases they react to them by increasing their rate of acquisition. In other words, under this situation of continuing expectations an increase in the money supply can be translated into a nominal growth of GNP rather than a real growth, and, of course, the difference between nominal and real is the rate of inflation.

● (1540)

Then we have to deal with whether or not the money supply is being increased. First of all, we have the problem in the world economy of liquidity. We have the incredible size of the non-performing loans of banks in Canada and the United States. I do not have the exact figure, but I believe the Royal Bank reported in its last quarterly report that its non-performing loans (loans on which the interest is not being paid and no repayment is being made) at the present time run between $2 billion and $3 billion. That is for one Canadian bank, and that is repeated in all the Canadian banks, and I would think in the majority of the American banks. We all know the situation with the less developed countries in respect of their international loans. The estimate is that they now have $700 billion to $800 billion of loans, most of which are non-performing. This is of considerable concern to anybody who looks at the economy, and I for one believe that it is having a real effect on the settings of monetary policy in Canada, the United States and throughout the world.

I believe that the central banks are afraid to carry on anything less than a fairly expansionary, and maybe a highly expansionary, monetary policy because of this liquidity problem. I believe that they got to the point in their restrictive monetary policy where they realized that if they went any further they were in danger of causing major defaults and a world-wide depression, and so they reversed that policy.

Indeed, monetary policy appears to be highly expansionary. Now, it is difficult to tell, because we have abandoned the publishing of monetary targets in both Canada and the United States. We did that because they were supposedly unreliable. My reaction is that the central banks must use some target figures, and I cannot believe that they are so arcane that they cannot tell people what their target is and how they are doing in achieving it. That raises the suspicion in my mind that the central banks are confronted with a liquidity problem; they want to expand the money supply at a higher rate, and they do not want to have to explain that fact by virtue of having a target.

At the present time, on the latest figures M-1 in Canada is growing at 8.6 per cent a year, and M-1A at 13.2 per cent, considerably above the targets at the time they were abandoned. That is despite the fact that when the central bank abandoned the target Mr. Bouey said that the target was unreliable because it understated the actual situation. Well, if it understated it, then 8.6 per cent on M-1 and 13.2 per cent on M-1A are even higher than they appear. The answer when you confront them with that, as we did Mr. Drabble in committee the other day, is that the public is keeping larger money balances in a period of lower interest rates. Obviously, if the public keeps higher money balances, that increases M-1 and reduces the other aggregates such as M-2 and M-3. So

they are just saying there is a transfer of funds because the public is willing to keep higher money balances in a period of lower interest rates. But interest rates are not that low. Historically they are still pretty high. Secondly, we have gone through a period when the public was trained to get interest on its balances, and I do not believe for a moment that they have given that up and have suddenly started putting their money in current accounts and not getting a return on it.

I am therefore very suspicious of this business of the central bank abandoning monetary targets and trying to explain it away by saying that they are not reliable or that the public all of a sudden is keeping larger money balances. I contend that there are evidences that the money supply in Canada and the United States is growing far faster than it should be, and it is not in the best interests of the economy. It may be that the central banks have no control over it, but that in fact is what appears to be happening.

I did say that the deficit was not a problem in the past. I believe the deficit could become a real problem in a revived economy. The Department of Finance estimates that by 1987 the deficit will still be 3 per cent of the gross national product even though the economy is growing rapidly. I have seen an estimate which indicates that in the United States the deficit in 1987 will be 5 per cent to 6 per cent of the gross national product.

One of the things that we were depending on in Canada to reduce the deficit was energy revenues. We thought that that would put us on side—tremendous revenues flowing to the federal government as a result of the negotiations with Alberta and the National Energy Policy. It is interesting to note, as we say in the report, that the expected federal revenues from energy between 1981 and 1986 were figured to be $38.8 billion. Based on the April 1983 budget it now appears that between 1981 and 1986 they are going to be $13.8 billion, which is a reduction in revenue of $25 billion. Unless there is a big change we shall not be able to depend on energy taxes to overcome our deficit.

This deficit could cause one of two things to happen. There could be a competition for funds as the economy revives. Here is the government sector requiring some $31.3 billion in 1984, and a revived private sector requiring money for capacity expansion and for other reasons. There could be a competition for funds, which could result in high interest rates. Or, what is more likely to happen, there could be monetization of the deficit in order to avoid that competition; in other words, another even more egregious, increase in the money supply, thereby setting off an inflationary trend. And one must remember that if we increase the money supply today, it will be 18 months before the total effect of that increase will be realized in the economy.

• (1550)

So I congratulate the government and the central bank on what has been achieved; but I am concerned that because of the deficit and the monetary policy that seems to be in place at the present time, we are in danger. Everyone is talking about the fact that the economy will be slow to rebound. If we look at the figures, we find that the economy is rebounding at the same rate as in the United States, on track with every other comeback from a postwar recession.

In committee we were terribly disquieted by the Minister of Finance who said that the effect of expansionary monetary and fiscal policies is not a matter of concern because of the low level of utilization of industrial capacity and the high unemployment rate. Honourable senators, that is what we have said every time at this stage in a rebound from a recession, that because utilization of industrial capacity is low, and the unemployment rate is high, we can stimulate the economy and not run the risk of generating inflation.

There is no question that increase in the money supply, whether caused by liquidity problems, a political desire to get the economy going again or the size of the deficit, will go into the economy. It goes to either real growth or to inflation. Today everyone is saying "You don't have to worry about it. Look at wage settlements. They are only running around 5 per cent to 7 per cent". Honourable senators, they are no guide. Wage settlements, as His Honour the Speaker will tell you, are a lagging indicator. The working men, the labour unions, react to inflation late, not early.

We have achieved a great deal in this economy at the cost of a great deal of pain, and I am concerned that the present policies that are in place—not only here but also in the United States—could destroy everything that we have achieved, and we could very easily find ourselves in virulent inflation in the next year or two.

Hon. Ernest C. Manning: Honourable senators, may I ask Senator Everett a question? In an earlier debate he pointed out that the formula for calculating inflation in the United States is different from that used in Canada and that under a comparable set of circumstances the Canadian formula indicates a higher rate of inflation than the American formula. Does the honourable senator have any figures to indicate what the present Canadian rate of inflation would be if computed on the same formula as the American system? A figure of 5.4 is the Canadian formula. What would it be under the American formula?

Hon. Jacques Flynn (Leader of the Opposition): Nil.

Senator Everett: Honourable senators, I do not believe anyone has any accurate quantification of that figure. It is not that our method of determining the consumer price index results in a lower figure than in the United States, but that ours is less sensitive to the changes that are taking place. First, the Americans take a monthly inflation rate and annualize it to the twelfth power. Our inflation rate is the annual difference over a period of one year. In addition, in connection with the housing statistics in America, which represent a large component of the consumer price index, I believe they take the mortgage rates that exist for that month, whereas we take mortgage rates that are amortized over a five-year period. It means that when inflation is dropping, Canada will appear to have a higher inflation rate than the United States. It is also true that when inflation goes back up again, Canada again will

lag and at that stage will appear to have a lower rate of inflation than the United States. I know that Statistics Canada considers that its method is the better one, and, indeed, I believe that the Americans are giving serious consideration to changing to a similar method. However, our method of calculating does not mean that our rate is always higher than the American rate. It is simply that due to the way we calculate it we lag behind them.

When Dr. Courchene appeared before our committee he indicated some difference, but I cannot say for certain what it was. I believe that even Governor Bouey, when he appeared before the committee, at a time when inflation rates were considerably higher, indicated that at one point the rate might be 3 per cent or 4 per cent less in Canada if it were calculated on the American method. That was at a time when interest rates were falling quite precipitously. It is almost impossible to calculate it, because it is changing all the time.

Hon. John M. Godfrey: Honourable senators, I have a question for the honourable senator, which is inspired by the honourable senator's words of congratulation to the members of the committee for the report. I am a member of the committee, but I did not see the report until after it was presented to the Senate. I mentioned that fact to Senator Everett at the time. Therefore any acceptance of credit for the report on my part would be under false pretenses, since I had not seen the report, although in committee I moved that we report to the Senate or that a draft report be prepared. My question is: Do the other members of the committee deserve the honourable senator's congratulations? Apart from Senator Doody, did any of them see the report, presented by Senator Everett, or a draft of it, even though I did not?

Senator Everett: First, the report was printed as an appendix to the proceedings of the day that I made the report. It was also distributed to every senator on that date. Senator Godfrey is right in that the members of the committee did not see the report before it was presented. I should like to quote from the minutes of the committee for June 7, 1983:

> It was moved by Senator Godfrey and agreed
>
> That a report upon the expenditures proposed in the main estimates be prepared and presented to the Senate.

It is perhaps fair to indicate that there was an oversight. The matter was in the hands of the subcommittee, and they thought the motion gave them the right to make the report without further reference. We have done that in the past, but generally it has been agreed that the report should be left in the hands of the chairman or the steering committee. However, that was not the case on this occasion and the committee implied from Senator Godfrey's motion that it could go ahead and present the report. I have to admit that Senator Godfrey has a point.

Senator Godfrey: I do not deserve the honourable senator's compliments.

[Senator Everett.]

• (1600)

Hon. Ernest C. Manning: Honourable senators, I would like to make a brief comment on the impact of the national deficit, to which Senator Everett has referred.

First, I congratulate him on the address he has given this afternoon. It was a very thoughtful analysis of the financial problems and the economic situation as they prevail in this country today. He has underscored, not merely some of the present indications of economic recovery, but the fact that in that recovery there are very latent dangers that may arise in the future to which we should not shut our eyes.

I call honourable senators' attention to one of the characteristics of our national deficit, which is cause for very deep concern. Very often you hear comparisons between the deficits of the United States government and the deficits of the Canadian government. If the comparison is made on the basis of population, the American deficit, which is running about $200 billion this year, is roughly equivalent to $21 billion in Canada where we have approximately one tenth of the population and a much smaller overall economy. What is often overlooked is that while our deficit on a population basis is even more severe than that confronting the United States, the great bulk of the U.S. deficit arises from its defence program.

The United States defence program this year will cost in the vicinity of $265 billion. Theoretically, if the United States spent only $65 billion on national defence they would have a balanced budget. I say "theoretically" because, obviously, with expenditures of that kind you cannot turn them on and off like a tap. Nevertheless, the huge U.S. deficit of $200 billion is still significantly less than their total annual expenditures on national defence alone.

While Canada's deficit is higher than that of the United States on a per capita basis, our expenditures on national defence are minimal. That fact directs our attention to a characteristic of our national deficit that is serious because it indicates that the bulk of our national deficit arises from costs which are much more difficult to control than are capital expenditures such as expenditures on national defence. Most of our deficit arises from built-in costs in our social services and domestic programs where the possibility of curtailment is more restricted and far more difficult to deal with than is the case when you are dealing primarily with capital expenditures which can be deferred or cut back without the serious domestic impact that would result from a comparable cut made in expenditures that relate to social services.

To me, this fact is a great cause for concern. We have built up in our country a structure of public expenditures resulting from a very extensive program of social services, which may be very commendable and of which we probably can be very proud, but that does not alter the fact that they carry a very high price tag.

Through the interventionist philosophy of the government of this country we have squandered billions of additional dollars and are committed to billions more as a result of government intervention in many fields which many people feel the govern-

ment has no need to be involved in at all. It is the fact that our staggering deficits are rising largely from these types of expenditures which preclude making a meaningful comparison between our deficit and that of a nation which is spending $265 billion on national defence. We are in a much more vulnerable position. I could not agree more with what Senator Everett has said, that while our deficit may be manageable now, it has in it characteristics which down the road may lead us into very serious trouble, unless both the size of the deficit and the major factors creating the deficit are recognized and remedial steps are taken soon.

Hon. George van Roggen: Honourable senators, I would like to ask Senator Everett one question relative to the size of the deficit in Canada. Did the committee hear any testimony as to the sum total of the federal deficit when coupled with the provincial deficits, as opposed to the total of the federal and state deficits in the United States? I believe that the sum total of provincial and federal deficits in Canada is proportionately greater than the total of the U.S. federal and state deficits.

Senator Everett: Honourable senators, there was some examination of the total deficit of the federal, provincial and municipal governments in Canada as related to the gross national product, and how much of that total deficit is structural, cyclical and, in general, how it relates to the estimates of the gross national product for the next few years. I do not believe a comparison was made with the United States on that basis. However, I shall obtain whatever figures I can for the honourable senator and send them along to him.

On motion of Senator Macdonald, for Senator Doody, debate adjourned.

HISTORIC ANNIVERSARIES

BICENTENNIAL CELEBRATION OF THE ARRIVAL OF THE UNITED EMPIRE LOYALISTS—SAINT-JEAN-BAPTISTE DAY—DISCOVERY OF CANADA—DEBATE ADJOURNED

Hon. Peter Bosa rose pursuant to notice of Monday, June 27, 1983:

> That he will call the attention of the Senate to three historic anniversaries: (a) the bicentennial celebration of the arrival of the United Empire Loyalists; (b) Saint-Jean-Baptiste Day; and (c) the discovery of Canada.

He said: Honourable senators, I should like to draw your attention to a very important event in the history of Canada taking place this year, the bicentennial anniversary of the arrival in Canada of the United Empire Loyalists. I should also like to draw to the attention of honourable senators the historical importance of two anniversaries which occur on June 24—the proclamation of St. John the Baptist as the patron Saint of French Canadians and the first landing of Giovanni Caboto somewhere on the Atlantic Coast of Canada in 1497. I should like to say a few words about each one of these anniversaries. They will help us understand the duality of Canada and the multicultural nature of Canada's ethnic structure.

First, I shall say a few words about the United Empire Loyalists. As is well known, the Loyalists were residents of the American colonies during the events which led up to the rebellion there in 1775. They supported the Crown throughout the War of Independence and, this war having been lost, either chose or were driven to immigrate to the British colonies of Quebec, which then included Ontario, and Nova Scotia, out of which New Brunswick was later formed.

• (1610)

The Loyalists came from all classes of society, although the rich, the urban, the official, and the conservative contributed disproportionately to their ranks. While they all had a common allegiance to the British Crown, it is a mistake to assume that all the Loyalists were British in national origin. They were not; although the British naturally predominated, many would have considered themselves dissenting Americans, while others were of German or Dutch extraction.

Great Britain's Indian allies also deserve the designation Loyalist. They, too, stood by the Crown in its war with radical republicanism, and in its aftermath many of them were forced to give up their traditional homeland south of the Great Lakes and to resettle in what was to become Canada. In the past, we have given all too little prominence, in our histories and celebrations, to the role played by Britain's Indian allies in the American War of Independence, and in the defeat of American efforts to spread their political ideas to Canada by force of arms, most particularly in the War of 1812.

In order to commemorate the arrival of the Loyalists in Canada two hundred years ago, ceremonies will be held in New Brunswick this year and in Ontario next year. The celebrations in New Brunswick have already begun although the main ceremonies will not take place until later this summer.

I am sure that honourable senators on both sides of the house will join me in paying tribute to the Loyalists, a sturdy, stable, industrious and creative group of immigrants who came to Canada when the country badly needed additional settlers if she was to continue to hold the northern portion of the continent separate from the United States. Their coming led to the formation of the provinces of Ontario and New Brunswick and accelerated the development of responsible government in the years to come.

In the course of my research I have also discovered that in this chamber there is at least one descendant of the United Empire Loyalists—Senator Duff Roblin. Even more startling, my research revealed that one of Senator Roblin's ancestors was Cesare Alberti, who came to North America in the year of Our Lord 1640 on a Dutch ship named *Koning David*, which means "King David". How the name of Cesare Alberti was transformed into Duff Roblin I can't explain.

Hon. Duff Roblin (Deputy Leader of the Opposition): Neither can I.

Hon. Jacques Flynn (Leader of the Opposition): There are many things we cannot explain.

Senator Bosa: I am, however, a great admirer of Senator Roblin and I was so even before I discovered that our respective ancestors might have had an ethnic affinity. I admire Senator Roblin for his oratorical skills. Oh, how I wish I could articulate my ideas with the same clarity and ease as he does. Senator Roblin has a vast and comprehensive knowledge of so many intricate and complex subjects. I admire his dignified comportment in this chamber. Senator Roblin is a real credit to the Senate. Obviously, he has inherited all these positive characteristics from his ancestors. Cesare Alberti was a pioneer and must have possessed many positive qualities, but it is quite possible that he might also have been a little politically misguided, a condition that has obviously filtered down through his descendants.

It is also fitting that I draw the attention of honourable senators to the fact that French Canadians and those of French Canadian descent all over Canada and North America have celebrated on June 24 the festival of St. John the Baptist. Initially a popular festival of very early summer, St. Jean Baptiste day became by the mid-19th century a national as well as a religious celebration, symbolizing both the pride of Canadians at having discovered, explored and settled a vast continent and their determination to maintain a healthy, creative and progressive French-speaking civilization here in North America.

The French settlers of the seventeenth century brought with them to the shores of the St. Lawrence the customs of the regions they came from. In 1636, the Relations des Jésuites told of the fires of St. John, a regular phenomenon during the entire period of New France, accompanied by religious ceremonies consisting of sacred hymns and prayers. Unaffected by the British conquest, the custom has remained a part of a number of popular festivities celebrated by the descendants of these settlers. At that time, however, there was no particular patriotic connotation.

On June 24, 1834, a banquet organized by Ludger Duvernay took place on rue Saint-Antoine, in the garden of a barrister named John McDonnell: sixty people attended the gathering. Among the speakers that day were Jacques Viger, Mayor of Montreal, who presided over the banquet, and Louis-Hippolyte Lafontaine. An account of the banquet, published in *La Minerve* on June 26, mentioned 25 toasts, the first of which was "to the people, the source of all legitimate authority". The celebrants proclaimed St. John the Baptist the patron saint of the French Canadian people and decided as well to celebrate his birthday every year. The newspaper *Le Canadien* underscored the aptness of this official recognition given to the saint.

An act of Parliament assented to in 1849 made the association Saint-Jean-Baptiste de Montréal a civil corporation. The statutes and by-laws adopted on February 28, 1878 ensured the association's smooth functioning. Contained in these statues were the group's main objectives:

1. To unite all Canadians;

2. To provide them with a reason to come together, and the opportunity to fraternize and become better acquainted;

3. To cement the unity that must prevail between members of the same family;

4. To promote, through every legitimate means, the national and industrial interests of the Canadian people and, in particular, those of the members of the Association;

5. To create, through annual subscriptions, a fund that will be used for charitable works, to aid members beset by adversity and illness, and provide proper burial for those among them who die in poverty;

6. And finally, to encourage all who will belong to practice mutually all that which honour and brotherhood prescribe to children of the same nation.

And for the efficacy and prosperity of its work, the Association places itself under the protection of the great St. John the Baptist, whom it has adopted as patron and whom it will solemnly honour on the 24th of June each year.

In 1977 St. Jean Baptiste day was decreed by the association as the national holiday which is known as the Fête Nationale des Québécois. We all join in wishing French Canadians a belated but sincere "bonne fête".

June 24 is also the anniversary of the date on which Giovanni Caboto made his first landfall somewhere on the Atlantic coast of Canada, most probably in the vicinity of Cape Breton, and then continued to explore the shores of Labrador and Newfoundland. Since he was in the service of King Henry VII, he claimed these lands in the name of the English Crown, thus establishing an early British claim to North America.

Yet it is not well known that Giovanni Caboto was an Italian from Venice since he is usually referred to by the anglicized version of his name, John Cabot, or as Jean Cabot, in Canadian history textbooks.

The Canadian Historical Sites and Monuments Board is considering erecting two identical plaques to commemorate this historical event, one in Cape Breton and the other in Newfoundland as it is not proven where he landed first. I should like to congratulate the members of the board for this initiative. There should be more recognition given to the pioneers who discovered, explored and developed this country.

● (1620)

I have one great regret, though, about the decision made by the Historical Sites and Monuments Board. Giovanni Caboto never changed his name to either John Cabot or Jean Cabot. Notwithstanding the documented evidence that I have made available to the board, the members have decided to phrase the wording on the plaque in such a way that would lead one to believe that Caboto had, in fact, changed his name. I regret this very much and I hope members of the board will, in their wisdom, see the merit of reconsidering their decision before the unveiling of the plaques.

Honourable senators, I believe that we, as Canadians, do too little to honour our nation's founders and early pioneers. There are statues here and there, sometimes a small museum dedicated to one particular individual, a few local and national celebrations, but there is very little done on a country-wide basis. Hockey has its Hall of Fame to honour the players, coaches and managers who have contributed most to the development of the game, so have baseball and football, but we lack any real equivalent dedicated to the graphic depiction of the exploits of early Canadians.

A new Museum of Man or Hall of the Pioneers is long overdue, but there is an even greater need for a museum dedicated to the memory of early Canadians, to the Indians and Inuit, to the early European navigators who first explored our coastlines, to the explorers who penetrated inland, and the settlers from many of the world's nations who cleared the fields and established a new society.

While a major, centrally-located collection dedicated to our founders is important, it is equally if not more important that we arrange for smaller travelling displays. Canada is a vast country, and wherever we locate our major museums, they will not be readily accessible to most Canadians. This helps to discourage our learning about other regions that may be thousands of miles distant from our homes. The problem is particularly great for young students in smaller communities who may not have access even to regional collections to supplement their Canadian studies. The provision of travelling displays compact enough to be set up in local schools, municipal offices and even meeting halls could do much to enrich the education of our children and to knit our communities closer together. Larger travelling displays could also be put together for showing at regional museums.

Honourable senators, I do not believe we should wait another two hundred years to do greater honour to our nation's founders and pioneers. The time to begin is now. The federal government has a legitimate constitutional role in promoting national unity, interprovincial and inter-regional understanding. It has an equally important interest in promoting greater understanding among the many ethnic groups who, together, constitute our cultural mosaic, and in illustrating their role in the exploration and settlement of the country.

As we approach Canada Day, July 1, let us give serious consideration to honouring Canada's founders and pioneers in a way that all Canadians will identify with and cause us to feel a sense of pride in our history.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Bosa tells me that it is possible that some other senators may wish to speak on this debate, so I shall move its adjournment for at least one day in order to give them an opportunity to participate.

On motion of Senator Frith, debate adjourned.

INDUSTRIAL AND REGIONAL DEVELOPMENT

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-165

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I move motion No. 2 standing in my name, I would ask leave of the Senate to change "Standing Senate Committee on Banking, Trade and Commerce" to "Standing Senate Committee on National Finance".

The reason I ask that that be done is that the National Finance Committee did a special study on regional economic expansion, and I think it would be a more appropriate committee to deal with this bill than the Banking, Trade and Commerce Committee. If I have that leave, I will move the motion, and then comment.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Frith: Then, I move:

> That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-165, intituled: "An Act to provide for financial assistance for industrial development in all regions of Canada", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Honourable senators, if I may explain, the plan is to have a meeting of the committee tomorrow morning at 9.30, and the intention is that the minister will appear.

There are two other motions standing in my name—

Hon. Duff Roblin (Deputy Leader of the Opposition): Perhaps I may interrupt my honourable friend to ask him whether it is necessary for this committee to meet at 9.30 tomorrow morning. As the deputy leader well knows, there are other obligations which members of the Senate have on Wednesday mornings. It would, however, be possible to have this committee meet later on in the morning, say at 11 o'clock, but 9.30 o'clock is not suitable.

I would also point out to him that, as yet, we have no indication of a firm nature that the bill will, indeed, be considered by the other place in toto either tomorrow or the next day, and if that is not done tomorrow, it will not be done at all. Does the Deputy Leader of the Government have any information on the status of this bill in the other place that would lead him to think that we will get it for consideration before the end of the debate tomorrow? If he has such information, I would be glad to hear it.

In any event, I suggest to him that the time of 9.30 a.m. is ill-chosen.

Senator Frith: Honourable senators, that time was chosen after consultation with the chairman of the committee and consideration of the information I had as to the availability of the minister. If the time of that committee meeting can be changed to 11 o'clock, I will leave that to the chairman and the other members of the committee—

Hon. Jacques Flynn (Leader of the Opposition): The House will be sitting tomorrow at 11.00 a.m.

Senator Frith: I was merely announcing the plan, and if it creates some problems, we will have to try to adjust it. Perhaps Senator Everett has something to add to that, but before I sit down I shall give you some further information that I have. The bill is now before committee in the other place. They are dealing with some amendments and expect to give it third reading tomorrow by 1 o'clock.

Senator Flynn: Eleven o'clock would be fine.

Hon. Douglas D. Everett: Did the honourable senator say that the other place was sitting at 11 o'clock tomorrow?

Senator Flynn: Yes. Under their present rules they sit from 11.00 a.m. until 11.00 p.m., except for the lunch break.

Senator Frith: That is why I expect it will receive third reading at 12.45 p.m.

Senator Everett: That means, then, that there are no national caucus meetings tomorrow?

Senator Flynn: Yes, from 9.30 a.m. until 11.00 a.m.

Senator Everett: The other option presented to me was that the committee might meet at 8 o'clock this evening.

Senator Roblin: Speaking for myself, I have no objection to meeting at 8 o'clock tonight.

Senator Everett: In that case, I will inquire if the minister can be available for 8 o'clock this evening.

• (1630)

Senator Flynn: I said one or the other.

Senator Everett: I will then excuse myself and determine whether the minister is available for 8 o'clock this evening.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps I can make a general comment as to what legislation I think we are probably looking at for this week. All I am doing is sharing with honourable senators the information I have and my opinion based on that information.

I think there is still a good chance that we will receive three bills, one being the one just referred to, Bill C-165; another being Bill C-163, respecting the establishment of the Canadian Aviation Safety Board. I shall move that the Standing Senate Committee on Transport and Communications be authorized to study the subject-matter of Bill C-163. That bill is also scheduled to be voted on at third reading by 1 o'clock tomorrow. That is my understanding, but I am unable to say whether that is a house order or a state of the agreement at the present time.

We also expect to receive Bill C-159, respecting the Tax Court of Canada and the Judges Act. As I said last evening, there is a distinct possibility that that bill will be split into two.

[Senator Frith.]

So, there is a possibility that we may receive Bill C-163, Bill C-165, Bill C-159 and Bill C-149, to amend the Freshwater Fish Marketing Act. I see an old salt, Senator Murray, shaking his head. I take it he thinks that it is unlikely we will receive a bill about freshwater fish. In any event, I am going to move that the Standing Senate Committee on Banking, Trade and Commerce be authorized to study its subject-matter.

On the basis of the information I have now, the other bills that are in play, if I may use that expression, are much less likely to be referred to the Senate tomorrow.

AVIATION SAFETY

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO STUDY SUBJECT-MATTER OF BILL C-163

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of yesterday, moved:

> That the Standing Senate Committee on Transport and Communications be authorized to examine and consider the subject-matter of the Bill C-163, intituled: "An Act to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto.

He said: Again, honourable senators, the information I have is that third reading of this bill is likely to be voted on by 1:00 p.m. tomorrow. That means that we will receive it sometime tomorrow afternoon. Whether the Senate will be in a position to pass it, or whether the committee will be in a position to study the subject-matter of the bill, are matters that we will have to see the development of, but I ask that the committee at least have that authority.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in addition to the three bills I have just referred to, Bill C-159, Bill C-163 and Bill C-165, there is also the possibility that we may receive Bill C-149, but as far as the others are concerned, I think the possibilities are less likely.

Hon. Jacques Flynn (Leader of the Opposition): We will wait until tomorrow to see what happens respecting amendment of the Freshwater Fish Marketing Act, because the committee will not be in a position to deal with that bill tomorrow, I am quite sure.

Senator Frith: I do not want to force the issue. I gave notice of this motion yesterday, but if—

Senator Flynn: If there is need we can adopt that motion tomorrow afternoon.

Senator Frith: Then I shall ask that the motion that the Standing Senate Committee on Banking, Trade and Commerce be authorized to study the subject-matter of Bill C-149 stand until tomorrow.

It appears that Bill C-95, an act to provide for government operated pool systems, is fading as a possibility. Yesterday we gave the Standing Senate Committee on Health, Welfare and Science authority to study the subject matter of that bill. Therefore, to complete that picture, although it may turn out to be a *brutum fulmen*, I think we should give that committee authority to meet tomorrow while the Senate is sitting.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Health, Welfare and Science have power to sit while the Senate is sitting tomorrow, Wednesday, 29th June, 1983, and that rule 76(4) be suspended in relation thereto.

Hon. Duff Roblin (Deputy Leader of the Opposition): I require some clarification, honourable senators. We are talking about the gambling bill, are we?

Senator Frith: Yes.

Senator Roblin: Is there not a committee meeting scheduled for 1 o'clock tomorrow afternoon with respect to that bill?

Senator Frith: Yes. I am now requesting that the committee have power to sit while the Senate is sitting.

Senator Roblin: I see. The Senate sits at 2 p.m., the committee is scheduled to meet at 1 p.m., and you want to cover all possibilities.

Senator Frith: Yes.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO TRAVEL OUTSIDE CANADA

Hon. George van Roggen, pursuant to notice of Monday, June 27, 1983, moved:

> That the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate on 16th June, 1982, to examine and report upon Canadian relations with countries of the Middle East and North Africa, be empowered to travel from place to place outside Canada for the purpose of such examination.

He said: Honourable senators, by way of explanation, and before the question is put, I should mention that approximately one year ago, when the Senate authorized the Standing Senate Committee on Foreign Affairs to undertake a study of Canada's relations with countries of the Middle East and North Africa, there were one or two comments of levity in the Senate. As I recall, one senator asked how he could get on the committee, and another said, "When do we leave?"

Since that time, the committee has conducted a continuing series of in-depth studies on the subject. I, as the chairman, and indeed the steering committee and the committee itself, have given a great deal of thought to the need for travel relative to this study, and the obvious problems confronting a committee of this size in travelling. We were persuaded that that was not possible for two reasons, the first being that the whole committee could not undertake travel in the area under study for no other reason, than that it is larger than most committees of the Senate. It was enlarged to accommodate the Subcommittee on National Defence, the members of which have not been active in the study of Canada's relations with the Middle East and North Africa.

The second reason for arriving at that conclusion was that we were persuaded, not only by ourselves but by others we spoke to, that the report of the committee when prepared would lack credibility if we had not been upon the ground at all.

As difficult as it will be to select from among those who have been assiduous in their attendance at the meetings of the committee we have held so far, we have agreed in the steering committee and in the committee itself that a subcommittee be struck so that a small number of the committee members might visit on the ground and there meet with senior people in the governments of the countries concerned so as to give additional weight and expertise to the report.

I might say that for the moment I would leave the actual number and the consequent budget to negotiations between myself and the members of the Standing Senate Committee on International Economy, Budgets and Administration. I might say we are considering at the moment a comparatively small subcommittee attending any travels in that area.

• (1640)

Hon. Duff Roblin (Deputy Leader of the Opposition): Did my honourable friend say ten?

Senator van Roggen: I did not give a number.

Senator Roblin: Did you give a date?

Senator van Roggen: The number ten was used in some preliminary discussions in committee. We have given further thought to the subject in examining costs and so on, and I think I would start by negotiating with the Standing Committee on Internal Economy, Budgets and Administration on a number smaller than that.

Senator Roblin: I am really not trying to get into a discussion on this subject, but I thought the honourable senator said ten. My other question is as to whether he can give us a date.

Senator van Roggen: We have considered the last two weeks of September as an appropriate time to go but there are so many religious holidays, both Moslem and Jewish, at that time that it would be rather difficult to maintain the continuity of our trip, so the date might be in early October.

I discussed this matter with the Minister of State for External Affairs who encouraged us to go on this trip. He is planning a trip there some time this fall and, obviously, the two trips should not coincide or overlap. Therefore, we have to wait until we have some idea as to when he will be going and try to schedule our dates accordingly.

Motion agreed to.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of Monday, June 27, 1983, moved:

Whereas the *Constitution Act, 1982* provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and resolutions of the legislative assemblies as provided for in section 38 thereof;

And Whereas the Constitution of Canada, reflecting the country and Canadian society, continues to develop and strengthen the rights and freedoms that it guarantees;

And Whereas, after a gradual transition of Canada from colonial status to the status of an independent and sovereign state, Canadians have, as of April 17, 1982, full authority to amend their Constitution in Canada;

And Whereas historically and equitably it is fitting that the early exercise of that full authority should relate to the rights and freedoms of the first inhabitants of Canada, the aboriginal peoples; Now Therefore the Senate of Canada resolves that His Excellency the Governor General be authorized to issue a proclamation under the Great Seal of Canada amending the Constitution of Canada as follows:

PROCLAMATION AMENDING THE CONSTITUTION OF CANADA

1. Paragraph 25(b) of the *Constitution Act, 1982* is repealed and the following substituted therefor:

"(b) any rights or freedoms that now exist by way of land claims agreements or may be so acquired."

2. Section 35 of the *Constitution Act, 1982* is amended by adding thereto the following subsections:

"(3) For greater certainty, in subsection (1) "treaty rights" includes rights that now exist by way of land claims agreements or may be so acquired.

(4) Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons".

[Senator van Roggen.]

3. The said Act is further amended by adding thereto, immediately after section 35 thereof, the following section:

"35.1 The government of Canada and the provincial governments are committed to the principle that, before any amendment is made to Class 24 of section 91 of the *Constitution Act, 1867*, to section 25 of this Act or to this Part,

(a) a constitutional conference that includes in its agenda an item relating to the proposed amendment, composed of the Prime Minister of Canada and the first ministers of the provinces, will be convened by the Prime Minister of Canada; and

(b) the Prime Minister of Canada will invite representatives of the aboriginal peoples of Canada to participate in the discussion on that item."

4. The said Act is further amended by adding thereto, immediately after section 37 thereof, the following Part:

"PART IV.1 CONSTITUTIONAL CONFERENCES

37.1 (1) In addition to the conference convened in March 1983, at least two constitutional conferences composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada, the first within three years after April 17, 1982 and the second within five years after that date.

(2) Each conference convened under subsection (1) shall have included in its agenda constitutional matters that directly affect the aboriginal peoples of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on those matters.

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

(4) Nothing in this section shall be construed so as to derogate from subsection 35(1)."

5. The said Act is further amended by adding thereto, immediately after section 54 thereof, the following section:

"54.1 Part IV.1 and this section are repealed on April 18, 1987.

6. The said Act is further amended by adding thereto the following section:

"61. A reference to the *Constitution Acts, 1867 to 1982* shall be deemed to include a reference to the *Constitution Amendment Proclamation, 1983*."

7. This Proclamation may be cited as the *Constitution Amendment Proclamation, 1983.*

He said: Honourable senators, as I mentioned yesterday, the intention is to proceed with this motion concurrently rather than consecutively with the House of Commons. It has already been introduced in that house by the Minister of Justice, and I am informed there is an order there that it will be voted on by 4.45 tomorrow afternoon, but I am not sure that that is accurate. In any event, since we are proceeding concurrently, I am introducing the motion here this afternoon so that we are at least keeping pace with the other place.

Honourable senators, the sponsor of the resolution in the other place is the Minister of Justice, the Honourable Mark MacGuigan, who, as most of you will know, is a former highly respected law professor as well as a very widely respected lawyer. I think it might be on a technical-legal question of this kind presumptuous of me to try to improve on his introduction of the subject in the other house, but I have some of his notes here as well as some of my own.

Hon. Duff Roblin (Deputy Leader of the Opposition): Let us hear your notes.

Senator Frith: I have no intention to parrot his words, but I should like to point out that, essentially, I will be following his analysis and marshalling of the material, although not word for word.

Honourable senators will recognize that this is the first of the resolutions under the new formula for the amendment of the Constitution. The Minister of Justice and many others feel that it is rather fitting that the first one should relate to rights and freedoms of the first inhabitants of Canada, the aboriginal people.

First, what I propose to do is refer to those provisions in the Constitution that relate to aboriginal rights. Secondly, I shall turn to the resolution to see how it is proposed to amend them. Thirdly, I shall make some reference to the Constitutional Conference that was held on the subject. Fourthly, I will explain the effect of each of the suggested amendments and ask for support.

Let us look at the present Constitution. There are three references to the aboriginal peoples of Canada in the Constitution Act, 1982. Section 25 is entitled "General" and the marginal note is: "Aboriginal rights and freedoms not affected by Charter", which is a good summary of what the section provides. That section states:

> The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including
>
> (a) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and
>
> (b) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

I should like to underline "that may be acquired" because those words will become significant when we look at the resolution.

The next section is section 35 and it comprises all of Part II of the Constitution Act, 1982. This is the second reference to the aboriginal peoples of Canada in our new Constitution. The large title is "Rights of The Aboriginal Peoples of Canada." The marginal note of the section is: "Recognition of existing aboriginal and treaty rights." Section 35(1) states:

> The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

The next marginal note is: "Definition of 'aboriginal peoples of Canada.' " Subsection (2) states:

> In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

Honourable senators will perhaps have noted that as far as we are able to determine, Canada is one of the very few countries whose constitutions recognize and affirm the existence of rights of aboriginal peoples and, insofar as I am aware, section 35(2) is the first and only place so far in either the statutes or in the Constitution where the term "aboriginal peoples of Canada" is defined.

The third section dealing with aboriginal peoples of Canada is in Part IV, section 37. Part IV is entitled: "Constitutional Conference." The marginal note for section 37(1) refers to the "Constitutional conference." That section states:

> A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within one year after this Part comes into force.

The marginal note for subsection (2) is: "Participation of aboriginal peoples." That subsection states:

> The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

● (1650)

The marginal note at item No. 3 is "Participation of territories." It states:

> The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of the conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Honourable senators will note that in 1982 a sort of tag end was left in section 35 because it referred to the need to call a constitutional conference within a one-year period. That con-

ference agenda had to include an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada.

Section 35 refers to "The existing aboriginal and treaty rights of the aboriginal peoples of Canada—"and refers only to rights that are aboriginal in nature or have been or may be acquired by treaty. The section deals with existing rights—what the minister in his speech in the other place described as "Canada's historical obligation to its native peoples."

Section 37 differs on the subject of rights. It speaks of the identification and definition of the rights of those peoples to be included in the Constitution of Canada. The wording of section 37 is broader than that contained in section 35. The rights in section 37 need not exist at the present time; rather, it looks to rights not yet identified and is not constrained by the terms "aboriginal" or "treaty." Section 37 concerns itself with the rights of the aboriginal peoples as they should be as well as what they are. Of course, the two sections are linked.

Honourable senators will know that since the new Constitution came into effect many people have had recourse to the courts in order to enforce rights and to obtain definition of rights contained in the Constitution Act. Section 37 makes a special provision for the aboriginal peoples to have recourse by what might be called a "political path" to seek identification and definition not only of rights now contained in the Constitution, but of rights to be included in the future.

Three elements form the basis of the framework of the special position of the aboriginal peoples in Canada that I have just described.

The first is section 25, which protects the rights of the aboriginal peoples by a rule of non-derogation. You will remember that the marginal note to section 25 was "Aboriginal rights and freedoms not affected by Charter."

The second is section 35 which recognizes existing aboriginal and treaty rights.

The third is the broader section, section 37, which provides for inclusion of further rights of aboriginal peoples in the Constitution and assures their participation in discussion of their rights.

Honourable senators, let us now look at the resolution which is contained in the *Minutes of the Proceedings of the Senate.* Bearing in mind the present provisions, let us look at what the resolution suggests. The resolution contains a preamble referring to the Constitution Act, 1982. It then refers to the method of amendment. The next paragraph mentions the Canadian society continuing to develop and strengthen the rights and freedoms that the Constitution guarantees. The resolution then refers to the transition of Canada from colonial status to the status of an independent and sovereign state.

The following paragraph comments directly on the historical and equitable fitness of the early exercise of that full authority as it should relate to the rights and freedoms of the first inhabitants of Canada, the aboriginal peoples.

[Senator Frith.]

Pursuant to the formula, the Senate of Canada resolves that His Excellency the Governor General—we need not refer to the House of Commons in our particular resolution—be authorized to issue a proclamation under the Great Seal of Canada amending the Constitution. Honourable senators, that is rather significant because, as you know, previously such a resolution would make an address to Her Majesty. The new amending formula simply requires a proclamation issued by the Governor General under the Great Seal, as requested, in accordance with the amending formula.

The resolution then outlines the first amendment. It states:

> Paragraph 25(b) of the *Constitution Act, 1982* is repealed and the following substituted therefor:
>
> "(b) any rights or freedoms that now exist by way of land claims agreements or may be so acquired."

Honourable senators will remember that section 25(b) of the Constitution Act said that there would be no derogation from

> any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

The first amendment deals with rights that exist and not just rights that may be acquired.

The second amendment proposed in the resolution deals with section 35 of the Constitution Act, 1982. Honourable senators will remember that that was the section which referred to the recognition of existing aboriginal and treaty rights and the definition of aboriginal peoples of Canada. It is suggested that that section be amended by adding subsections (3) and (4). No change is proposed to subsections (1) and (2) as they presently exist. These subsections will have the effect of adding certainty to subsections (1) and (2). The amendment is as follows:

> 2. Section 35 of the *Constitution Act, 1982* is amended by adding thereto the following subsections:
>
> "(3) For greater certainty, in subsection (1) "treaty rights" includes rights that now exist by way of land claims agreements or may be so acquired.
>
> (4) Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons".

Section 3 of the suggested proclamation states:

> 3. The said Act is further amended by adding thereto, immediately after section 35 thereof, the following section:
>
> "35.1 The Government of Canada and the provincial Governments are committed to the principle that, before any amendment is made to Class 24 of section 91 of the *Constitution Act, 1867,* to section 25 of this Act or to this Part,

I would pause there, honourable senators, to remind you that class 24 of section 91 deals with Indians and the rights of Indians.

The suggested proclamation goes on to state:

> (a) a constitutional conference that includes in its agenda an item relating to the proposed amendment, composed of the Prime Minister of Canada and the first ministers of the provinces, will be convened by the Prime Minister of Canada; and
>
> (b) the Prime Minister of Canada will invite representatives of the aboriginal peoples of Canada to participate in the discussions on that item."

Honourable senators, by way of explanation I will comment briefly on each one of those items.

Then the suggested proclamation states:

> 4. The said Act is further amended by adding thereto, immediately after section 37 thereof, the following Part:

It adds a new Part, Part IV.1, and provides that:

> In addition to the conference convened in March 1983,—

In looking at the present provisions, we realized there was a rag-tag end left over because a constitutional conference had to be called before March 1983, which has now been held. We are now adding this new Part IV.1 dealing with constitutional conferences because, under the old Constitution, that was the only conference that had to be held.

● (1700)

With respect to constitutional conferences, the resolution reads as follows:

> 37.1 (1) In addition to the conference convened in March 1983, at least two constitutional conferences composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada, the first within three years after April 17, 1982 and the second within five years after that date.
>
> (2) Each conference convened under subsection (1) shall have included in its agenda constitutional matters that directly affect the aboriginal peoples of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on those matters.

This is a continuation of the special treatment given to the aboriginal people in an effort to define and protect their rights by participation in constitutional amendments, whereas others who wish to have their rights defined usually do so through the courts rather than through constitutional amendment.

> (3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory—

This is as it presently exists and will apply to the new conferences that must be convened. The resolution further reads:

> (4) Nothing in this section shall be construed so as to derogate from subsection 35(1).

Honourable senators will remember that that subsection is the one by which the existing treaty rights of the aboriginal people of Canada are recognized and affirmed.

The resolution continues:

> 5. The said Act is further amended by adding thereto, immediately after section 54 thereof, the following section:
>
> "54.1 Part IV.1 and this section are repealed on April 18, 1987.

Honourable senators will remember that the two additional conferences are to be held in 1985 and in 1987, after which time they would be exhausted and might as well be repealed.

> 6. The said Act is further amended by adding thereto the following section:
>
> "61. A reference to the *Constitution Acts, 1867 to 1982* shall be deemed to include a reference to the *Constitution Amendment Proclamation, 1983.*"

This simply means that if this resolution is passed it is being tacked on to the provisions of the entire Constitution, which is referred to as the Constitution Acts, 1867 to 1982.

> 7. This Proclamation may be cited as the *Constitution Amendment Proclamation, 1983.*

Honourable senators, that is what is proposed. We can therefore look ahead to three further constitutional conferences dealing with what we might call the unfinished business respecting our aboriginal people and the Constitution, the first such conference to be held on March 16, 1984; the second, April 17, 1985; and the third prior to April 17, 1987. There are three partners to this enterprise: the aboriginal people, the Government of Canada, and the provincial and territorial governments.

Honourable senators, I should now like to make a few brief comments by way of explanation of the amendment we have been discussing. It is proposed that a substantial amendment be made to section 35 by way of a new subsection, to make it clear that the rights referred to include rights that now exist by way of land claims, agreement and so on. There has been a section added to ensure that aboriginal rights are guaranteed equally to male and female aboriginal persons. Honourable senators will remember that that issue was featured during the debates on this subject and during the public discussion because, under the Indian Act, Indian women are sometimes treated as having different rights from Indian men.

As to the matter of the wording contained in this resolution being agreed upon at the conference, I should indicate to honourable senators that the minister has informed me that the leaders of the aboriginal people have notified the government in writing that the wording now before us can stand, which will avoid delay by way of further conference in the process of amendment.

The last of the amendments proposed in the resolution before us requires some explanation. Honourable senators will remember that during the many legislative and public debates on this question, the aboriginal organizations wished to have

what they describe as a "consent" or a "veto" clause, which would make it a constitutional requirement that they signify their consent to any amendment to any of the sections of the Constitution that specifically affect them. This means that their approval of the amendments that are before us now, for example, would be necessary.

In furtherance of this objective, as I have indicated, the resolution proposes a new section in Part IV of the act, which is section 35.1. Its effect, as I have noted in reading it, is to extend into the future the role played by the aboriginal leaders at the conference to be held this year, and at the three constitutional conferences which are provided for in the future, thereby giving permanent effect to the thrust of the original section 37.

The new section identifies sections 25 and 35 of the Constitution Act of 1982. These we have looked at earlier. It also identifies section 91(24) of the Constitution Act of 1867. Honourable senators will recall that that is the provision which confers on the Parliament of Canada the exclusive right to legislate "for Indians and Indian lands."

I should also emphasize the fact that the new section takes the form of a commitment by the Government of Canada and the provincial governments rather than the form of a justiciable provision. The request, earlier, was for a provision whereby the aboriginal people must consent to any amendment that affected them. What has been brought forward here is a compromise, in that the government has taken the position that the Parliament of Canada and the legislatures of the provinces, being elected by the people of Canada or by the people of a particular province, should be the only bodies with the right to veto or to consent to amendments. Further, the government was against the concept of the consent or the constitutional approval requirement of a group based, essentially, on ethnicity. Therefore, this is a compromise and comes by way of a commitment by the Government of Canada rather than by way of an amendment to the Constitution, which would give to the native or aboriginal people the same rights as those of the Parliament of Canada or the provincial legislatures.

As a general rule, an amendment to the Constitution of Canada calls for the passage of a resolution by the Senate and the House of Commons of Canada, and by at least seven of the legislatures of the provinces. In the accord to which I referred earlier, nine of the provinces and the Government of Canada undertook to pass the necessary resolutions prior to December 31, 1983. That was to ensure that the sought for amendments to the Constitution would be made in good time.

Turning once again to the proposed new section 35.1, if it were to be passed in the form of an actual constitutionally entrenched provision, its effect would be to alter the amending formula by adding another body—namely, the aboriginal people—to the Senate, the House of Commons and the legislatures of the provinces.

Therefore, what we have here is, in effect, a political commitment but one that is enshrined in the Constitution. Section 35(1) might therefore be described as an express convention of the Constitution.

[Senator Frith.]

• (1710)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I apologize for not being able to hear the whole of the honourable senator's speech, but perhaps I could ask a question.

Senator Frith: I am almost at the end; I have only a couple more paragraphs.

Honourable senators, the additional amendments that I referred to in the resolution are those dealing with what are called consequential amendments, in particular the need to repeal those sections that would have been exhausted in 1987, the technical labelling or reference description of the Constitution, and how this resolution, if it is passed, is to be referred to.

Honourable senators, I close, as I began, with a reference to the Minister of Justice, and point out, as he did, that this is an historic resolution that is before us. It is the first under the amending formula. It is fitting that it refers to cleaning up our historical obligations to our aboriginal people, and I am sure it will be the beginning of a chapter that, as the minister said, our children and our children's children will read with pride.

I ask honourable senators to support the resolution.

Hon. D. G. Steuart: Honourable senators, I should like to make some comments on the resolution this evening, and in view of the lateness of the hour I will then ask leave to adjourn the debate and possibly finish my comments tomorrow.

I have some serious misgivings, not necessarily so much about what we are doing but about the way we are doing it and the speed with which it is suggested we do it. I do not disagree with the principle that the rights of the aboriginal people, the original settlers in this land, should be enshrined in the Constitution. I think most Canadians agree with that principle. However, when we developed the Constitution and talked about amending it my understanding was that while it should not be almost impossible to amend it, that it should not be something we should do casually, with any great speed; that serious consideration should be given to serious amendments to the Constitution, and these amendments that are being suggested are indeed serious.

I should like to know what consideration the native people have, in fact, given to these amendments which I understand, came, in part, out of the meeting held in March. That again raises a question. If this meeting was held in March, why are we three months later being presented, on what appear to be the last few days before adjournment, with this resolution? Why did the government wait that long to introduce this resolution? There is nothing really very new in this, nothing that the native people have not been asking for, so I do not think we could accept the excuse that it took three months to develop it. I cannot understand why they have waited this long to bring it before the other place and the Senate.

I have been told by Senator Frith that there is every likelihood that the other place may pass this resolution by tomorrow afternoon. I am not impressed. I have watched the

other place in the last three months ringing bells, passing resolutions and coming almost to a standstill, and suddenly two or three days before the adjournment they are acting with blinding speed. I am not sure that we should act with the same kind of speed in this matter. Over the years we have been accused of rubber-stamping too often government legislation and government actions. I am not sure that this is not the place where we should say, "Let's slow down a little bit."

I will give just two examples tonight, and I will deal with the matter in a little broader way tomorrow, if I get permission of the Senate to adjourn the debate. We are asking here that any future land claim settlements, for example, agreed to by the Government of Canada and the native people would then become part of the Constitution of Canada.

Let me give just one example. I was for many months involved with a land claim in the western Arctic. If that land claim as laid out in the agreement in principle signed by the government in 1978 receives final agreement and is then translated into legislation that will give that agreement the effect of law, we will see the entire land mass around the Beaufort Sea locked up. The entire North Slope of the Yukon will be turned into a wilderness park under the absolute control of the Inuvialuit, the Inuit people of the western Arctic. They are requesting control over the Mackenzie Delta. They are also requesting control of and ownership of all the land in the Tuktoyaktuk peninsula. If honourable senators look at the map they will find that that gives them total control of all the land mass in Canada surrounding the Beaufort Sea.

If agreement is reached and it passes the other place and the Senate it would then, if we followed this, become part of the Constitution of Canada. If the people who are spending billions of dollars developing oil and gas in the Beaufort Sea decide—and they are already asking—that they want a port, a pipeline or any access by land or through the Mackenzie Delta into the Beaufort Sea, ordinarily that would mean there would have to be an amendment to the acts giving legality to the agreement reached between the Inuvialuit people and the Government of Canada. However, if we pass this resolution, it is my understanding that they would have to get an amendment to the Constitution of Canada. That is just one example.

Let me give another example, and that is the women's rights question. There is no question that all of us are aware of the fact that the treaty rights were passed down in the male line of the Indian population. The government decided arbitrarily 100 or 115 years ago who were treaty Indians, who were registered Indians, who would be recognized by the government and who would not be. At that time it was proposed that if a female Indian married someone who was not a status Indian her descendants lost their treaty rights. Many Indian women have objected to this. However, it never passed; it stayed as it was.

If this amendment passes—and I am not suggesting it should not pass—and they get equal rights with the males, I should like to know, and I think we would all like to know, what this will do to the treaty rights. Will it be back-dated? If it is, that would mean almost everyone in Canada who could claim any degree of Indian blood would then have to be given consideration for treaty rights. In this case there may be an answer to it. They may just say "from now on"; they may not make it retroactive. If they do make it retroactive I do not know how they would unscramble it. I use that one example to point out that what we are doing here does not concern only the aboriginal people. It concerns all of us.

When we are talking about land claims today, which concern just law and treaties, we are talking about big business. With one land claim alone in the western Arctic we are talking not only about 2,500 to 2,700 Inuit people; we are talking about 37,000 square miles of land that they are claiming. We are talking about well over $150 million. That is just one claim, and there are six, seven, eight or nine claims being worked on right now. We are talking about the native peole claiming a tremendous percentage, if not almost all, of the Northwest Territories, for example.

What we do here concerns not only the native people. It concerns all of us. It is extremely important, and is, I think, far too important to be dealt with casually in one or two days. I think we need to take a serious look at this.

Those are just two points that I want to mention tonight. I hope that when we have debated the matter we will consider referring it to a committee to have it studied. It needs some study. I should like to know what the native people themselves think. If I could be assured they are in agreement with this, then I should like to know what the Government of the Northwest Territories and what the Government of Yukon think about it. I know that the duly elected Government of Yukon has some very strong thoughts about the land claim that concerns the North Slope, for example. Therefore I will ask for leave to adjourn the debate to continue this subject tomorrow.

• (1720)

Hon. W. M. Benidickson: Honourable senators, I have a question for the honourable senator. Am I right in my recollection that he was commissioned by the government to undertake certain studies of problems relating to our native people, and that some of his interesting remarks result from that particular inquiry?

Senator Steuart: Honourable senators, I was appointed the senior negotiator for the Western Arctic Land Claim dealing with the North Slope of Yukon, the Mackenzie Delta and land generally in the western Arctic dealing with the Inuvialuit, who are the Indian people of the western Arctic. I dealt with the matter for approximately one year and a half, but unfortunately there was an impasse between myself and—I wish to make this clear—not necessarily the Inuvialuit people but some of the representatives of the Inuvialuit. Therefore, I bowed gracefully out of the scene and the negotiations are now being handled by another negotiator. However, in the process I learned a great deal about the situation, and as a result I have grave concern about this resolution.

On motion of Senator Steuart, debate adjourned.

STANDING RULES AND ORDERS

COMMITTEE REQUESTED TO CONSIDER REDUCTION IN SIZE OF STANDING SENATE COMMITTEES AND THE CREATION OF A STANDING SENATE COMMITTEE ON NATIONAL DEFENCE

Hon. Paul C. Lafond, pursuant to notice of Monday, June 27, 1983, moved:

> That the Standing Committee on Standing Rules and Orders be requested to consider and report upon:
>
> (a) the possibility of reducing the size of Standing Committees of the Senate;
>
> (b) the creation of a new Standing Committee to be called: "The Senate Committee on National Defence".

He said: Honourable senators, as you are aware, the chairmen of all committees of the Senate have been meeting periodically with the leaders, deputy leaders and whips from both sides of the house to consider problems concerning the management and operation of the Senate and its committees. Such a meeting was held last week. The meeting was well attended and concerned itself with the problems caused by the increasing number of committees and the decreasing number of senators attending committee meetings.

We dealt also with the many complaints, which have been directed to me in my capacity as co-ordinator of committees, concerning simultaneous meetings of committees and the difficulty encountered by some chairmen in maintaining a quorum. It was felt, therefore, that the Standing Committee on Standing Rules and Orders should take a hard look at the membership of all Senate committees. In the motion we do not suggest any figures. We leave that to the good judgment of the committee.

I may be prejudiced with regard to part (*b*) of the motion, but I believe that the Subcommittee on National Defence has earned the title of Standing Committee by reason of performance. I believe also that there is a requirement, from the point of view of ourselves as well as our allies, that there be a permanent body in Canada's Parliament concerned primarily with matters of defence.

In point of fact, this motion is not required, since the Standing Committee on Standing Rules and Orders is empowered of its own initiative to undertake any revision of the rules and to make a proposal to the Senate. However, after consultation with the chairman, he felt that on this occasion it would be advisable to proceed in this manner in order to inform honourable senators of what is being considered. He has also asked me to convey to the Senate that the Standing Committee on Standing Rules and Orders will meet on Thursday morning, June 30, at 9.30 a.m.

As I have said, the motion itself is not essential, but I suggest it be adopted at this time and that any debate on its substance, if required, take place after it has been considered by the Standing Rules and Orders Committee.

Hon. George van Roggen: Honourable senators, I will not take up the time of the Senate except to lend my support to the motion as Chairman of the Standing Senate Committee on Foreign Affairs, of which Senator Lafond's committee on national defence is a subcommittee. The subcommittee has undertaken work which, I am sure, all honourable senators would agree, should warrant it to stand as a separate committee, but whether it should be a special or standing committee I will leave for others to decide. Certainly the operation of the Foreign Affairs Committee would be easier if the two committees were separate, because at the present time it is somewhat clumsy having so many members on the one committee. The subcommittee does not have to give notice to the Foreign Affairs Committee of what it is doing, but by definition we have to give the subcommittee notice of what we are doing. For both of those reasons I support Senator Lafond's motion.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I fully agree with the remarks Senator van Roggen has just made concerning the establishment of a Special Senate Committee on National Defence. I understand that the reduction in the number of committee members stems from the establishment of this new committee. Perhaps the Foreign Affairs Committee could have the number of its committee members reduced in order to have the same number of committee members as the Committee on National Defence. Is that the idea?

Senator Lafond: Surely you remember the conversations we had the last time we met, Senator Flynn. The chairmen of the various Senate committees were later contacted to ascertain just how many members, in their opinion, should sit on their respective committees; when you read the motion, you will realize that we have suggested no figure; if representations are to be made, I feel they should be made to the Committee on Standing Rules and Orders or that its report should be amended when it comes before us. The Senate has the final say in these matters.

Senator Flynn: I would not want the approval of the resolution to necessarily entail the approval in principle of the reduction in membership for all committees. As far as I am concerned, I do not see too many difficulties with having committees of less than 20 members. Some have more than that. What I mean is that those two matters are not at all interconnected, but if we look at the possibility of reducing the membership in one committee, we might at the same time examine the procedure for substituting committee members by inserting in our Standing Orders the formula used for the Joint Committee on Senate Reform, which allows for very rapid replacement. In my view, the smaller the number, the greater the need for a procedure to find a ready substitute for an absent member. I do not think it is necessary to change Senator Lafond's proposal in order that the committee may look at that matter at the same time.

Senator Lafond: True enough. All we are asking the committee is that it study and report on the possibility of reducing membership. As for the rest, the membership appointing procedure, I am in complete agreement with Senator Flynn. I have been advocating that reform for a number of years, and it is my hope that we will succeed this time.

Hon. Royce Frith (Deputy Leader of the Government): Since we have already emphasized the fact that the committee may, *ex proprio motu*, make changes that are not subject to a reference, the committee's attention can be called upon Senator Flynn's comments, with which I am in agreement, that this aspect can be examined at the same time.

• (1730)

Hon. Jack Marshall: Honourable senators, I have no objection to the creation of a Standing Senate Committee on National Defence, because the subject interests me very much, but I am interested in the creation of other committees which I feel would be very important. In particular, I am thinking of a committee on fisheries, which I have suggested on a number of occasions. I wonder whether any consideration was given to the establishment of a Senate fisheries committee at the meeting that was held to deal with Senator Lafond's motion. Approximately four years ago, shortly after I was appointed to the Senate, I presented a paper proposing that the committees be reformed and reduced in size. I sent it to whoever was responsible for such matters at the time, but it received no attention whatsoever. However, can anybody tell me whether any consideration was given to creating a fisheries committee, which could be under, as I suggested before, the umbrella of an overall resources committee or the agriculture committee or the energy committee. Why has no consideration been given to this matter other than the shaking of heads?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the caucus of committee chairmen may consider the restructuring of committees, the creation of new committees and the size of committees. The practice has been that when such a matter has been raised in the chamber, either by formal motion or by discussion, the committee could take into account what has been said, consider the matter and then give its views.

Senator Lafond: Honourable senators, I can inform you that the creation of a new committee on fisheries was not considered by the caucus of committee chairmen. I am sure that the Honourable Senator Molson will take note of what Senator Marshall has placed on record this afternoon. I suggest to Senator Marshall that he obtain from the Clerk of the Senate an outline of the procedure that was employed the last time to add a new standing committee to our rules. It last occurred when the Senate Standing Committee on Agriculture was created.

Senator Marshall: It seems that things change every couple of weeks. When I mentioned this matter the last time I was told that the committee would consider it. Now I am being told that I must present a motion.

Senator Flynn: No, no.

Senator Marshall: Will somebody give me an explanation, because the rules seem to change with the fancies and whims of whoever replies.

Senator Frith: It is clear—and I don't think that anybody will disagree—that the Standing Rules and Orders Committee has the power to consider rule changes without reference from the Senate.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 29, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE GEORGE J. McILRAITH, P.C.

TRIBUTES ON RETIREMENT FROM SENATE

Hon. H. A. Olson (Leader of the Government): Honourable senators, as many of us are aware, one of our colleagues will be retiring during the summer recess. I would therefore like to take this opportunity, inasmuch as it may be the last—although I realize there is a possibility of our meeting tomorrow—to pay tribute to Senator McIlraith, who will be retiring from the Senate on July 29.

Senator McIlraith has had a long and distinguished political career, both here in the Senate and, indeed, for many years in the other place. Senator McIlraith was first elected to the House of Commons in 1940. He was re-elected another nine times in succession, which I think is something of a record, and is, indeed, a tremendous achievement.

During that time George McIlraith served as Parliamentary Assistant to the Right Honourable C. D. Howe, Minister of Reconstruction and Supply, and as Parliamentary Assistant to the Minister of Trade and Commerce as well as to the Minister of Defence Production. As many honourable senators know, he subsequently served in the cabinet in various portfolios, including Transport, Public Works and Solicitor General. He also served as President of the Privy Council.

Many of us have been privileged to know Senator McIlraith as an outstanding parliamentarian in both houses of Parliament. This, of course, was very evident when Senator McIlraith served as house leader in the other place, at which time many of us were exposed to his skill as a parliamentary tactician.

In the Senate, George McIlraith has lent his expertise to a great many complex issues in a number of capacities, but particularly as a member of the Banking, Trade and Commerce Committee. His advice has been sought and highly valued by senators on both sides of this chamber.

I should like to pay a special tribute to Senator McIlraith and to wish him well in his retirement. It is my hope that he will return to visit us often in the future.

Honourable senators, I have come to the end of my prepared text, but I should like to add just one or two further comments. I have known Senator McIlraith in the House of Commons under very difficult circumstances, when he was the house leader. I am not quite sure of the years in which he served in that capacity, but I know that he had the very heavy responsibility of guiding the government business through that chamber in a minority situation, which is trying at all times. The almost instinctive way in which he handled matters, taking into account the atmosphere in the house, and the manner in which he conducted public business, was most impressive. I think that is one of the greatest tributes that could be paid to a parliamentarian.

At the risk of repeating myself, I will add that in this chamber and in committee, with respect to the procedures and processes we must go through, Senator McIlraith has demonstrated not only a willingness to be helpful but also an ability to guide and assist honourable senators on both sides of the house in such a way that we have been able to carry out with greater facility the high level of responsibility placed upon us in the course of our duties.

In conclusion, let me say that Senator McIlraith has had one of the most distinguished of parliamentary careers, in terms of practical application and getting the work done, while at the same time respecting the rights of all honourable members.

Hon. Senators: Hear, hear!

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, it was not until I heard my honourable friend, the Leader of the Government, make mention of Senator McIlraith's name that I realized it is indeed true that, before long, by virtue of the effluxion of time, he will no longer be sitting with us in this place. I am pleased that my leader has given me the opportunity to say a word of appreciation and gratitude for the services of George McIlraith to the Parliament and to the people of Canada.

Of all the things I recall about George McIlraith—and I am sure that this will be a memory shared by all honourable senators—one of the most important surely is his understanding of the parliamentary system. He comprehends not only the rules of Parliament, which is one thing, but he understands the spirit of our institution, which is something else again. It is only when we are able to marry an interpretation of the rules with the spirit of the institution that we can make this Parliament, and the Senate chamber in particular, work well for the people of Canada.

He is a traditionalist, and I salute him for it. He understands the development and evolution of this institution through the centuries, and that is an understanding that needs to be renewed constantly. I hope those of us who remain in this place after he has left his seat will remember the spirit—which he attempted, with some success, I think, to leave with us—of this institution of which we are so proud.

I join with the Leader of the Government in offering this tribute to the career of George McIlraith. He is the sort of man who has gone from strength to strength. He started out, I do not say as a "lowly" member of the House of Commons, because there is no such thing, but as a junior member of the House of Commons, and his progress through that body was steady, until he arrived at a point of very considerable leadership and responsibility. I know, from my relatively short acquaintance with his activities in this chamber, that I can say exactly the same thing about his activities here. Therefore, I am rather disposed to believe that, although he will cease to be an active senator, before long we will certainly be conscious of his continuing influence, an influence for good, in the developing parliamentary institutions of this country.

I join with all of those in this chamber who salute Senator McIlraith on this occasion, and particularly wish him many happy days, and many fruitful and productive days, in the time that lies ahead.

Hon. Frederick W. Rowe: Honourable senators, in associating myself with the Leader of the Government and Senator Roblin in their expressions of appreciation for the contribution Senator McIlraith has made, not only to the Senate but to the Canadian nation, I should like to express a hope—and Senator McIlraith probably knows what I am going to say now.

I preface my remarks by saying that I know of no person in Canada who is more informed about Canadian political history than Senator McIlraith. As one who has done some work in that field, I express the hope that Senator McIlraith will, during his years of retirement, which we hope will be many, put down on paper some of his political memoirs, for the information, entertainment and guidance of those who will come after him.

Hon. Paul C. Lafond: Honourable senators, as a lifetime resident of this area, as is Senator McIlraith, I am very happy to hear tributes to him from coast to coast.

Even though I still consider myself a young senator, I am going to go back more years than I probably wish to. Some time in 1937 there had been a political upheaval in Quebec, and patronage in the province of Quebec developed some new faces. It so happened that I was a student then, working part time in an enterprise the chief of which, through patronage channels, had recently been appointed sergeant in charge of the Quebec Provincial Police in western Quebec. One Saturday afternoon I was in the office looking after printing and other business matters when a young, tall, lean, red-haired person with a hat on came in to lodge a complaint to the effect that some of his fishing gear had been stolen from his cottage up in Pontiac. I told him that the sergeant was away on other duties, and he very quietly and patiently sat there for about three hours with hat on, reading, until the sergeant came in and he could lodge his complaint. That was my first encounter with George McIlraith.

Hon. Jack Marshall: "Red-haired," you say?

• (1410)

Senator Lafond: He was a redhead then. Shortly after the war, when I became actively involved in politics, George, of course, was one of the local members of Parliament. We have been very close since 1948, exchanging ideas and inspiration, the inspiration coming mostly in my direction. It has been a constant companionship and exchange of views. That association has been a great part of my life, and I hope it will continue for many years. Although this senior parliamentarian, who has been around these buildings longer than most, will no longer have an office here, I am sure that we will want him to visit under the parliamentary roof as often as possible. As Senator Roblin mentioned, very few parliamentarians in the last 40 years have been as conscious or as "soucieux" of the privileges of Parliament, of the House of Commons while he was there and of the Senate since he has been with us. I am sorry indeed that the rules require that he leave our company.

Hon. David Walker: Honourable senators, in all of my experience in Parliament I know of no person, other than Mr. John Diefenbaker, that I admire more than George McIlraith. I attended Osgoode Hall with him and we had a wonderful time there. At times he looks so dour, but he is really one of the funniest persons I have ever met. He is witty and has a great sense of humour. Life is always pleasant when George is around, and that is an important asset in a parliamentarian. He has never been licked, and has won time and again. I recall that when I arrived as a freshman member of Parliament and asked him how I would get along, he replied, "You will be surprised." That was the answer he gave me. At all times I received encouragement from him. He never had a swelled head but was always himself. He has a charming wife and a nice family. It is an important aspect of his character that everyone who knows George likes him. Without going into detail, because I know that others wish to participate, I cannot speak too highly of my old friend George. I hope he will be spared many a day to enjoy what he has built for himself, namely, a tremendous number of friends, be they Tories or Liberals. Good old George.

Hon. Senators: Hear, hear.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I should like to add my voice to what has been said about our colleague, Senator McIlraith. I first met him approximately 28 years ago. I well recall the way that he dealt with his constituents. Almost daily, during the course of many hours in his office, he attended to their business in the minutest detail. That attribute, together with his scholarly understanding of the rules and his ability to speak with clarity, enabled him over the years to give wise counsel to the government of which he was a member.

Senator George McIlraith is a great Canadian. He seems to understand western Canada. I suppose part of the reason is that he had served as Parliamentary Assistant to the Right Honourable C.D. Howe, and had had a great deal to do with

the operation of the government's grain program. I had the occasion to be with George McIlraith when he was dealing with farm audiences in western Canada, and he certainly indicated to them and to me that he understood their needs. He is the only parliamentarian that I have had the honour to meet who could drive an eight-horse team. His wide knowledge of the agricultural community is due in part to the fact that he was raised on a farm in Ontario.

• (1415)

George McIlraith's contributions to the Senate and to Canada will be greatly missed. I wish Mrs. McIlraith and Senator McIlraith every hapiness in retirement.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as I was torn between various responsibilities today and had to sit on a committee, I learned only at the very last minute that we would pay tribute to Senator McIlraith today on his retirement. That is why I asked the Deputy Leader, Senator Roblin, who has a great talent for improvisation, to pay tribute to Senator McIlraith on behalf of the Official Opposition. I would not want Senator McIlraith to imagine that even though I remained seated, I do not have as much admiration for him as all those who have already spoken in praise of him.

We met when I was elected to the House of Commons in 1958. He had already been sitting in the other place since 1940. I could note in passing that Senator Denis is the dean of Parliament, as he was elected to the House of Commons in 1935. In two years, he will have been among us for 50 years, since he is not subject to the retirement rule.

Hon. Azellus Denis: You make me feel very old!

Senator Flynn: Senator McIlraith is therefore the second in seniority in Parliament. I would like to tell him that I have always admired his level-headedness, his devotion to duty and his objectivity in dealing with problems in the other place and in the Senate. He has made an excellent contribution in every area. He has every reason to be proud of his work in Parliament and for his country. After the glowing tribute paid to him by Senator Roblin, I would like to assure him, on my own behalf and on behalf of the Official Opposition, of our deepest friendship. I also want to mention his charming wife and I ask Senator McIlraith to give her my regards. Once again, we wish him a well-deserved retirement, with the understanding that he will come back to see us very often so that we may benefit from his experience, his excellent advice and his sound judgment.

[*English*]

Hon. Charles McElman: Honourable senators, I too would like to say a few words in tribute to the political career of the Honourable George James McIlraith.

George McIlraith came to Parliament as a 31-year-old youngster, for in those days he was considered young to be in Parliament. From the outset he displayed a respect and knowledge of the political system at the party level. He was the type of politician who quickly gained and forever retained the admiration and respect of his constituents. As has been said, he won 10 successive elections, coming to Parliament as the young member for Ottawa West.

• (1420)

I know that in recent years it has pained Senator McIlraith deeply to see Parliament diminished, as it has been in the role of the backbencher in the other house, and to see Parliament at large not serving as fully as it should, and was meant to, the purposes of the Canadian people through elective representation. However, he has, through all of those years, been an adornment to Parliament and to the political system, and I simply want to join in paying tribute to him for his understanding of the system and his constant upholding of it.

I wish to say to him that we shall all miss him greatly and that we wish him and Mrs. McIlraith the very best in the years ahead.

Hon. George J. McIlraith: Honourable senators, you overwhelm me. I hardly know what to say, but I must make two points: the first is to thank you for your very kind remarks and good wishes; the second is to tell you that you have been much too flattering to me—very much too flattering.

You may find it interesting that, when I first ran for Parliament, it was said—and I hope I still have the clippings, although I am not too sure—that I was too young. Well, time took care of that rather effectively. Yes, that was the main charge against me then; I was too young. One of our local newspapers, now no longer published, made much of that, with appropriate headlines. The publisher of that outstanding newspaper had a great interest in elections, I might add, by virtue of his position in another party, to which I did not belong.

In any event, there have been great changes. It has been interesting to observe the degree of influence of each of the six prime ministers who have had the responsibility of that office in that period of time, and it has been interesting to watch this place. I had had some contact with it 15 years earlier, which does not seem that long ago now.

The other day, in preparing to meet with the committee dealing with Senate reform, I had occasion to inquire of the appropriate Senate office how many senators had been appointed since I had come to Parliament. I came to Parliament at the same time as two of our better known senators, the former Senator Paterson and Senator Salter Hayden. Since we came to Parliament there have been 248 senators appointed. Among those 248 were many distinguished and outstanding senators of whom we have every reason to be proud. I hope that they are remembered and that some of their ideas are heeded. But more important still is that in the next few, fleeting years—fleeting, because these years do go by rather quickly—the next 248 senators should be equally able, so that one will be able to say of them that their abilities and the contributions they will have made were appreciated.

• (1425)

It is ironic that I took an extraordinarily active part in procuring the legislation that provides for retirement at age

75. I must say, notwithstanding some of the delicacies of the situation, that I still believe it is good legislation. My deskmate to the right was the first one appointed after that rule came into operation.

Honourable senators, I think it is a good rule and I, for my part, look forward with eagerness to my retirement from the Senate. Let me say, however, that I want you all to understand that I am going to miss you very much. I wish you well in your work because, more than ever—and I have been watching the Senate rather closely since 1926—there is a greater need for objectivity in reviewing the matters that come before this house. I would like to speak about that, but I promise not to do so.

I repeat, I wish all honourable senators well in carrying out their responsibilities. Your work is essential in Canadian society today.

Honourable senators, I do not know what the future will bring. It is the way of life that we do not know that, and I suppose that is a very good thing. However, I look forward to the future with eagerness. I close this expression of thanks and appreciation with the wish that you also may look forward with eagerness to the years that lie ahead. I thank you very much.

Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, I do not want to repeat what has already been said about the Honourable George McIlraith. However, I do wish to add a few words, because we have been not only colleagues but were also seat-mates in the cabinet for a long time. Senator McIlraith guided me in discussions, giving me not only principle but, sometimes, some tactical means of obtaining the objective I was pursuing.

I shall have the opportunity to do something special for Senator McIlraith early in the fall. I hope that at that time all honourable senators will be present, and then I shall be the one to speak about Senator McIlraith.

Hon. Senators: Hear, hear!

• (1430)

[*Translation*]

CANADA-GERMANY TAX AGREEMENT ACT, 1982

BILL TO AMEND—COMMONS AMENDMENTS—CONSIDERATION LATER THIS DAY

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-24, the Canada-Germany Tax Agreement Act, 1982, and acquainting the Senate that they had passed this bill with the following amendments, to which they desired the concurrence of the Senate:

Page 2: Strike out lines 10 to 19 and substitute the following therefor:

"supplementary agreement relating to the avoidance of double taxation with respect to taxes on income and on capital between the Government of Canada and the Government of the Federal Republic of Germany intended to alter, revoke, replace or add to the Agreement is approved by Canada, and, when the"

Page 3: Strike out lines 6 to 8 and substitute the following therefor:

"thirty members of the House of Commons in the case of a motion for the consideration of that House and by not less than fifteen"

Page 3: Strike out line 8 of the French text and substitute the following therefor:

"jours de séance suivant sa remise, sauf si l'autre chambre a déjà étudié et adopté une motion visant la même fin."

Hon. H. A. Olson (Leader of the Government): Honourable senators, I move that these amendments be taken into consideration later this day.

Motion agreed to.

[*English*]

JUDGES ACT
FEDERAL COURT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-166, to amend the Judges Act and the Federal Court Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (1435)

TAX COURT OF CANADA BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-167, respecting the Tax Court of Canada and to amend the Federal Court Act, the Judges Act and the Unemployment Insurance Act, 1971.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule

44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

MISCELLANEOUS STATUTE REPEAL BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-119, to repeal certain statutes that have ceased to be in force or have become unnecessary.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

INDUSTRIAL AND REGIONAL DEVELOPMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-165, to provide for financial assistance for industrial development in all regions of Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

CANADA DEVELOPMENT INVESTMENT CORPORATION

1982-83 FINANCIAL STATEMENTS

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I wish to table:

Financial Statements of the Canada Development Investment Corporation for the year ended March 31, 1983, pursuant to section 75(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

These statements include the financial statements of Canadair Limited, The de Havilland Aircraft of Canada, Limited, and Eldorado Nuclear Limited.

Separately, I wish to table:

Report of Teleglobe Canada on the examination of the accounts and financial statements certified by the Auditor General, for the year ended March 31, 1983, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C, 1970.

I table this report separately because Teleglobe Canada reports to me but is not a responsibility of the Canada Development Investment Corporation.

• (1440)

Honourable senators, in addition, I have a statement to make with respect to the Canada Development Investment Corporation financial statements. I ask leave of the Senate to have this statement printed in today's *Debates of the Senate* as an appendix, so that I can save the chamber the time of listening to it. If there are any questions, I shall be here tomorrow and shall be glad to respond.

Hon. Duff Roblin (Deputy Leader of the Opposition): I am sorry that I missed part of my honourable friend's statement. What does he want to have appended to the record rather than read?

Senator Austin: I should like to append to the record my statement on the tabling of the CDIC financial statements, a copy of which I forwarded earlier today to Senator Roblin, rather than make a statement to the Senate at this time, in the hope that the time of the Senate will be preserved. As I advised honourable senators, I should be glad to answer questions on my statement tomorrow, if that is the wish of any honourable senator.

Senator Roblin: I regret to tell my honourable friend that I have not received the document he speaks of. That has happened before with interchanges between him and me. I do not blame him, but it is the fact that I have not received it. I am naturally anxious to know from my honourable friend if he is introducing any new material in his statement that might provoke a response from someone like me, in case we are not here tomorrow, which is a possibility.

Senator Austin: Honourable senators, I regret that Senator Roblin did not receive the statement. That is the second time in a row that this has happened. I sent the statement to his office just after 12 o'clock noon. I will check to see where the problem is. I know that a statement I was to send to Senator Nurgitz was inadvertently put in the mail and it took some 10 days for him to receive it, although I asked that it be sent by hand.

Further to the question asked by Senator Roblin, I cannot predict whether or not he would wish to respond to the

statement, but perhaps I can put this statement in his hand within the next hour, and if he wishes to respond he can do so later today.

Senator Roblin: That is agreeable to me. I must tell my honourable friend that, due to the scheduling of committees around here recently, I have not been in my office since 12 o'clock, so it may well be there. I was otherwise engaged in a committee and did not get back to my office to look at it.

Hon. D. G. Steuart: If it had been marked "Confidential" Senator Roblin would have had it in five minutes.

Hon. Jacques Flynn (Leader of the Opposition): You would have had it.

Senator Austin: That was my problem.

Hon. David Walker: Honourable senators, if my friend is going to make a statement tomorrow, would he be good enough to tell us what role he played in rolling up the greatest debt in the history of Canada in a seven-year period? As a matter of fact, $1.5 billion was more than the total debt of Canada for our first hundred years, and my friend sits over there and grins. What part did he play in this catastrophe? It is probably the worst catastrophe Parliament has ever experienced, piling up in one crown corporation in a period of seven years a debt of $1.5 billion. The public cannot understand that sort of thing. The figures are enormous. It is 1,500 millions of dollars. It is simply shocking.

My friend, we want some explanation from you. You always get in these tight corners, whatever occupation you have had in any of the cabinets. You should be able to explain this to us. We did not have any warning of it. We did not know what was going on, and year after year—would you just pay attention to what I am saying? I want the answer to this. Year after year there was no balance sheet; nothing came out of you; nothing came out of Canadair, and the debt piled up and up and up. Then, when it suited your purpose, or your colleagues' purpose, you finally brought down, with a laugh, this horrible, horrible statement.

It is one of the most serious things that has ever happened in the history of Parliament, and I am asking you to give us some reason for it. First, why the delay? Why not a statement every year? Then, what is most important of all, how in the name of God did you ever pile up a debt like that? Where did the money go? Who benefited from it? The money must have gone somewhere. If it did not go into Canadair, where did it go?.

Would my friend give this serious consideration, or is he saying to himself, "I think I've got this covered up all right. Everything is going to be all right"? I am asking him seriously.

I am also suggesting that there should be at least a royal commission to investigate, not only Canadair but my honourable friend's work in connection with Canadair. It is perfectly natural that that should be so. Lest he keep on laughing, let me say that this is not the end of what I am going to say or what I am going to do. I hope that by tomorrow you will have some explanation, even though it is not satisfactory, which might have some sense to it, some reasonableness to it.

I think now you have got a serious look on your face and you will pay attention to what I have been talking about.

Senator Austin: Honourable senators, I must say that Senator Walker is not a person that I enjoy listening to. He makes personal asides, and has done so previously in my Senate career, to my very great resentment.

Senator Walker: I always will as long as you are here.

Senator Austin: Knowing who you are, I am sure you will continue to be who you are, and I will continue to find you very unpleasant, Senator Walker.

Senator Walker: From you that is a compliment. Go ahead.

Senator Austin: Now I would like to tell honourable senators what they already know, but what Senator Walker is apparently unaware of, and that is that I tabled a report on Canadair on June 7 in this chamber. I hope all honourable senators have received it. I did the same with respect to de Havilland on June 22.

I took responsibility for Canadair and de Havilland effective November 23, 1982, some seven months ago. I was asked by the Prime Minister to do so because of an emerging concern about substantial losses in those companies. My role has been that of an investigator and of a discloser of the information that has now appeared in those two reports and in evidence I and officials have given to the Public Accounts Committee in the other place and the Standing House Committee on Finance, Trade and Economic Matters.

• (1450)

I believe that the public record is very clear and I owe Senator Walker no further explanation as a result of his uninformed questioning of this afternoon.

Senator Walker: Then do I understand it that, other than the reports already filed regarding this atrocious debt, nothing more will come? There will be no explanation other than what has already been given? The Canadian people want to know that.

Senator Austin: Senator Walker, the record is very clear, and your colleagues in the other place have questioned me and my officials for hours and hours. I warrant that you have not read any of the reports tabled in the Senate or any of the evidence given in the committee of the other place regarding those two companies. I want to make it abundantly clear to this chamber that the losses of Canadair and de Havilland are losses in part due to the economic environment, and in the case of Canadair, in part due to management mistakes, which I have disclosed in detail.

I have nothing further to disclose, but if Senator Walker has not taken the time to inform himself, no doubt he now will.

Senator Walker: I know all about it, otherwise I would not be asking the question.

Senator Roblin: Honourable senators, I hesitate to interrupt a private discussion between two distinguished members of this house, but I should like to remind the minister that on June 14 I raised certain questions with respect to the government's

conduct in this whole matter. The minister, half way through my remarks, found something better to do and did not hear all of my remarks, but he can read them in *Debates of the Senate* of June 14.

I would be obliged if he would give me some idea as to whether he intends to deal with those questions and justify to this house, if he can, the actions of the government which I criticized at that time.

Senator Austin: Honourable senators, I am not aware of any questions asked by Senator Roblin remaining unanswered, but I shall look at *Debates of the Senate* for June 14, and if there is something that remains unanswered, I will ask leave later this day to reply. In the meantime, I ask leave that my statement be made an appendix to the *Debates of the Senate* and the *Minutes of Proceedings* to form part of the permanent records of this house, or if not I would deliver the statement this afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*For text of Appendix see p. 5945.*)

SPORTS POOLS

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE ON SUBJECT MATTER OF BILL C-95

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Wednesday, June 29, 1983

The Standing Senate Committee on Health, Welfare, and Science to which was referred the subject-matter of the Bill C-95, intituled: "An Act to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act", has, in obedience to the Order of Reference of June 27, 1983, examined the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

M. LORNE BONNELL,
Chairman.

INDUSTRIAL AND REGIONAL DEVELOPMENT

REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT MATTER OF BILL C-165

Hon. C. William Doody, on behalf of Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

June 29, 1983

The Standing Senate Committee on National Finance to which was referred the subject-matter of Bill C-165, intituled "An Act to provide for financial assistance for industrial development in all regions of Canada", in advance of the said Bill coming before the Senate or any matter relating thereto, has, in obedience to its Order of Reference of Tuesday, June 28, 1983, examined the said subject-matter of the Bill and reports so doing without suggesting any amendments.

Respectfully submitted,

D. D. EVERETT
Chairman

QUESTION PERIOD

[*English*]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we have received messages from the House of Commons with respect to four bills. I understand that it is the objective of the other place to adjourn no later than tomorrow at 6 p.m. Indeed, it is already in the air that they might adjourn this evening. In any event, I am wondering if the Deputy Leader of the Government is in a position to tell us if we are going to receive more messages from the other place regarding bills before 11 o'clock this evening.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the only other bill that we might receive is Bill C-95, respecting an act to provide for government operated pool systems. That is now under debate in the other place. I think it is the objective of the House of Commons to give that bill third reading today. I have sent a note to find out how the bill is progressing and when it might get third reading.

Senator Flynn: Then do I understand that Bill C-95 is the only bill we are giving to receive?

Senator Frith: As far as I am aware—and I have checked as recently as an hour ago—we will not receive any bills other than what we have, plus Bill C-95. At this time of the year anything can happen, but I doubt very much we will receive the freshwater fish marketing bill, the government's re-organization bill or the bill respecting the establishment of the Canadian Aviation Safety Board.

Senator Flynn: The bill respecting the aviation safety board will not come before the Senate?

Senator Frith: That is right, honourable senators. I believe that that bill has been referred to the Commons Standing Committee on Transport.

Senator Flynn: That would mean that when the house adjourns we could come back next week if we wanted to, but I do not know if we want to.

Senator Frith: I would say that that would be on division, probably.

Senator Flynn: Favourable division. That means that the session will continue on September 12, does it?

Senator Frith: According to the standing rules, experimental though they are, that is correct. The adjournment date is June 30, and the reconvening date is the Monday following Labour Day, which falls on September 12 in 1983.

Senator Flynn: When will the Senate reconvene, in those circumstances? If we do not pass the bills, I suppose we will have to reconvene on September 12.

Senator Frith: At the moment I am considering having the Senate return on September 20, but perhaps as early as September 13. The House of Commons will reconvene on Monday, September 12. I would say that the earliest we would reconvene would be Tuesday, September 13. However, we will see what kind of progress we have made.

[*Later:*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, so that I can keep honourable senators up to date, I have received a note that we might receive Bill C-149 as well as Bill C-95.

Hon. Jacques Flynn (Leader of the Opposition): What is Bill C-149?

Senator Frith: That is with respect to the Freshwater Fish Marketing Act. The word "might" was not underlined in the bulletin, but I am now underlining it.

Hon. Martial Asselin: Are they crazy over there?

NATIONAL DEFENCE

MARITIME COMMAND—SUBCOMMITTEE RECOMMENDATION

Hon. Paul C. Lafond: Honourable senators, I am glad that the long period of Canadian naval constipation has been afforded some relief after eight years of accepting the existence of a blockage that had originated seven years earlier.

Does the Leader of the Government in the Senate not think that he and his fellow ministers in this chamber should press the government on national defence to authorize and put immediately into place the design, planning, et cetera, required to be in place in 1988-89—the follow-up that would enable this relief to be continued to 1992 and 1996?

Hon. H. A. Olson (Leader of the Government): Honourable senators, the government, and indeed the Minister of National Defence more particularly, are aware of the report that was made by the Subcommittee on National Defence. I have not heard a response from the minister as yet with respect to the particular recommendation to which Senator Lafond has referred, or indeed any other part of the report, but I know they are in possession of it.

• (1500)

INDUSTRY

MAISLIN INDUSTRIES LIMITED—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not sure that my question should not more properly be addressed to the Minister of State for Social Development, who has left the chamber, but I will address it instead to the Leader of the Government. It has to do with the status of the money that was lent to the Maislin corporation.

On June 1, 1983 an official of the Department of Industry, Trade and Commerce is quoted as saying that:

> —unless something very extraordinary happens, they—

That is, Maislin.

> —will run out [of money] in the near future—probably in June.
>
> Receivership is a possibility, he said.

I did not raise the point then because we were waiting to hear what the accounts of this company were and it was under pressure to produce a statement. It produced its statement on June 24, and it was not very enlightening because there was a loss of approximately $20 million in 1982 and a loss of $4.2 million in 1983. When asked about the federal government's guarantee to cover a $34 million bank loan to the company, Mr. Maislin replied: "No comment; go and ask the government." He did not make that comment to me, but it inspired me to ask the government. I would like to know if the minister can make any statement as to the status of this corporation, and, if he can, I would be pleased to hear it.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have a reply with me. I can ensure that a member of my staff makes a request immediately for a statement to either completely or partially respond to Senator Roblin's question. The reason I say that is because of the shortage of time today, but I give that undertaking. I do not believe the government has lent any money to Maislin. I think what they have provided is a loan guarantee—

Hon. Jacques Flynn (Leader of the Opposition): What difference would it make?

Senator Olson: —and the money came from a commercial bank.

Senator Roblin: I will admit, honourable senators, that there is a difference between a loan and the guarantee of a loan, but in the case of default it is so minute as to be almost imperceptible.

Senator Olson: I was not arguing that point.

Senator Roblin: I am glad that my honourable friend recognizes the issue. If this company does go bankrupt, the government will no doubt be stuck for some portion of the $34 million guarantee.

While he is investigating the matter, could he confirm for me that at the time this original loan was approved, in June 1982, the government had a report before it that, in the

opinion of the departmental officers, even with a $30 million U.S. insurance loan, which was being considered at that time, the company could only survive a year or two before it would require further substantial government support? Also, could my honourable friend give us some information about the background facts against which this loan was granted in the first instance?

Senator Olson: Honourable senators, it depends, I suppose, on what kind of report Senator Roblin is referring to. No doubt there will be reasonably full disclosure of the background information, but if he is asking me to give an undertaking that I will bring cabinet documents here for public disclosure, I do not think that I am authorized to do that.

Senator Roblin: I appreciate that cabinet documents are probably outside the reach of this body, but I think there is other information on file which does not come under that classification and that my honourable friend might produce.

I do not wish to be the bearer of bad news, but I have just been told that this company has been declared bankrupt as of today. Is that the case?

Senator Olson: I shall have to inquire about that. I have not heard that news today and no one has sent it to me, but I shall send for a report immediately so that I can speak with some confidence that the information I am giving is accurate.

Senator Roblin: I appreciate my honourable friend's caution. I would be cautious, too, if I were he, although I think caution would have been better exercised 12 months before now.

If the information I have given him that this company has now been declared bankrupt is accurate, what is the liability of the government under these circumstances, and how much will we be increasing the national debt, in addition to the amount of $2 billion with respect to Canadair and de Havilland which, incidentally, far outstrips any savings of the six-and-five policy with respect to the wages of civil servants? That is where that money went.

Senator Olson: Honourable senators, I suppose that with the wide variety of government expenditures and savings, wherever they are, you can assign one specific point on one side of the ledger to another specific point on the other side of the ledger, but I am sure that Senator Roblin knows, as well as I do, that that is only rhetoric. It does not mean very much because that is not the way accounting is done.

The actual amount that was guaranteed, as I recall it, was approximately $30 million. I think also there is the potential for some claim against assets in this case, but I also have to look into that. I do not think he should assume, whatever the loan guarantee is, that there is a 100 per cent loss, because it may be substantially less. I am very uncomfortable talking about these hypothetical situations, but I do think there are also some assets against which perhaps some of those losses could be recovered in the future.

Senator Roblin: I must remind my friend that I was careful to state that I did not know whether the full $30 million was lost. I asked him to tell us what the government liability appeared to be. Regardless of what happens to the bookkeeping, you can offset one item against the other if you want to, but the plain fact remains that the national debt has been increased by over $2 billion in the last two weeks because of these difficulties in commercial ventures in which the government has chosen to intervene.

Senator Olson: That is not the plain fact but Senator Roblin's opinion, and he is welcome to it. I do not want to get into an argument about it now, but—

Senator Flynn: Never make an admission. Ask your lawyer before you do so.

Senator Olson: If Senator Roblin had listened attentively to some comments that were made a few moments ago, we were told that a very substantial portion of what Senator Roblin has just referred to is, in fact, an accumulative indebtedness over seven years. That is why I take some objection to his saying that it was done in the last two weeks.

Senator Roblin: I certainly admit that it was done over seven years, but it was only disclosed in the last few weeks. It is only in the last few weeks that we got seven years' worth of arrears of statements and information from Canadair, when the government, as the sole shareholder, should have had the capacity to keep the public and Parliament informed as these things were going on.

Hon. D. G. Steuart: You should have let us know that when you were in power for that short while.

Hon. C. William Doody: We could not get the cover off Pandora's box.

Senator Olson: You didn't dare.

Senator Flynn: We were going to do it, but things happened on December 13.

Hon. Royce Frith (Deputy Leader of the Government): It was going to be a part of the long-term gain.

Senator Roblin: We got the pain; you got the gain.

Senator Flynn: Honourable senators, I notice that there are a couple of microphones in the chamber this afternoon, which appears to indicate that we will have Royal Assent. Is Royal Assent planned for today, even if we do not pass all the bills? Will we have Royal Assent both today and tomorrow, or must we pass all the bills today?

Senator Frith: Honourable senators, those microphones are for Royal Assent, bearing in mind the Scouts' motto, "Be prepared!" We have not fixed a time for Royal Assent and will not do so until we see what progress we make. It may be that there will not be Royal Assent today but only tomorrow.

Senator Flynn: Do you want to have all the bills receive Royal Assent at the same time?

Senator Frith: We will have to see what progress we make.

Senator Flynn: I want to know if we shall have only one Royal Assent ceremony.

Senator Frith: At the moment we are ready to have one today and one tomorrow, but that decision will be made on the basis of the progress made today.

HEALTH AND WELFARE

ACQUIRED IMMUNITY DEFICIENCY SYNDROME—CONTROL MEASURES

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government a question that I think is of some importance and urgency, notice of which I gave him earlier today.

• (1510)

The question is: What special measures have been taken by the federal government to help control the fatal illness called acquired immunity deficiency syndrome, the incidence of which epidemiologists have stated is now doubling every six months?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I thank Senator Haidasz for having given notice that he intended to ask this question today. However, since his question did not reach my office until after midday today, within that relatively short period of time I have been unable to get a precise answer to what he is asking, and that is: What special measures has the federal government taken to try to help control this disease?

However, I know that quite a lot is going on, and that there has been intensification of research to identify the cause of this disease, whether it is a virus or something else.

I do not have a precise answer about the special measures that are being taken, but an inquiry has gone forward and I shall relay the answer to Senator Haidasz as soon as I receive it.

NATIONAL DEFENCE

CANADIAN PATROL FRIGATE PROGRAM

Hon. Charles McElman: Honourable senators, I heard this morning—what, if true, is extremely good news—that the lead shipyard contract of the Canadian Patrol Frigate Program has been awarded to Saint John Shipbuilding and Dry Dock Company Ltd., of Saint John, New Brunswick, which, of course, is the best shipyard in Canada.

Hon. Jack Marshall: The second best.

Senator McElman: Number one.

Hon. Royce Frith (Deputy Leader of the Government): It is number one now; that's for sure.

Senator McElman: Does the Leader of the Government in the Senate have some information in this regard?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish I had. It would be useful if I had the communiqué that was issued, but, unfortunately, I do not have it with me. However, honourable senators, I undertake to send for the communiqué so that more particular details about the announcement can be drawn to the attention of the Senate.

Hon. Jacques Flynn (Leader of the Opposition): I suppose the confirmation will not affect the people of Alberta too much.

Senator Olson: I understand that, in spite of the tremendous lobbying that I might have done, none of these frigates is going to be built in Alberta!

Senator McElman: Is it not a fact that, under the proposal put forward by the Saint John Shipbuilding and Dry Dock Company, benefits spin off to every province in the nation?

Senator Olson: That is true.

Hon. Sidney L. Buckwold: Saskatchewan gets the shaft.

Senator Flynn: What else is new?

Senator Buckwold: Honourable senators, that was not said facetiously because the so-called "shaft" is a very real thing. It is not what you people think it is. I was referring, of course, to the "drive" shaft.

A high-technology company in Saskatchewan, SED Systems, is absolutely delighted because this will provide a subcontract of between $10 million and $12 million and will involve the continued employment of several hundred people. This news was received with absolute delight by the people of Saskatchewan.

Senator Flynn: $10 million out of $2 billion.

Senator Frith: Some shaft!

Senator Buckwold: I can tell the Honourable Leader of the Opposition that $10 million in Saskatchewan, considering what we usually get, is considered manna from Heaven.

Senator Flynn: I agree with you.

[*Translation*]

CANADIAN SECURITY

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-157

Leave having been given to proceed to Order No. 4:

The Senate resumed from Monday, June 27, consideration of the motion of Senator Olson:

> That a Special Committee of the Senate be appointed to examine and consider the subject-matter of the Bill C-157 intituled: "An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto", in advance of the said Bill coming before the Senate;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered

by the Committee and to sit during sittings and adjournments of the Senate;

That the Committee have power to act jointly with any committee appointed by the other place to examine the subject-matter of the aforementioned Bill; and

That a Message be sent to the House of Commons to request that House, if it deems it advisable, to appoint a committee to act jointly with that already chosen by this House.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have already indicated in a very general way the position taken by this side on the motion. We would have preferred seeing the subject of the bill referred to a joint committee of the Senate and House of Commons, but I understand the government has given up asking that House's agreement on the matter, and, therefore, there is no question of getting the co-operation of the other place for the setting up of a joint committee.

The second point I raised the other day was that, if we could not have a joint committee, we would have preferred, instead of a reference to the special committee mentioned in the motion, a reference to the Committee on Legal and Constitutional Affairs. If I understood correctly the Leader of the Government, he will definitely not accept the proposal because he feels that committee already has too much work to do. We could of course question that decision, but that is another matter. We could move an amendment to the motion, substituting the Committee on Legal and Constitutional Affairs for that special joint committee, but if that amendment is not agreeable to the Leader of the Government, there is no question of principle involved, so that our gesture would be useless and would have no value, however symbolic. Therefore, if the Leader of the Government tells us he stands by his proposal of a Senate special committee, under the circumstances we bow to his decision, our objection being solely for the record, and the motion may be carried on division.

There remains the matter of the date of the committee report. If I remember well, it is October 27.

Hon. Royce Frith (Deputy Leader of the Government): October 27.

Senator Flynn: October 27 it is, so my memory is not failing me as usual. At the time Senator Asselin was elected, and he has always held my memory in great admiration—

Hon. Martial Asselin: I rise on a question of privilege, Senator Flynn is referring to his memory with respect to birthdays, but nothing else.

Senator Flynn: I appreciate such corrections. In any event, the government leader told us he did not feel the committee should undertake anything before September. It seems to me this is leaving very little time to that committee to report on October 27. I would appreciate it if the Leader of the Government were a little more specific as to what he anticipates for that committee's program.

I have nothing further to add for the time being. I have already submitted to the Leader of the Government the names of senators on this side who could sit on that committee. As I said yesterday, there should be a procedure for ready substitution of committee members. In the case of such a small committee, this is very important. It can very easily happen that one or two members cannot attend, and there should be some means to call in a substitute without difficulty. This being said, I would be very happy to hear the response from the Leader of the Government on the points I raised.

• (1520)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish to respond to the questions asked by the Leader of the Opposition. First, we are prepared to acquiesce to his suggestion that we pass a motion that would allow for essentially the same procedure to be followed that was used in connection with the Joint Committee on the Constitution, namely, that the Leader of the Government, or someone designated by him, and the Leader of the Opposition, or someone designated by him—I believe the whips were designated by the two leaders—be authorized to change the membership of the committee without reference to the Senate and, indeed, when the Senate is not sitting. We are prepared to move a motion that gives that authority to the Leader of the Government and the Leader of the Opposition concerning their respective nominees to the committee.

With regard to the work schedule of the committee, I believe it is necessary to have an organization meeting almost immediately—perhaps tomorrow. But it will be for the members of the committee to discuss among themselves the workload to be undertaken some time later in the summer. I cannot say what that committee, or a steering committee, would do at this point in time, although I would certainly be guided by their advice. I hope that the honourable senator understands that both he and I will be members of the committee.

Senator Asselin: Will he be the chairman?

Senator Olson: The committee will have to decide that after nominations are received. A reasonable scenario would be to have the organization meeting reasonably soon. It does not have to be tomorrow, or even next week. There should be a series of meetings, at which the committee could hear from the minister. The committee may then decide that it is not necessary to hold any further meetings until September, although the motion gives it authority to meet during adjournments of the Senate. No doubt there would be some fairly intense meetings some time in September, perhaps after September 12. However, I hope the Leader of the Opposition will agree that it would be better for the committee to determine the dates of the committee meetings. That is the work plan that I foresee for the committee.

The Leader of the Opposition suggested that the matter should be dealt with by the Standing Senate Committee on Legal and Constitutional Affairs. However, there is a problem associated with that. I am almost certain, although not com-

pletely certain, that the invitation extended to members of the House of Commons will not be accepted. Therefore, it should be a special committee that could be turned into a joint committee if the other place decides to accept our invitation.

In addition, the Standing Senate Committee on Legal and Constitutional Affairs already has a heavy workload. As honourable senators know, it has to consider Bill S-31, and at the present time it is considering Bill S-33. Also there were some concerns expressed in the house yesterday regarding the amendment to the Constitution affecting aboriginal rights. Later today, when we are dealing with that motion, I will be prepared to accept a suggestion that the matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs. The matter should be considered for a reasonable length of time. Whether that "reasonable length of time" should be between now and September, I am not prepared to say, but the committee should allow adequate time to consider the views that were expressed by honourable senators during the course of the debate yesterday. With those comments I believe I have answered the questions raised by the Leader of the Opposition.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: On division.

Motion agreed to, on division.

PROCEDURE FOR CHANGES IN MEMBERSHIP OF SPECIAL SENATE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have two motions dealing with the subject matter of the motion that has just been adopted.

With leave of the Senate and notwithstanding rule 45(1)(i), I move:

> That changes in the membership of the Special Committee of the Senate on the subject-matter of the proposed Canadian Security Intelligence Service Act may be made by notification thereof, signed by the Leader of the Government in the Senate, or any Senator named by him, with respect to government members, and by the Leader of the Opposition in the Senate, or any Senator named by him, with respect to opposition members, being filed with the Clerk of the Senate who shall cause the same to be printed in the *Minutes of the Proceedings of the Senate* of that sitting, or of the next sitting thereafter, as the case may be.

Honourable senators, the motion is similar to the one adopted in connection with the Special Joint Committee on the Constitution of Canada.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

MEMBERS OF SENATE SPECIAL COMMITTEE APPOINTED

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(g), moved:

> That Rule 66(1)(b) be suspended in relation to the nomination of Senators to serve on the Special Committee of the Senate on the subject-matter of the proposed Canadian Security Intelligence Service Act; and
>
> That the following Senators be appointed to act on the said Special Committee, namely, the Honourable Senators Balfour, Buckwold, Flynn, Frith, Kelly, McIlraith, Nurgitz, Olson, Pitfield, Riel and Riley.

Motion agreed to.

[*English*]

CANADA-GERMANY TAX AGREEMENT BILL, 1982

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of amendments made by the House of Commons to Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes.

Hon. H. A. Olson (Leader of the Government) moved that the amendments be concurred in.

● (1530)

He said: Honourable senators, we have before us an amended version of Bill S-24. It will be recalled that this house gave third reading to Bill S-24 on July 7, 1982. The Bill, introduced in the Senate on February 2, 1982, contained clauses designed to ensure that the agreement can be kept up to date as a result of changes in the tax system of Canada and that of Germany. These clauses were in line with similar clauses approved by Parliament in the past.

During the Senate proceedings a number of amendments were made to the bill. The Senate's concern was primarily with respect to the power of the government to amend the agreement by means of a supplementary agreement made by order of the Governor in Council. In order to limit the power given to the executive by the bill to modify and amend the Canada-Germany Double Taxation Agreement, the following changes were made, namely: First, amending subclause 5(1) to provide that a supplementary agreement "shall not, in any manner, impose a greater tax burden on any person than the one to which such person might be subject, but for this Act, as may be amended from time to time"; and, second, by amending the provisions in clause 6 relating to the negative resolution procedure that applied to the supplementary agreement inter alia through reducing the number of members in both the House of Commons and the Senate who could initiate the procedure.

It was mentioned in the other place yesterday that the first mentioned amendment could not be accepted in that it carried the clear implication that a double taxation treaty can impose taxes, whereas it is generally recognized and accepted by the

courts that such a treaty can only reduce or relieve taxes. The other place accepted the addition of some language to subclause 5(1) that meets the concern of the Senate by qualifying the power of the executive to alter or revoke the agreement, but did not approve the specific language passed by the Senate in this respect.

With respect to the Senate amendments concerning the negative resolution procedure, the fact that they represented an improvement over the one previously agreed to by Parliament was recognized and they were accepted. However, it was felt in the other place that the reduction from 50 and 20 to 20 and 10 in the number of members or senators respectively required to file a motion was too low. Consequently, the other house agreed to increase these numbers to 30 and 15 respectively.

A third amendment was made to subclause 6(3) but it was only for correcting a translation problem in the French version of that subclause as approved by the Senate. If honourable senators would like an explanation of this amendment, I understand that Senator Frith is willing to give it in both official languages and, just so he knows what he is talking about, I will give him the music.

Hon. Jacques Flynn (Leader of the Opposition): He had better read slowly.

Senator Olson: Germany has been ready for some time to ratify the agreement and they are anxious to put it into force. There is also considerable interest in Canada to see this agreement implemented as soon as possible. And, consequently, I believe the amendments, which secured the passage of the bill in the other place, should receive the approval of this house in order to enable the agreement to be implemented without further delay.

Although my explanation has been brief, I invite the support of honourable senators for my motion for concurrence in these amendments.

Senator Flynn: Honourable senators, my comments will be brief. I am sorry that Senator Godfrey is not present in the chamber because, if I remember correctly, he indicated an interest in this matter. Perhaps it was with regard to the amendment concerning the number of members of the House of Commons and the Senate who could initiate the procedure on the negative resolution. It is too bad that the honourable senator is not present because we shall never know whether what he had in mind was really of substance.

It seems to me that the first amendment is not really justified because I see no reason to contest the right to say what is said as opposed to what we said. After all, the Senate clarified the principle that we could not, according to the changes proposed, impose a greater tax burden. The minister says that it has always been interpreted that we could not take such action so the phrase is not needed in the agreement. If everybody is entirely satisfied that this interpretation is correct, then that is fine, but what the Senate proposed was not harmful in any way.

However, I do not think that this change in wording is worth engaging in battle with the other place. Therefore, we should concur in these amendments now.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would someone explain to me the third amendment which calls for the striking out of line 8 on page 3 in the French text?

Senator Flynn: Senator Frith was supposed to speak on that.

Senator Roblin: That is right, but my copy of the bill has no French text on line 8 of page 3. Probably the line number is wrong. Which one should it be?

Hon. Royce Frith (Deputy Leader of the Government): Leaving aside the question of lines for the moment, it seems to me quite clear, upon looking at the two versions, that the words in the English version of subclause (3), "unless a motion to the like effect has earlier been taken up and considered in the other House and adopted", appear in the French text. Senator Roblin seems to be quite right in that the words are being added rather than substituted. The amendment reads:

> jours de séance suivant sa remise, sauf si l'autre Chambre a déjà étudié et adopté une motion visant la même fin.

Those words were not in the French version, so they have been added to fit with the last three lines of subclause (3), but there may be some mistake as to the line.

Hon. Henry D. Hicks: If my honourable friend will count the lines he will find that it is in fact line 8.

Senator Frith: Line 8 is struck out.

Senator Roblin: I see the point now.

Senator Frith: That is right, because you have to strike out the words:

> "jours de séance suivant sa remise".

Those words are replaced with:

> "sauf si l'autre Chambre".

[*Translation*]

Here is the explanation.

Senator Roblin: I see now: Thank you very much.

[*English*]

Motion agreed to and amendments concurred in.

● (1540)

JUDGES ACT
FEDERAL COURT ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-166, to amend the Judges Act and the Federal Court Act.

He said: Honourable senators, Bill C-166 provides for an increase of four judges at the level of the Federal Court of Appeal and two judges at the level of the Trial Division of the Federal Court.

Hon. Jack Marshall: What are their names?

Senator Frith: They have yet to be nominated. I guess they cannot be named until their chairs are built.

The lawyers among us will realize that there has been an increased burden on the Federal Court both at the trial level and the appeal level. The judges in both of those levels of the Federal Court travel extensively across Canada hearing both matters at first instance and appeals within their jurisdiction.

Hon. Robert Muir: Do they travel to Australia?

Senator Frith: Not as a result of this bill, Senator Muir, no. On the other hand, in fairness and to be absolutely accurate, nothing in this bill prevents them from doing so on their own.

The increase takes into account the present case-load and projected increases within the next few years and the desirability of reducing to a substantial extent the present reliance on deputy judges. That reliance has been increasing because it is necessary to have a panel of three judges to hear appeals. Consequently, often judges who have become supernumerary from some of the provincial courts fill in for Federal Court judges in the composition of appeal panels, thus helping to deal with the case-load. Obviously, their service is both valuable and highly appreciated, but the very fact that they are so often required would seem to justify the establishment of these additional judgeships.

Pursuant to the Constitution, the Parliament of Canada has the responsibility and the exclusive jurisdiction under section 96 to appoint superior court judges of the provincial courts. Because section 96 judges, as they are sometimes referred to, are superior court judges provision is also made in this bill to increase their numbers in both county courts, which are considered superior courts, and the high courts of the provinces where the two courts are not unified. Whether or not they are unified, they are still superior court judges under section 96.

Honourable senators, because the explanatory notes throughout the whole of the bill give particularly detailed explanations and descriptions of the additional appointments in various jurisdictions as well as full explanations of the consequential amendments relating to payment, to annuities for surviving spouses, et cetera, unless honourable senators wish for an explanation of a particular point, there is little I can add to what I have already said. Let me simply reiterate that the purpose of the bill is to increase the number of judges in the Federal Court at both trial and appeal levels and to increase the number of superior court judges in both county courts and supreme courts of the provinces, whether or not those courts are unified, as they are in certain provinces. Unless you wish me to focus on particular provinces or particular consequential amendments, I believe that is all I can usefully say at this stage.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Bill C-166 is the result of the splitting of Bill C-159 which included the problem contained in this bill. We will have it again later on in Bill C-167 which has to do with the establishment of the Tax Court of Canada. Both subjects were covered in Bill C-159, but the opposition took exception to that and Bill C-159 was split in two. This one deals with judges of the Federal Court and of superior or county courts. First of all, the government wants to increase the number of judges because of the larger number of cases. In every instance, this decision follows a request by provincial attorneys general, except of course in the case of the Federal Court where the Minister of Justice is in a position to appreciate the need to increase the number of judges.

The bill provides for a whole series of increases which are explained in the marginal notes of each clause, as the sponsor of the bill pointed out. There is no argument about that. There is no doubt that we need more judges and that they carry a much heavier load than in the past. Indisputably, in earlier times, when I began to exercise my profession, superior court judges had a lot more—I would not say leisure time—peace of mind than they have today. Halls of justice have become huge plants, and that creates a problem. I have no idea how we can solve it, but the fact is that the number of judges must be increased. That is the main thrust of this bill.

Second, this bill clarifies certain provisions concerning annuities by substituting the words "surviving spouse" for the word "widow". Thus, the spouse of a female judge will be entitled to an annuity. That sounds interesting to me and I do not see anything wrong there. In many cases, it will be like a bonanza. Be that as it may, since the current trend is to make both sexes equal, which means giving males the same breaks now enjoyed by females, the idea is to avoid discrimination against men. That is what is happening here—we are doing away with discrimination against men, not against women. That is the correction we are making.

With respect to the pension of judges, I should point out that the law perpetuates the system of two classes of judges—those who have been appointed before 1975 and do not contribute to their pension fund, and those who were appointed after 1975 and who contribute something like 7.5 per cent. All judges contribute 1.5 per cent for the indexation of their pension. In that connection, a few years ago, the Minister of Justice set up a task group which examined the matter and reported two years ago. The task force suggested that judges should not have to contribute to their pension scheme. Of course, when you look at the scheme, this is senseless. Up to 1975, the right to a pension was integrated, as it were, in the appointment. Consequently, a judge who became disabled two years after his appointment was entitled to a full pension. Today, the one who is on the bench longer gets less, because he may contribute for years and receive his pension for only a couple of years. It does not make much sense. The Minister of Justice should have taken into consideration the recommendations made about the cancellation of that contribution.

I would like to remind this house that during my brief stay at the Department of Justice I drafted a Bill which was to be introduced the day following December 13. That Bill would have removed that contribution to the pension fund. It would have even refunded to the judges appointed since 1975 the contributions paid until then. Such a Bill would have, in short, put all judges on the same footing. We now have two

groups of judges—those who receive their full salary mentioned in the Bill and the others who receive that salary less 7.5 per cent which, just the same, comes to a rather substantial amount. Surely there is nothing pleasant in saying for instance: "I get $700 or $800 less per month than my colleague who was appointed before 1975."

Hon. Azellus Denis: And he gets the same pension.

Senator Frith: Yes.

Senator Flynn: You are right. Then, I understand the problem. It stems from the objections raised in the other place by NDP members who forced the government to impose these contributions. They had done exactly the same thing, when the compulsory retirement age was set at 75 in 1965. All senators who had been appointed before that period had to contribute to their retirement fund. It is the same principle or philosophy which has motivated the NDP members in this instance. The government is a prisoner of the objections of this small political entity, which I find totally unwarranted. In any case, this remains a problem.

It should be mentioned also that in connection with the senators' pension plan the government had indicated, when dealing with the House of Commons pension plan some years ago, that it would readjust the pension plan for senators, especially those appointed since 1965, at the first opportunity. It had even indicated that it would do so at the same time it would deal with the Judges Act. Once more, we have been forgotten. The government lacked the courage to settle this problem. With all due respect to the Deputy Leader of the Government, whom I do not mean to offend, I had to raise this point. The government should make a special effort to remedy this situation which results from the fact that the last time the members of the House pension legislation was amended, it stated that it would deal with the senators' problem at a later date. That was two years ago. It has as yet done nothing, although it had stated when dealing with this legislation that it would do something. I should say however that the occasion was not particularly well chosen, because it is difficult to relate the problem senators are faced with in connection with their pensions with that with which judges are faced in connection with their own pensions. Yet, if the government has found a way to introduce Bill C-166 to deal with the judges' problem, I do not see how it could not also find a way to introduce legislation to deal with our own pension problem.

Senator Frith: If we do not do anything about it, there is no problem.

Senator Flynn: That is exactly what I am complaining about. Incidentally, I also have a few comments on what is not in the Bill but should be. I mention this because it is an issue that has been discussed and has been causing considerable friction among the judiciary for many years. We had almost solved the problem.

Senator Frith: So far, I agree with you.

Senator Flynn: We were going to settle those issues in 1979. When the Trudeau Government came back to power, it appointed a task force to look into the matter, and the recommendation was to get rid of it, as was already provided in the Bill I mentioned earlier, which I was to table the day after the Government was defeated.

So the issue of pensions and salaries of judges of the Superior Court remains a source of friction. This debate may be a good opportunity to talk about a procedure for appointing judges, because there has been a vast improvement in the method used by the Minister of Justice or the Prime Minister, as the case may be.

I do not think this is the right time to try and find a solution, but I do think the time has come to say that we should think about it, and that perhaps the procedure should be more institutionalized, if at all possible, to protect the Government or the Minister of Justice against unwise appointments. At the present time, the Minister of Justice or the Government or the Prime Minister consults the Canadian Bar Association and the local associations, but the fact remains that we could perhaps find a procedure that would provide even more safeguards. In any case, this is an issue that is not really related to the Bill. The others are not related either but they should have been in the Bill, and I think that in any case, it would be useless to refer the Bill to a committee. I see that in the other place they considered the Bill in Committee of the Whole, but this proved to be pretty useless. Only two amendments were proposed by the New Democratic Party and these were more propaganda than anything else. Since I do not see how we could really propose amendments or make any changes at all, since we do not have the legal expertise in the Senate, I therefore take the view that the Bill can now be given second reading, immediately followed by third reading, if that is agreeable to the Bill's sponsor.

Senator Frith: Honourable senators—

• (1550)

[*English*]

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

[*Translation*]

Senator Frith: Honourable senators, I share the views expressed by the Leader of the Opposition, a former Minister of Justice and distinguished counsel. It might have been more appropriate for Senator Flynn to sponsor this bill, but, under these circumstances, it would not have been consistent with our traditions. Concerning this bill as a whole, he has emphasized some aspects of the pension plan and elaborated on the malaise which continues to be felt concerning the various categories of judges; examples can be found in the Ontario Appeal Court or even Divisional Court where three judges are hearing a case and one might be paid at a higher rate than the other two because of these various categories, where some do not have to contribute to the pension fund.

I fully support his views, and I deplore the fact that this bill which was ready before the Clark government was defeated

was never adopted or even introduced later on. As to the connection between the judges' pensions and the senators' pensions, I again fully support his views. The method for appointing judges has been improved on several occasions over the past 10 or 15 years, but there are still other alternatives.

Therefore, I move that the bill be read the second time.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[*English*]

TAX COURT OF CANADA BILL

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-167, respecting the Tax Court of Canada and to amend the Federal Court Act, the Judges Act and the Unemployment Insurance Act, 1971.

He said: Honourable senators, Senator Flynn and others have taught me never to introduce a bill by saying that it is a simple one. However, I think I can say that this bill is less complicated than it looks. While there are many sections making up the bill, with full explanatory notes, I suggest that what all of this black letter law seeks to accomplish is not as complicated as the method of accomplishing it might indicate.

The intention of the bill is to continue a body known as the Tax Review Board under the name of the Tax Court of Canada. The bill changes the name of that body and adds a certain feature to the old Tax Review Board by making it what is called a court of record. That means that it has certain additional powers and independence that it would not have, or was not perceived to have had, when it was called the Tax Review Board.

The problem, to an important extent, was one of perception. When the body was called the Tax Review Board, it was considered by many taxpayers to be an arm of the Department of National Revenue or of the Government of Canada. It is felt, and there is some evidence to support this feeling, that the mistaken impression that the board had a sort of interest in the outcome of the matters appearing before it was created, partly, by the fact that it was called the Tax Review Board.

Perhaps I should illustrate this point by way of example. Suppose that someone appeared before the Tax Review Board to argue that a tax assessment ought to be changed, and opposite him, was a representative of the Department of National Revenue trying to maintain the tax assessment. The taxpayer might well feel that the board he was appearing before was simply an arm of the government, and it follows that he might feel that the deck was stacked against him.

• (1600)

In fact, honourable senators, the Tax Review Board was not, literally, an arm of the government. Its name, however, plus the fact that it was not a court of record, did give that impression. What this bill seeks to do, therefore, is to establish the exclusively judicial nature of the tribunal now known as the Tax Court of Canada.

The conversion of the board into a court of law was recommended by many bodies that were interested in its functions, two of which are the Canadian Bar Association and the Carter Commission on Taxation. That commission, in its recommendations, gave rise to the 1972 reform.

Hon. Jacques Flynn (Leader of the Opposition): The so-called reform.

Senator Frith: Yes, I agree with that, in view of its eventual fate. The commission proposed, however, the formation of a tax court, and I underline the word "court." The Canadian Bar Association was consulted by the Minister of Justice and it endorsed the proposal regarding the changes made and the status of the board.

In saying that the board is now a court, we may create the impression that the appearances and procedures before the court are now going to be more complicated. That is not the intention of the government. The government does not want to make access of the taxpayer to the tribunal more difficult, nor does it want to introduce more formality into the conduct of the proceedings. In fact, subclause 14(1) of the bill provides that an appeal before the Tax Court of Canada, as it is now called, does not require any special form of pleading. Clause 14(2) sets out that the court is not bound by the technical rules of evidence. The same subclause goes even further to state that all appeals are to be dealt with by the court as informally and as expeditiously as the circumstances and considerations of fairness permit. Clause 15 provides that a taxpayer may appeal to the court in person or may be represented by a lawyer, a friend, or any other person of his choice. The court cannot award costs on the disposition of an appeal, even though it is a court of record. The substance of all of these provisions is now found in the Tax Review Board Act.

To reiterate the changes, honourable senators, the first is the change of name. The second is the change of status, making it a court of record, which establishes judicial independence but does not thereby complicate the procedure.

Another change proposed by the bill has to do with certain amendments to Part IV of the Unemployment Insurance Act, 1971. That statute, at the present time, is administered by the Department of National Revenue. Appeals under that part are now heard by umpires, as they are called, who are usually judges of the Trial Division of the Federal Court of Canada. The transfer of jurisdiction to the Tax Court of Canada that is

provided for by this bill means that matters which were formerly under the jurisdiction of umpires now fall under the jurisdiction of officers of the new tax court. The latter jurisdiction is desirable because the handling of unemployment insurance appeals, with respect to coverage, does more properly fit a court such as this tribunal than it does a court of superior jurisdiction like the Federal Court of Canada.

The appeal system against a decision of the tribunal of first instance, in appeals under Part IV of the act, will be simplified, in that all decisions of the Tax Court of Canada will be the subject matter of a single review under section 28 of the Federal Court Act. Honourable senators will understand that the Federal Court is in the picture, but now for its usual review purposes rather than as the court of original jurisdiction. At the present time, the decision of an umpire with regard to an appeal under Part IV of the Unemployment Insurance Act, 1971, can be appealed pursuant to section 86 of that act to the Pensions Appeal Board, with leave of that board in respect of a question of law involving section 3 of that act. It can also be subject to an application for review under section 28 of the Federal Court Act on all other questions involved in that decision. There is no change in the appeal system regarding benefit cases.

• (1610)

Also, Part III of the Judges Act is amended by this bill. The considerations that prompted the government years ago to transfer the administrative duties and functions relative to the staff of the Federal Court of Canada from the Department of Justice, where it now is, to the Commissioner for Federal Judicial Affairs are valid here also. It is done with a view to further enhancing the independence of the judiciary in Canada and ensuring, as much as possible, consistent with the principles of ministerial responsibility of a parliamentary system, that the administration of judicial affairs is to be separate and apart from the administration of the executive branch of government.

As a last change, the government proposes to change from seven to 12 the number of members of this new Tax Court of Canada.

Honourable senators, those are the provisions of the bill. I think that normally many of us, when we are sponsoring bills, like to do at least a quick walk through the bill. I suggest to you, honourable senators, that because this bill really repeats a whole lot of provisions that apply to the board that would not be a useful exercise. I have looked at the bill, and I believe I have brought forward the salient features, and that it would not be profitable for us to go through all the sections.

Senator Flynn: Honourable senators—

Hon. H. A. Olson (Leader of the Government): Senator Steuart agrees.

Senator Flynn: That is very comforting indeed. Possibly I should dispense with speaking.

Hon. D. G. Steuart: Dispense.

[Senator Frith.]

Senator Flynn: The agreement of Senator Steuart on the record might not mean exactly what it appears to mean between us.

[*Translation*]

I would now like to make a few comments on this bill which replaces the Tax Review Board by the Tax Court of Canada. As indicated by the sponsor of this bill, the Tax Review Board seemed until now to be an adjunct or an extension of the Department of National Revenue and its decisions seemed to be simply of an administrative nature rather than judicial.

Indeed, this problem has been under consideration for quite a while, as mentioned by the sponsor; even the report of the Carter Commission recommended that a court be established. There is also the fact that, being members of a board, appointees were somewhat at the mercy of the government as far as their salary was concerned; there were always problems to determine the salary of the Tax Review Board members.

I remember having looked into this matter when I was Minister of Justice. Even then, we were trying to find the best solution. In principle, under this bill, a court will be established, the salaries of its members will be transferred from the Board to the Court and the members of the Board will become judges. Their salaries will be the same as those of county court judges who are appointed in every province except Quebec.

Because of that, the Judges Act had to be amended so that the words "a judge of the Tax Court of Canada" are added every time a judge of a superior or county court is mentioned. That is why the bill is quite long, as it contains a great number of strictly housekeeping clauses. The Schedule which begins on page 25 contains 16 pages and ends on page 41. These are simply references to the acts which must be amended in consequence of all the other amendments.

The mover of the Bill has mentioned the nature of the court. As we know, the Tax Review Board had jurisdiction not only over tax matters as provided for in the Income Tax Act but also over any decision-making with respect to problems under the Unemployment Insurance Act and the Canada Pension Act. Now all those powers of the Tax Review Board are transferred to the Tax Court of Canada. The mover of the Bill has mentioned that he was pleased with the provision of Clause 14 and the following. I am not really sure whether those clauses come under the heading "Proceedings before the Court."

I will quote the whole of Clause 14(2) as follows:

> (2) Notwithstanding the provisions of the Act under which an appeal is made, the Court is not bound by any legal or technical rule of evidence in conducting a hearing for the purposes of that Act, and all appeals shall be dealt with by the court as informally and expeditiously as the circumstances and considerations of fairness permit.

I would like it to be a matter of interpretation of the provisions of the Bill rather than a matter of procedure. I am concerned that the Tax Court can dispense with the rules of law in the matter of evidence. In fact, I am somewhat concerned. I do not know and I will say that I did not have enough time to check

whether in the legislation now in effect the powers granted to the Tax Review Board do precisely include the same provision.

Senator Frith: In the former legislation, yes.

Senator Flynn: Of course, but in the explanatory notes there is nothing on that subject.

Anyhow, it could perhaps have been a reason why the Tax Review Board was merely considered as an instrument of the Department of National Revenue.

Senator Frith: Senator Flynn, according to my information, the subject matter of the provisions was identical. They are now to be found in the powers of the Tax Review Board but not literally. This is why Senator Flynn referred to that. My information is that they are exactly the same provisions, but they also are the same in principle or substance.

Senator Flynn: In any event, I am leary that the Court is not bound by the legal or technical rules of evidence.

As I said a while ago, if I were told: In equity you must follow the rules, or go by an equity principle to interpret the Income Tax Act, I am in agreement. But as far as evidence is concerned, I am not too anxious to give the Court that discretion not to follow the legal or technical rules.

I am not happy either with the provision to which the mover referred, Clause 18, where it is stated:

> No costs may be awarded by the Court on the disposition of an appeal.

I do not see why, if the appeal is upheld, if the taxpayer is right, he would not be entitled to some costs. If this is truly a court of justice, why should there be that provision which seems to prevent the Court altogether from granting costs, from awarding costs to the taxpayer whose appeal has been granted?

It may be an illusion to think that we could simply delete that Clause and return the Bill to the House of Commons, telling them it has been so amended. I would be very anxious to know whether the mover of the Bill really believes that such a provision is justified.

In any event, we have no problem with the substance and thrust of the Bill. Those two rules of procedure, if you like, Clause 14(12) and Clause 18 make me wonder, to say the least.

I wish the sponsor of the bill would tell me whether he is fully satisfied that we ought to keep those two provisions unchanged. I also wish he would tell me if we might even send a small message to the House of Commons to say that at least we have deleted clause 18.

Senator Frith: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Frith takes the floor at this time, he will close the debate.

Senator Frith: As is often the case, honourable senators, I share the views of the Leader of the Opposition about this bill. I simply want to answer the question concerning clauses 14(2) and 18.

I should think that the only justification for those two provisions is the one I gave when I introduced the bill. What the government had in mind when it decided to change the terms of reference of the board was to avoid giving the impression that proceedings will be more complicated, or that the change will necessarily complicate the proceedings before the board, which will henceforth be called the court. That is the only justification. Those amendments must be seen from a certain angle with respect to the impression left by the provisions or the principles of the bill. What I mean to say is that we have the impression that the board is a tool of the government, and that is why the word "court" has been substituted for the word "board". We have changed the terms of reference and tried to reassure the user or client that, at this stage, we do not want to complicate or change the proceedings. They will not be formal, they will be the same as in the past. That being said, I agree about clause 18. That is the only justification. Besides that, in principle I cannot offer any justification to deny the court the power to award costs.

Instead of referring this bill to committee, I would suggest another alternative, which would be to take note of the reservations expressed about clause 18 and, to a certain extent, about clause 14(2), and make the Department of Justice aware of them. I am convinced that, at the first opportunity, they will take steps to correct those provisions. In the meantime, we can rest assured that, although the name and terms of reference of the court have been changed, the proceedings will be as they were before.

Motion agreed to and bill read the second time.

• (1620)

[*English*]

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: Honourable senators, I am wondering if we could possibly postpone third reading of this bill until later this day, to give the sponsor of the bill an opportunity to communicate with the minister to determine whether he might be able to tell us something about clause 18. I wonder if the minister could give us the assurance that he will consider that and possibly bring in an amendment during the next session, whenever that takes place, and it may very well be only after the next general election. We have received those assurances before, and they did not mean too much, but they were better than nothing.

Senator Frith: Honourable senators, I think that that is a reasonable request. We will have third reading later this day.

MISCELLANEOUS STATUTE REPEAL BILL

SECOND READING

Hon. Richard J. Stanbury moved the second reading of Bill C-119, to repeal certain statutes that have ceased to be in force or have become unnecessary.

He said: Honourable senators, this bill is the second part of the government's regulatory reform program; the first bill was designed to standardize and simplify federal laws that require the private sector to keep certain records. This second bill proposes to repeal 124 unused and unnecessary federal laws.

These are dead statutes, and although they remain on the books they are currently inactive and will not be required in the future.

I should like to add that, although the impetus for the bill is the regulatory reform program, the vast majority of statutes identified by ministers for repeal are not regulatory in nature; nevertheless, inclusion of old and non-regulatory statutes is desirable as legislative housecleaning is an important and necessary step in ensuring improved public administration generally.

By repealing all known obsolete statutes through this bill, demands on the limited time of Parliament will not be unnecessarily multiplied. Further work on legislative housekeeping will, of course, be necessary. This project is ongoing and most departments have already begun the task of reviewing their regulations in order to identify obsolete provisions.

Passage of the Miscellaneous Statute Repeal Bill is confirmation of the government's commitment to regulatory reform and improving communications and consultations with the private sector.

Honourable senators, the bill is before you and you will see that it contains a long list of individual statutes which are to be repealed by this bill.

Hon. Jack Marshall: Honourable senators, to prove a point that has bothered me for some time, this bill concerns 124 statutes that are to be repealed. I realize that the bill was sent to our offices many months ago, but it is difficult, without research assistants, to look into those which are of interest and concern. I mention Nos. 52 and 53 in this regard, the Blind Persons Act and the Disabled Persons Act. As far as I am concerned, those are very important pieces of legislation.

While the answer might be that they are now the responsibility of the provinces, unless I can be convinced otherwise, I feel that these bills should remain on the federal statute books.

Another statute which falls into this category is No. 124, The Veterans' Assistance Commission Act, 1936. Senator Stanbury was good enough to show me the big book he has, provided to him by the officials from the department, which sets out what that act was all about.

Another one is No. 64, the Defence Supplies Act. I am sure that Senator Lafond would agree with me that that legislation might be useful in assisting the Subcommittee on National Defence in its endeavours to have the armed forces brought up to strength and provided with modernized equipment.

• (1630)

Hon. C. William Doody: Bows and arrows!

Senator Marshall: At the present time the Atlantic region is in a dilemma about the reduction of freight subsidies, which is going to hurt development in that area. The point is that I would have liked to have had more time to look at some of these statutes and satisfy myself that they are obsolete and should be repealed. This is the sort of thing that happens before every long adjournment when we have a large number of bills to pass within minutes.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this bill is another one of which the subject matter was under consideration when I was the Minister of Justice. It is hard to believe that with such a short tenure I had so many problems that are being resolved more than three years later.

Hon. Royce Frith (Deputy Leader of the Government): You went there to prepare a place for us and now we are following your leadership.

Senator Flynn: The idea of repealing obsolete legislation was part of the reform that we were trying to initiate, and I am very happy that it is being continued by the present minister.

The point raised by Senator Marshall is a very important one in the sense that we would not want to repeal an act which still has a useful purpose. I would imagine that the Department of Justice would take the necessary precautions before recommending that Parliament repeal a certain act. I do not want to suggest that the Department of Justice never makes a mistake because perhaps they do more often than they are prepared to admit, but this is a case where the margin for error is rather minimal. This is part of a legal reform intended to eliminate obsolete legislation, acts and regulations, and to try to introduce, as often as necessary in any bill that we adopt, a sunset clause. That would mean that an act would simply be repealed if there was not a procedure for it to continue. Therefore, we would not have a lot of acts accumulating in the statutes that serve no useful purpose. I feel quite confident that all the statutes that are mentioned here—they have been checked very thoroughly—serve no useful purpose at this time. If this process were to take place every year, I think the statutes could be cleaned up to a large extent. In fact, lawyers know that when looking up the Statutes of Canada a lot of small or inconsequential acts are not included in the Revised Statutes of Canada except the most important ones. They are there and they remain on the statutes indefinitely, although oftentimes one does not know that they exist. Some of them may still be useful, but most of them die a natural death. My colleague, Perrin Beatty, who was working with me in this connection when we were the party in power, mentioned that some of these acts suggest eternal life because we find they have been in the statutes for so many years without anybody noticing that they are there and they serve no useful purpose.

Honourable senators, I recommend that the bill receive second reading.

Hon. Joseph-Philippe Guay: Honourable senators, normally in bills the French translation appears on the opposite page, but that is not the case in this bill. For example, item No. 1 in English is item No. 8 in French. It is rather confusing and it prevails all the way through in that manner. Possibly the minister saw fit to list them alphabetically rather than numerically. Anyone reading this bill could be very confused if he was looking for the appropriate translation. I would like to know why this was not printed in the usual way.

Hon. Richard J. Stanbury: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Stanbury speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Stanbury: Honourable senators, I want to thank Senator Flynn for commencing the house cleaning when he was in office and for having pointed out the importance of this being an ongoing process. Perhaps in future years if this does continue we will find a method of taking time to look more particularly at the acts which are being proposed for repeal.

I am grateful to Senator Marshall for drawing my attention to a number of the statutes. I have done some spot checking of the information I have here, and I have not found anything that seems to be amiss. I think it would be a good procedure for us to follow in the future to double check on the work of the Minister of Justice in the other place.

Insofar as Senator Guay's question is concerned, I think he put his finger on the fact that an attempt was made to list the bills alphabetically in French rather than to follow the same order in English. I am not sure what the logic was for that and whether it is a good practice, but I think it was wise of Senator Guay to raise the question in this context and to put it on the record. The references are the same, so I believe it would be easy to find your place.

[*Translation*]

Senator Flynn: I would like to point out to Senator Guay that he is absolutely right. However, the Revised Statutes of Canada are listed in alphabetic order, but only in English. Such is not the case in the French version. There might have been an attempt to alter the system, but I have to admit that it has only created confusion.

Motion agreed to and bill read second time.

● (1640)

[*English*]

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Richard J. Stanbury: Honourable senators, with leave of the Senate and notwithstanding rule 45 (1)(b), I move that the bill be now read the third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

INDUSTRIAL AND REGIONAL DEVELOPMENT BILL

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-165, to provide for financial assistance for industrial development in all regions of Canada.

He said: Honourable senators, the bill before us is called the Industrial and Regional Development Bill. A copy of it is on your desks. I am also having circulated some tables you may find useful during the discussion. Normally, of course, I would move second reading and ask that the tables be appended to the *Debates of the Senate*. Then honourable senators would have an opportunity to read and examine the tables overnight. However, since we may have one or more interventions after my speech, I am having the tables circulated now so that they can be the subject matter of questions or other consideration.

Honourable senators, as it says, this bill is designed to provide a program of financial assistance to business and industry in all parts of Canada. The background and purpose of the bill arose from an announcement by the Prime Minister in early 1982 concerning the re-organization of economic departments of government which will result in the new Department of Regional Industrial Expansion. The government has been examining what is needed to ensure regional and industrial development and the existing industrial support programs that have been available through DREE and IT&C.

The minister said in the other place on second reading that the reasons for this bill were the same as those that spurred the decision to re-organize. There is a need, on the one hand, to re-dedicate ourselves to combatting regional disparity in Canada, and, on the other, to ensure that industrial re-structuring support programs are actually geared to the circumstances that face Canadian industries in today's very competitive markets.

Those very circumstances demand concerted action on the part of Canadians, governments at all levels and, of course, the private sector, both management and labour. With the re-organization of federal economic departments and the introduction of programs such as that contained in this bill, the government is trying to play its part in that concerted action.

This bill has a number of features to which I would draw your attention. We will then go through an examination of the clauses of the bill.

There is a very important change in the whole principle and design of programs for such expansion, and that is that the program provides the capacity to financially assist industries in all parts of Canada, whereas, at the present time, as honourable senators well know, these programs work on the basis of

designated areas. The intention is that they should apply to all parts of Canada. That is the first main feature.

The second main feature of the program is its flexibility. It is specifically designed to provide the type of assistance that is appropriate to a given industry, area or community at a given time. Honourable senators know that these needs vary greatly from region to region and also, of course, from economic sector to economic sector, and that they, of course, change in time. What, in one region, might be a situation of prosperity or lack of prosperity can change. The situation may stay the same in the region, but change in the sector. In other words, something can happen which will make the footwear industry, as an example, go through a depressed period. This is a variable.

Another variable is, of course, timing. One industry might not need help at one particular time, but might at another. Also, there are areas where there is a greater need for investment, for example, in infrastructure, roads, sewers, water and other services, in order to permit industries to establish and grow.

There are also areas where the need is for diversification. There are areas where the need is for new plants. There may be areas where the need is for the launching of new product lines. We have areas in industry where the need is for none of those things, but is for innovation to improve competitiveness.

These are all variables that ought to be taken into account by any good program. In some cases, the present programs do not have the flexibility to do so.

Of course, all of these various needs that I have described, such as diversification, new plant infrastructure, launching of new product lines, also provide great opportunities—opportunities to expand into the revolutionary growth industries of the future; and opportunities to apply the benefits of technology and innovation to virtually all of our existing industries in all parts of Canada to ensure long-term viability and growth. We also have great opportunities, through aggressive marketing techniques, to expand the international and domestic markets for Canadian goods and services. This program, as its second feature, addresses these needs and opportunities.

The third feature is what is called "tiering". It adds a powerful new weapon to the federal government's arsenal in the continuing fight against regional disparity.

The program recognizes not only the varying needs and opportunities of Canada's many regions, but also the levels of financial assistance required for effective industrial development across those regions.

The program embodied in this bill renews and, we believe, makes more effective the commitment to regional economic development that underlaid the establishment of DREE in 1969. That was the commitment and that was the philosophy. What we have in this bill is a much more sophisticated program for dealing with those very same needs and desires.

For the first time, honourable senators, the levels of financial assistance are specifically tailored to the level of disparity of the area concerned. Here we are not talking of broad geographic areas; we are talking of areas as small and as specific as can be defined using consistent, meaningful data available on a national basis.

The method of applying the data is intended to be, and we believe will be, equitable, objective and subject to automatic regular review. It will provide the first consistent measure of regional disparity in Canada. The mechanism I am referring to is the development index which uses data on employment, personal income and provincial fiscal capacity to provide a clear measure of the related need for assistance. It will be applied in areas as small and specific as a single census district.

● (1650)

Using the development index, areas of Canada are arranged in four levels or tiers of regional need. The tiers are meant to measure and respond to different levels of regional need. The first tier, in which the basic level of support under the program will be provided, contains the most developed 50 per cent of the population of Canada, where there is a substantial need for industrial restructuring. In that tier, financial assistance of up to 50 per cent of costs for innovation and marketing activities will be provided, and up to 25 per cent of modernization and expansion costs. So honourable senators will see the variables that are applied. The tier is different and the percentage of financial assistance is varied and measured depending on the need that is being responded to.

That is the first tier. There are three other tiers with increasing levels of support. In Tier IV areas, which contain the 5 per cent of the population living in areas of greatest need, the maximum level of support is provided under the program. Up to 60 per cent of costs for plant establishment may be provided.

There has been a refinement to the tier system since the program was first proposed. In any Tier I area—that is the 50 per cent, where there is the greatest prosperity, or perhaps I should say the least poor—where the unemployment to population ratio exceeds the national average by one per cent for any consecutive six-month period, that area will be provided with the next higher, or Tier II, level of assistance for plant establishment for one year. The reason is to make the system even more responsive by being able to respond to six-month changes rather than wait for longer changes before one can move into a qualifying tier, although at the moment one may be just outside that tier.

That is what has been called the cyclical factor. Where there is cyclical downturn affecting an area in the short term, in a way that would not immediately show up by applying the development index to which we have referred, but where short term but very real economic hardships nonetheless dictate the need for increased assistance, that is another example of the flexibility that is designed in the program.

So the industrial and regional development program has been carefully designed, and I am pleased to say that it has been designed after a great deal of consultation with the private sector. There has been much discussion in cabinet, and,

as honourable senators may know, there has been a good deal of consultation with all three political parties.

Hon. Robert Muir: And the provinces?

Senator Frith: Yes, I believe so because, as Senator Muir implies, there is a major provincial factor here in terms of the index. I believe that those broad consultations may explain why there was generally a favourable response to the legislation in the other place.

The consultations were to meet the general and specific goals of regional and industrial development in all parts of Canada. The program provides for support over the whole range of industrial development needs, both industrial infrastructure and innovation. It has to be remembered that sometimes plant cannot be established because of the inability to provide water service and roads, for example. Therefore, the program deals with infrastructure and innovation in order to increase competitiveness. It can deal with the actual establishment of a plant, from the ground up. It can also deal with the modernization and expansion of a plant, and with marketing and industrial restructuring or renewal. Any of those needs can be met by application, and are met by the program set up in this bill. The objective, of course, is to provide support for those activities when and where they are needed anywhere in Canada.

The program also provides for effective regional development by instituting a strong incentive to Canadian firms to invest in those areas of Canada which have the greatest need for that investment. There has also been devised an organizational structure that will put the regional sensitivity and flexibility of the program into practice at the local level. It is the localization or decentralization of the application, granting and reviewing process. To put it in simple terms, the program has included in it a method whereby people can avoid having to come to Ottawa to make their applications. It is based on decentralized expertise, decision-making and local program delivery—the delivery of the program by way of application, grants and review. The actual putting into operation is meant to take place at the local level.

The industrial sector expertise from ITC has been combined with the regional capacity of DREE. Regional offices have been established in all provinces. Several new sub-offices have been opened, and more will be opened in future. The role of those offices will be to get to know the business community and act as its advocate with the federal government. They will take an active role in informing firms of available government support, all of which will be available locally for the first time.

As honourable senators will know, particularly those who come from regions outside the main cities, often excellent programs exist but people are not aware that they exist. So it is part of our job to ensure that people do know. The department is decentralizing not only to deliver the program, but also to ensure that people know that the program is available.

The new program, and indeed all programs, of the Department of Regional and Economic Expansion will be administered with the benefit of advice from an industrial and regional development board set up under the proposed act. The board will be co-chaired by representatives of management and labour, with membership from each group. That reflects the concept that I mentioned at the beginning, that the task of fighting the battle of regional disparity is a job for the federal government, for provincial and municipal government and also for the private sector, both labour and management. The purpose is to deliver this program through co-operation, a manifestation that is found in the establishment of the industrial and regional development board co-chaired by representatives of management and labour with membership from both. The board will have appropriate regional representation in its membership, and by advising the government on broad policy issues, the board will be an effective instrument in ensuring that the government's industrial policy and programs are based on a board consensus.

Honourable senators may know that a move has already been made, and will be continued, to establish sector specified task forces or advisory committees, again chaired by both management and labour. Four that I know of that are in effect—and there will be more—are in the automotive industry, the petro-chemical sector, forest products, and aerospace. The efforts of those task forces will be of great benefit in terms of establishing goals and strategies with regard to key industrial sectors.

Therefore, honourable senators, I believe that it is quite widely recognized that the bill is a major step forward in the rationalization, simplification and perfection of the federal government's approach—and I refer not only to the present government. I believe that the broad support for the principles contained in this bill make it clear that the present government does not own the concept any more than do the other political parties or provincial governments. I believe the program reflects a widely felt feeling that we have to have a flexible program that applies right across the country, that delivers at the local level, and is sensitive as far as possible to changes, with factors that enable us to respond much more specifically to more specific needs.

● (1700)

At a time when 1.5 million Canadians are unemployed a concerted effort is needed toward strengthening our industry. That need will increase as we strive for economic recovery in a world of rapid technological change and extreme competition. I thank the Minister of Industry, Trade and Commerce and Regional Economic Expansion and his department for their effort in bringing together this excellent program. I can tell you also that the groundwork has been laid and that there will be no delay in getting the program going. If the bill receives the support of the Senate, the program can be off and running by July 1.

Honourable senators, I would like to take you on a very quick review of the bill. Clauses 1 and 2 deal with definitions. I point out the distinction between "commercial operations" and "eligible persons", which is essentially the difference between an actual enterprise and, say, a local government or an

individual or business that is not in business to make a profit but in business for delivering, for example, infrastructure.

Clause 3 of the bill deals with the tier groups and sets out the percentages to which I have referred.

Clause 4 clarifies some provisions with regard to contribution loans and guarantees and continues to deal with the distinction between commercial operations and eligible persons.

Clause 8 deals with certain limits with regard to loans, grants or guarantees.

Clause 9 contains a provision for the minister, subject to the regulations, to acquire, exercise, assign or sell a stock option. That clause is not for the purpose of control over the board of directors but simply for the opportunity to add to the security in event of, for example, a very successful spin-off from the program of a private or commercial enterprise.

I can assure honourable senators that clause 10, dealing with authority for loan guarantees, does not give the department any additional or new loan guarantee authority that it does not already have by the acts referred to in clause 10.

Clause 11 deals with the recovery of overpayments.

Clause 13 involves the Regional Development Incentives Act rolls over those undertakings that are now under the RDIA.

Clause 15 is the result of an amendment in the other place. Because of the flexibility in the program the minister will review development indexes by July 1 each year to determine regional disparity. This amendment requires that the report of the minister be presented by June 1, before the designations and factors are put into effect in July. I think that is a very good provision.

Clause 16(a) indicates that although the minister has power subject to the regulations to make certain decisions, he must make them on the basis of the criteria that are set out in that clause.

Clause 17 is the sunset clause.

Honourable senators, I think that this bill constitutes an excellent program and a sophisticated evolution of previous programs in the fight against regional disparity commenced in 1969 and that it is time, as economic recovery takes hold, to impose an improved and sophisticated method of ensuring that our industry increases not just in some regions but in all parts of Canada.

I ask honourable senators to support the motion for the second reading of this bill. It will be remembered that earlier this day the National Finance Committee, after its study, suggested no amendments to the bill.

Hon. Hartland de M. Molson: Honourable senators, clause 4 seems to deal only with commercial operations, and in no sense does it mention manufacturing and construction. Are these elements covered in the wording?

Senator Frith: Honourable senators, in dealing with commercial operations, clause 2 reads:

> "commercial operation" means a commercial operation as defined by the regulations and includes such class of operations within the service industry as are designated by the Minister pursuant to subsection 7(2).

So the minister has very wide powers of designation.

"Eligible persons" refers to people who carry on activities that support commercial operations and includes, without limiting the generality of the foregoing, an economic business or technological institute, a municipal corporation or a municipal industrial development corporation. So I think the intention of the bill is to make it as wide as possible for reasons of flexibility.

Senator Molson: Does that mean that we do not need the word "construction" in the bill? Clause 4 says nothing about construction.

Senator Frith: Clause 4, in part says:

> —the Minister may, in accordance with the regulations, make a grant, contribution or loan to the commercial operation in respect of a project carried out or to be carried out by the commercial operation for the purpose of
>
> (a) establishing . . . the commercial operation;

"Establishing a commercial operation" clearly means building a building. The builder can also expand his building, modernize it or even do something else to enhance the productivity of the commercial operation. We have a general rule in drafting contracts, and in all legal drafting, that, often, to define is to confine. In this case I think we are using the words "establishing a commercial operation" to have it as broad as possible. I do not think there would be any difficulty in including in that the building of the building.

• (1710)

Hon. L. Norbert Thériault: Honourable senators, I have listened with interest to the Deputy Leader of the Government praising this legislation, but, to me, once again it is apparent that the question of regional disparities is not being dealt with to the satisfaction of the Atlantic region, certainly not to the satisfaction of New Brunswick.

Unfortunately, I was not able to be present at the meeting of the Standing Senate Committee on National Finance last night when it dealt with this bill.

Hon. Duff Roblin (Deputy Leader of the Opposition): It dealt with Bill C-165.

Senator Thériault: I thought that is what we were discussing, government reorganization.

Senator Frith: No, we are not dealing with Bill C-152.

Senator Muir: Honourable senators, I should like to ask the Deputy Leader of the Government for a word of explanation on one point. If I understood him correctly, he said that the board would be comprised of representatives of labour and management, and although I think that would be a good thing and that it would certainly work out, I see nothing to that effect in the bill. Where does it indicate in the bill who will be on those boards he spoke about?

Senator Roblin: You are right on.

Senator Frith: Were you about to raise the same point?

Senator Roblin: I intend to make a speech on the subject. I am not sure whether you desire to answer questions now or would prefer to do so when you close the debate. I will abide by your wish in the matter.

Senator Frith: With respect to this particular question, so far as I am aware there is no provision in the act itself to provide for the representation from any particular group. Senator Muir is quite right in that. I can only give the assurance that the plan is to use this board in the same way as the task force study groups were used. I am sure Senator Muir knows that in those cases both management and labour were represented. In this case I don't think anything in the legislation requires that, but I will find out.

Senator Muir: I am sure we can take the word of the deputy leader and the minister responsible for the bill that that will be carried out. Certainly, the deputy leader was quite firm this afternoon in stating that that would be the case in future. However, I do think it should be in the act itself.

Senator Thériault: May I just ask the deputy leader if there is any relationship between Bill C-152 and Bill C-165? Are they related in any way?

Senator Roblin: No.

Senator Frith: They could be said to be related in the sense that, whereas Bill C-152 deals with the broad question of government reorganization, Bill C-165, as one small dimension of it, deals with the question of government reorganization. But basically, Bill C-165 does not deal with government reorganization, except in the sense that it is part of the program for a new and more responsive and sophisticated delivery of regional disparity programs.

Senator Thériault: I am sorry if I caused any confusion. The few remarks that I had intended to make with respect to Bill C-165 would seem to apply equally to Bill C-152, because in any matter of regional disparities the Atlantic provinces, and I speak for New Brunswick in particular, always seem to be the losers. For the last year there has been talk of a government reorganization and an amalgamation, at least in New Brunswick, of IT&C and DREE. At one point in time the government leader in the Senate was the minister responsible for that, if I remember correctly. The people of New Brunswick and of the Atlantic provinces generally still don't know where they stand with regard to that program, and they are concerned about it.

Does either of these bills replace in any way the legislation that was passed to establish the Department of Regional Economic Expansion in 1969?

Senator Frith: As I understand it, honourable senators, everything provided for in Bill C-165 has evolved as a development of the program begun in 1969. It is a more refined expression of the experience that resulted from the 1969 launching of DREE.

This bill has used DREE and the experiences flowing therefrom as something to start on and has built on that to create something that has a more widespread application. DREE was based on designated areas. This bill will apply all across Canada. In certain circumstances every part of Canada may qualify and the unit of application can be as small as a census unit.

Obviously, this program is much more flexible than the 1969 version. It is a growth of that as a response to the requirement for different ways of measuring the needs. Therefore, it is much more flexible and more sophisticated generally.

Senator Thériault: I am sorry if I confused Bill C-165 with Bill C-152, but it seems to me that the same principle is involved in the two bills.

Senator Roblin: Let's conduct our debate in the usual style, please, and not have this in-and-out business.

Senator Thériault: Well, I want to state for the record that I have reservations about any legislation that would give ministers the power to deal with matters of regional disparity without explicitly designating the weaker areas. That is an important point.

In looking at the various criteria, I noted that the financial capacity of a provincial government was given a weight of only 10 per cent. I guess there is no question that the people in every other part of the country but the Atlantic provinces must be happy with this legislation. As a New Brunswicker, I am concerned, and I expressed that concern and it has been reflected in the report prepared by the National Finance Committee following their study on regional disparities. Not only my views were reflected therein, but the views of other people who were involved in that study.

• (1720)

I am concerned because we have to deal with the political facts of life; we have to deal with the fact that from Ontario there are 95 members of Parliament, and from Quebec there are 75. Whether we like it or not, the fact of the matter is that when a party forms a government in this country, it is more than likely that it has a large number of supporters from those two major provinces, and when decisions are made they are made by politicians. Politicians are, after all, human beings who are elected; politicians know people in cabinet, the Prime Minister, and they, in turn, know where the political strength lies. Where the political strength lies is also where the financial strength lies, and in this country this is true of Ontario and the greater part of Quebec, particularly the region of Montreal and Quebec West. I can only hope that the good intentions, the pious wishes expressed by the minister and by the government deputy house leader today will bear fruit. Under this legislation, they can bear fruit but I again, as a maritimer, want to express my reservations.

Senator Roblin: Honourable senators, I was among those who had the opportunity to hear the minister of this department explain to the Senate committee at the pre-study session what this bill was all about. He is such an engaging, open and likeable individual—

Hon. Daniel Riley: Just like yourself.

Senator Roblin: I am glad to hear you say that, although I give him the palm. However, it seems a bit churlish, under those circumstances, to find anything wrong with his beautiful bill, particularly after hearing the presentation by its sponsor this afternoon. I will start, therefore, by saying some nice things about the bill.

This bill, surely, is a technician's delight. The point that I would like to make is that this bill pulls together a multitude of programs and puts them under one common direction, providing a more convenient shopping list, for want of a better term, by which the members of the general public who wish to make use of the facilities of this bill have an opportunity to do so. In the sense that it rationalizes a multitude of programs which previously had grown up in an unorganized, ad hoc and, in my view, inefficient way, one has to be pleased that this bill brings these matters under one heading and, to that extent, I must say that I am glad to see it.

I also approve of the amendments that were made in the other place. I approve of them because they were good amendments but I also approve of them because I understand that they were made by the Progressive Conservative members of the committee.

Hon. Jacques Flynn (Leader of the Opposition): If they were made by the Progressive Conservatives, they were certainly good.

Senator Roblin: They must have been good, because the Grits accepted them, and that does not happen all the time.

The first of these amendments had to do with defining the term "eligible person" that was previously left to regulations. That certainly was a good thing to define in the bill. However, there were other matters in the bill that should also have been defined. My honourable friend, Senator Muir, pointed to one when he observed that the board that the mover of the bill discussed is not provided for in concrete terms; it is a conditional operation. The board may be appointed, and the selection of the members of the board is left to the discretion of the minister. I would have been happier to see those things specified in the bill, but I suppose we will have to take the word of the sponsor that there is the intention to ensure that these various interests are represented.

I also consider that the invention of this development index to decide the status of the various census groups in the country and how they fit into the proposals in this bill is an improvement over previous methods because it reduces to some extent, at any rate, the concept of ministerial discretion and puts it on a statutory basis. That, certainly, is something with which we can all agree.

I have to say, however, that in dealing with this bill in committee a number of valid points were made which will have to be considered when this bill is in operation. The first of these is a fundamental point which Senator Thériault made which should not be skipped over lightly, and that is that this bill puts the whole of the country under one aegis. That means that Tier I, which includes the whole of the province of Alberta, the cities of Toronto, Montreal and other places such as that, are covered by this bill, and in that I foresee certain practical problems.

Formerly, we designated particular areas as being worthy of assistance, and the rest were left outside that charmed circle. The result of that was that we were able to concentrate the money and the personnel that were available on the areas that needed help the most. The basis of need has always appealed to me as a sound principle, and certainly that was the underlying principle of the original Atlantic Provinces Development Fund, or whatever, which was introduced many years ago by the late lamented Prime Minister Diefenbaker. The idea was that people in need should be helped by the rest of the country.

We now find that the ambit of the bill is extended to the whole country. You may say that that is necessary since pockets of need which require some help may be found in prosperous areas. I do not dispute that, but I point out that you are introducing another principle when you make it universal, instead of limiting the requirement to one of need, and that has very practical consequences. There is only so much money to go around, and if you decide to let everyone have a chance at the funds that are available, of one thing you may be sure; that is, that the relative share that goes to the former designated areas will be less now than it would have been if we had not introduced this universal principle.

This is the point, I think, that bothered Senator Thériault and ought to bother anybody in a former designated area, that this is a problem. It seems to me that the minister ought to review that part of his bill and restrict it to those areas that are in the greatest need, however you may define those areas. Surely it must be possible to define them in some effective way so that the amounts of money that are available to assist in this respect are directed more accurately to those areas which need the help of the rest of Canada, rather than having this wider and more indiscriminate application of the impact of this bill.

The fact that we are going to universal application instead of designated areas to me is an important point. I appreciate that we have tiers and that there is that factor in this whole equation. I do not deny it, and am thankful that we do have some discrimination in this respect, but, to my mind, we should move back to focusing our available help on those who are in the greatest need and not make everyone and his brother eligible for this aid.

There is another great thing that this bill does, which is important from the point of view of a province such as New Brunswick or any province that requires infrastructure and things such as that. It is true that the arrangements that were in place and concentrated under DREE were all the services of the government that applied to disadvantaged areas, and, through DREE, we were able to get the infrastructure that my honourable friend who introduced the bill spoke of. You were then able to have people look at roads, at power facilities, at all of those multitudinous government services which are not applicable to a particular firm but which are described as "infrastructure." Now that is all gone. Under this bill, the

whole idea of DREE being the focus through which we will deal with provincial infrastructure is done away with.

● (1730)

What happened to it? According to what we heard last night, it has been moved up one tier, to the Honourable Donald Johnston, who has the supervisory mandate over the whole of the economy. It means that Mr. Johnston, with provincial officials, may decide to deal with some item of infrastructure, but this will not be concentrated through one area. It will come down by mandate from him to the line department, such as Transport, for example. Therefore, some areas that are in economic difficulty will find themselves in stiff competition with all of the activities of the Department of Transport, let us say, for their share of the funds that the Department of Transport has available.

Honourable senators, I do not want to be too pessimistic about this, but one must not be too positive about a plan which is about to be tried rather than one with which we have had experience. I suggest that, when the question of universal application of this bill is added to the fact that the traditional concentration of infrastructure investment through DREE is now by the boards and is being done in another way through the line departments, with nobody twisting their arm, so to speak, there is the possibility that we may find that the impact of this new arrangement, with respect to the disadvantaged areas of the country, may be less than we would like to see.

We had the opportunity to discuss these matters with the minister last night, and he is aware of them. I do not know what he can do about the last point I made, namely, that to do with infrastructure, because it does not come within his mandate any more. It is certainly something that we will have to keep a close eye on, however. We have these problems, with respect to this bill, which certainly give reasonable cause for concern. We may find the government back here, before very long, to seek some amendments to this in order to make sure that this operation is really dedicated to the proper ends.

What the bill also does, of course—and we discussed this with the minister—is this: under the universal scheme we now have, we will find ourselves helping a company in point A which will have the result of putting out of business a company in point B. I refer honourable senators to this series of functions that the deputy leader has so kindly distributed. One of them is called restructuring. It involves, among other things, helping out lame ducks. In other words, it involves taking firms that are not making it, restructuring them and refinancing them, if that is necessary.

There may be circumstances under which that is a good thing, but consider this prospect: suppose that Mr. A is smart enough to keep his business solvent and afloat. Suppose that, in the next census division, Mr. B, who is in competition with Mr. A, is having difficulty and is receiving aid under this bill. Wouldn't Mr. A feel a little odd at his competitor receiving this kind of attention from the government? That is a dilemma to which I offer no easy solution. All I am saying is that it is certainly part and parcel of a situation that I think will become more troublesome as we proceed with the operation of this law.

We had the chance to discuss this frankly with the minister. He tells us that he is aware of the situation. Of course, he is going to do his best to keep out of trouble, but I predict that we will have a little problem with this sort of thing before we are through. I say that because there are two elements of this legislation which defy the wisdom of Solomon. One is that you have to pick the winners. If you do not pick the winners, then you are not going to achieve the development in the areas that you want. You have to pick the winners, and that is a hard job. The second thing you must do is resist the temptation to help the losers. Goodness knows we have just had an extraordinary example of this problem in the Maislin situation that I referred to earlier today. I had the opportunity to ask the minister about it last night, but he did not answer me at that time.

We have this problem involving helping losers, which results in no benefit, over all, to the economy or to the region. Sometimes the only result is bailing out the financial institutions. It is that kind of temptation that is politically unavoidable, but I just hope that, in the Honourable Edward Lumley, we have a man who will be able to resist those temptations.

It seems to me, honourable senators, that those are areas of concern which have presented themselves to us because of our particular interest in regional problems in the country. I do not know what else I need to say to alert the Senate to some of the problems that can be foreseen with respect to this bill.

Fortunately—and I think this is one of the desirable amendments introduced by the opposition in the other place—this bill does not go on forever. It has a sunset clause. Its sunset will take place on July 1, 1988, if my note is correct; five years from now.

Hon. Joseph-Philippe Guay: June.

Senator Roblin: Is it June? Thank you, my friend, I am glad to get it straight. If we miss sunset by a month, we will be out of luck, won't we? At any rate, that provision will provide us with an opportunity to review the operation of this bill in depth.

The point that I think is important is the agreement of the minister to the other amendment, which provides for a better opportunity for parliamentary review. I have to commend the adoption of that amendment and say that we certainly will support it.

There is another area that ought to concern the Senate, and that is the impact of this bill on the provinces. Undoubtedly, it has a direct bearing on what provincial governments are doing. If honourable senators examine this list of functions which the bill is designed to cover, they will see that it covers practically everything. It might be observed that not all of the provinces cover all of these points, and that is true, but it is also true that some of the provinces do cover all of these points.

In committee we expressed some concern that there should be a very close working relationship between the provinces and the federal government with respect to this industrial development field, which concerns everything from scientific research

through to marketing, consultation studies and all of that sort of thing. It is not mentioned in the bill. I find that unfortunate. I would like to see it in the bill. The minister gave us ample assurance—he certainly seems to understand the problem very well—that he would pay particular attention to the point. It is not only necessary for the ministers and the deputy ministers to speak, but in the actual day-to-day operations it is the bureaucrats at a much lower level who need a co-operative nudge now and then, if we are to make sure that we have a reasonable meeting of minds between the actual operators of the program in the field, on both the provincial and the federal levels. I suggest that those are aspects of the administration of this law which will require the attention of Parliament over time, as this bill proceeds.

I come back to my main concern, honourable senators, which is that the bill spreads itself too thin by taking in the entire country. I think it would have been better to have focussed on the areas of need. Had that been the case, I think that money would have gone further and would have helped those who need it most. Instead, we have this universal policy that is presented here.

I reiterate that the kind offices of DREE, created to help in the development of infrastructure, are no longer there. There is a substitute for it, that is true; I do not overlook that and I hope it will work. It seems to me, however, that there is an element of risk that we are running, in that attention will not be as concentrated or as effective under this new law, with respect to infrastructure, as it was under DREE.

We think that the bill, as a whole, has merit in that it is a sensible reorganization of the delivery systems. It is a technocrat's dream, I suppose; it is a big improvement. Certainly the public will find it a lot easier than it was before to deal with the federal government. In terms of the undeveloped areas of the country, however, there are places where I am concerned that we may find we are not going to do the job we think this bill is really intended to do. I leave that warning before the Senate. I look forward to the provisions of the bill which provide for a parliamentary opportunity to examine its operations. I hope that the Senate is included in that term practically, as it is constitutionally, when this bill gets into operation. We can then see how the administration of the law goes along.

There is no doubt, honourable senators, that the problem of regional disparities will be with us for some time. It is our responsibility, especially in this chamber, to do what we can to see that any governmental action in this respect is as effective as it possibly can be.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, I draw your attention to the fact that, if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: In reply, honourable senators, I will say that I understand the concerns of Senator Thériault. They are based on his experience as a New Brunswicker. I can assure him, however, that his concerns, which he has said are reflected in the report of the committee, are also concerns that this bill is designed to respond to. I do know specifically that that report played a role in the designing of the program enshrined in this bill.

[Senator Roblin.]

• (1740)

Senator Muir expressed concern about the lack of "specificity" on the representation of management and labour, which was a point shared by Senator Roblin, and expressed by Senator Roblin in the words, "I would have been happier if those provisions had been specifically in the bill." So would I.

I do draw the attention of the Senate to section 15, which requires a report. There is no question about which house, because it says, without leaving any doubt, "to each House of Parliament," so we will have a crack at it and will have a chance to remind the minister of the concerns that all three of us have, that it would be better if that principle were specifically expressed in the bill.

I treat the other points raised by Senator Roblin as I believe they were expressed, as caveats. As he said, in each case his reservations, or caveats, are known to the minister.

Reference has been made to the application to the whole of the country, and therefore spreading it too thin, and I can only say that I think that is a conscious decision.

Senator Roblin: It is wrong.

Senator Frith: It will be noticed that the 5 per cent, the small group, the Tier IV group, is the group that gets the best qualification; in other words, even included in the program there is a reflection of the desire to concentrate on the areas that need it most. It is much more difficult to qualify at the Tier I level. Even within areas such as the big cities it is possible to focus down to areas as small as census districts, so that flexibility is available. I believe the spirit of the bill is such that, rather than wanting to spread it too thin, the whole intention of having these various tiers is to make it easier to qualify, and qualify for more, in the less privileged areas, and we have a program that I think will work.

As Senator Roblin said about the infrastructure, we have a different system in that regard from what we had before. We believe—and the bill is built on the hope—that the plans for infrastructure are part of the flexibility of the bill, and that therefore the new system is better than the old. With him I can only say, as all of us can say, we will see. I share with him the feeling that there is no doubt the minister means to make the system work and to be an improvement on previous systems.

The same applies to competition and the danger of giving an inefficient operator a competitive edge that he does not deserve. It is a problem that we have always had, even with the previous systems, and it is a problem the minister is aware of.

The picking of winners and losers, as Senator Roblin said, and as I believe the minister understands, is certainly a part of the game. It is just a decision. It is the way the system has to operate. We do not win them all, but let us hope we do not lose them all.

With regard to impact on the provinces, I accept the underlining and the caveat again, that that will have an effect; it will be an impact because of the new system. My understanding is that the provinces are aware of, and are concerned with, that also, but are generally taking the view that they will give this system a chance and see how it works.

Honourable senators, what it comes down to is that we all seem to support the basic objectives of the program; we think it is an improvement; we know that there is a will, a real will, to make the system work better, and we hope that this bill will be a way of making the attack on regional disparities work better. We have all noted the caveats of Senators Muir, Thériault and Roblin.

Before I conclude, honourable senators, may I have the table to which I referred printed as an appendix to the *Debates of the Senate* of today?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For table see Appendix "B", p. 5948.*)

Senator Frith: Honourable senators, I ask you to support the motion for second reading of this bill.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

TAX COURT OF CANADA BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government): With leave of the Senate and notwithstanding rule 45(1)(b), moved the third reading of Bill C-167, respecting the Tax Court of Canada and to amend the Federal Court Act, the Judges Act and the Unemployment Insurance Act, 1971.

He said: This, honourable senators, is the motion for third reading that earlier was adjourned until this time because of a concern that I shared with Senator Flynn on the subject of section 18, the section that continues in the Tax Court of Canada the provision that the Tax Board was not permitted to grant costs.

I have been in touch with the minister's office, but I am sorry to say that the best I can offer is that I have an undertaking from the minister to phone Senator Flynn directly and discuss this concern with him. That is as much as I have been able to accomplish. However, I do give that undertaking.

I underline the fact that I share Senator Flynn's concern, and I cannot see any reason, other than the continuation of the old system and the reassurance that is supposed to give the clientele for not giving the right to grant costs, particularly to a successful taxpayer. I am not so keen on the idea of the department getting costs against the taxpayer, but I do not see any reason why, considering how tough it is to succeed, the successful taxpayer should not get costs.

Motion agreed to and bill read third time and passed.

ATHLETIC CONTESTS AND EVENTS POOLS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-95, to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be read the second time.

● (1750)

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, we are here today to discuss Bill C-95, the Athletic Contests and Events Pools Act, and its valuable purpose, the establishment of a federal sports pool, which recognizes the need for supplementary non-tax funding of worthy projects.

We all feel great pride as Canadians when our athletes compete successfully against other countries of the world. No one can deny having felt elated and excited about the recent successes of our national teams. We also have good reason to be proud of our cultural resources, as many of our dance and theatre companies and artists have won national and international acclaim.

In the area of medical and health research, advances in the treatment of disease and the prevention of illness have improved the quality of life not only of Canadians but of people around the world.

As a federal government we are trying to do everything we can to encourage and promote such excellence, but this goal is becoming more difficult as costs in these disciplines are escalating rapidly. If we are to continue our responsibilities in these areas, it is paramount that additional non-tax revenues be found.

At the present time the federal government does not have a mechanism in place which can provide sufficient funds for this purpose. The decision of the previous government to terminate the national lottery operations was, in the view of at least

some, shortsighted with respect to the support that such a program could have provided to these very worthy causes.

Loto Canada was an extremely successful operation which earned between $75 million and $80 million annually. It is significant to note that Loto Canada raised in excess of $200 million to help cover costs incurred by the 1976 Montreal Olympics.

The government of the day had intended to ensure the continuation of non-tax funding for these areas, as indicated by the introduction of Bill C-41 in February 1979, through the operation of this federally-controlled lottery. With the curtailment of Loto Canada, the amount of money available for funding such projects has been severely reduced. Also, at the present time, the government does not have in place a revenue-generating program to contribute to the funding of special programs and events of national interest.

Therefore, the objective of the sports pool program quite simply is to create a mechanism which will provide supplementary non-tax revenues for fitness and amateur sport, arts and culture, and for medical and health research. As well, special events of national importance, such as the Fifteenth Winter Olympic Games in Calgary, will benefit from sports pool revenues.

The announcement of the creation of the federal sports pool program on September 14, 1981, coincided with the presentation of Calgary's bid for the 1988 Winter Olympics. This commitment for substantial funding by the federal government was an important factor in Calgary's success in the bidding process at Baden-Baden.

Just as the federal government took great pleasure in supporting the successful Summer Olympics hosted in the east in 1976, we may now look forward with great anticipation to participating in the development and execution of the Winter Games in the west in 1988.

The staging of these games will benefit Canadians and our country in many ways. All eyes will be on Canada and we will have the opportunity to heighten our international image and project with pride the bilingual and multicultural nature of our country.

The games will promote the host community, will benefit the economy, and will have an even greater impact on making Canada a winter destination point for tourism.

The Calgary Olympics will provide strong motivation and focus for the development of amateur sports and will encourage recreation in Canada. As well, the Calgary Winter Olympics will provide the joy of participation for our athletes performing at home.

Many Canadians will be involved through business or support services or as spectators. In addition, educational and cultural programs organized around themes related to the Olympics will involve a wide range of Canadians in the so-called "Olympic spirit". The end result will be a great legacy of Canadian human and physical resources.

In choosing a non-tax source for this additional funding, we feel we are best serving the desires of the Canadian public. As consumer participation in the sports pool is strictly voluntary, it allows the public to consciously fund those activities they would like to see receive extra support. A similar type of effective program for funding non-essential but beneficial projects in the national interest, such as the Montreal Olympic Games—which were a great success—was created with the successful Montreal Olympic Lottery/Loto Canada.

It is, therefore, our intention to allow Canadians who wish to voluntarily support the Calgary Winter Olympics to do so, by participating in the federal sports pool program. The past has shown us that this was a popular and fruitful exercise, and that is why we have decided to choose a similar method of funding.

In choosing the vehicle of a sports pool, we purposely chose to enter a new field in Canada which would not contravene the 1979 letter agreement with the provinces. Just as the provinces have a non-tax source of revenue to meet certain provincial responsibilities, so the Government of Canada needs a similar source of funds for undertakings of a national scale.

Sport pools are popular worldwide and have been in existence in some nations for over 50 years. While our market research indicates there is a high degree of interest in this activity in Canada, we will be attracting a different market from lotteries and thus should not provide significant competition to the provinces.

● (1800)

Before establishing this program, we carefully considered the involvement of lower income groups. In a 1978 Statistics Canada study on family expenditures, the section on expenditures on lottery and raffle tickets indicates that all income groups spend approximately one-third of one per cent of annual income on lottery and raffle tickets. Public participation in a sports pool can best be described by the British Royal Commission on Gambling, of 1978, which stated that the activity of playing sports pools is "a harmless form of entertainment."

The sports pool will be a national activity which Canadians can participate in on a voluntary basis from coast to coast. The end results will provide enjoyment for the individual and promote the 1988 Winter Olympic Games in Calgary. As well, it will assist the creation of additional programs within fitness and amateur sport, arts and culture, and medical and health research which all Canadians will benefit from.

Bill C-95 provides for the sports pool to be operated by a crown corporation known as the Canadian Sports Pool Corporation. Creating a crown corporation was found to be the most practical and proficient way to operate a sports pool program, and it will be responsible to the Parliament of Canada. The legislation also provides for joint operation of the sports pool with the provinces, if an agreement can be reached between the two levels of government. We would like the provincial governments to co-operate and work with the federal government.

It is intended that throughout its entire operation the Canadian Sports Pool Corporation will conduct itself in an

environment of efficiency, effectiveness and probity in all matters. For example, marketing strategies will comply with an advertising code of ethics.

The Canadian Sports Pool Corporation will not be a big bureaucracy. It will be run in a rather standard fashion by a board of directors who will report to Parliament through a designated minister. The senior working officers will be a president and an executive vice-president, who will be hired to administer the corporation under the direction of a board of directors. The corporation will manage its affairs in accordance with accepted practices.

Honourable senators will recognize that, for it to be fully effective and to achieve its objectives of generating revenue successfully, the board must have the necessary powers, but general direction may be given by the Governor in Council or the appropriate minister.

The activities of the Canadian Sports Pool Corporation will be closely monitored. In each financial year the corporation will submit for approval to the minister and Governor in Council a plan of all corporate and financial activities for the three upcoming financial years. The original proposal was to have a plan of all corporate and financial activities for only two financial years, but the opposition proposal in the other place was accepted by the government.

In accordance with regular procedures, an audit of the corporation's accounts and financial transactions will take place each year. As well, the financial statement will be tabled in both houses of Parliament annually.

Clearly, I think Bill C-95 provides the necessary scope to manage and operate a sports pool effectively, while maintaining the necessary element of control by Parliament. The Canadian Sports Pool Corporation will co-operate with and use existing programs and activities of the federal government wherever appropriate.

While providing revenues for the very deserving areas that I have mentioned, the establishment of the Canadian Sports Pool Corporation will produce other benefits. In the physical design of the computer system for the sports pool game, as well as in all other areas, Canadian content will be a high priority.

The sports pool will also assist in the creation of employment, so crucial at this time. At various facilities across the country, full and part-time employees will be hired and all hiring procedures will comply with government regulations, including official language considerations. Small participating retailers across Canada are going to benefit from commissions.

I should also like to draw to your attention the fact that the bill amends the Income Tax Act to allow winnings from the sports pool to be tax-free. Bill C-95 also amends the Criminal Code to permit the Government of Canada to operate a sports pool.

We have all witnessed how costs associated with Canada's advances in medical and health research have increased dramatically in recent years. As technology advances and equipment costs escalate, new personnel must be trained. Our national cultural and artistic institutions are also experiencing financial strains due to cost escalations. We have seen how the expenses for all of those activities can no longer be entirely absorbed through traditional sources.

By creating a sports pool program, it will enable us to continue to provide supplementary financial support to the areas of fitness and amateur sport, arts and culture and medical and health research. This will mean that innovative Canadian programs such as the Canada Fitness Survey—which measured the fitness level of the nation and proved that the 30-year-old Canadian is more than a match for the 60-year-old Swede—will continue to be created.

The federal government also has a responsibility to fund programs of national interest, such as the monumental 1988 Calgary Winter Olympics. This government is attempting to raise the necessary funds at a time of some economic stress without utilizing tax dollars. In establishing a sports pool program, we recognize, encourage, promote and honour Canadian achievements. The designated beneficiary groups in Bill C-95 are not the only so-called "winners" in the sports pool program. The sports pool will offer the public a fun option for its entertainment dollar. In choosing this option, all Canadians, wherever they live, will benefit from the programs which the sports pool supports.

I thank honourable senators for their attention and I urge their support for this bill.

• (1810)

[*Translation*]

Hon. Martial Asselin: Honourable senators, excuse me while I catch my breath, but I was asked to rush over to this House to speak in answer to the speech by the Minister of State for Fitness and Amateur Sport. I thought we would have had time to look at the Bill this evening and continue the debate tomorrow. However, in view of the exigencies of the Senate, I am prepared to comment briefly on the Bill before us today.

The Bill was referred to committee for preliminary study, and when the motion was moved in this House, I put a question to the Leader of the Government. Unfortunately, I did not have time to come and listen to the Minister's explanations this afternoon, but as part of my question, I wanted to know whether the Minister had a list of the people who would become members of the corporation created by Bill C-95.

Under the provisions of this Bill, the Canadian Sports Pool Corporation is established, with a board of directors consisting of a chairman, vice-chairman, president and executive vice-president and between 5 and 15 other members. I imagine that the Minister, realizing that the Bill will be passed by Parliament, already has a list of the people who will be working on the board of directors. I think we are all very interested to know the names of these people, with their qualifications, before we reach a final decision.

The Minister will probably tell us that these people are appointed by Order in Council and that no names are available at the present time. This is one more flaw in our legislative procedure. We are being asked to approve the principle of

establishing a corporation of this size, while the names of its members, who will play a major role in this corporation, will not be revealed until later on. This means that Parliament will not be able to discuss their qualifications and the extent of the powers that will be vested in them. I hope that when the minister replies after my brief intervention he will give us some details about the members who will make up this new Canadian Sports Pool Corporation.

Around 1976, the Liberal Party had promised that the federal government would get out of lotteries. As you will recall, Loto Canada had been established for a period of three years to help the province of Quebec and the city of Montreal to make up the deficit of the Montreal Olympics. I believe that, at the time, our intention was that Loto Canada would be established for that purpose for a three-year period; Mr. Chrétien, who was then President of the Treasury Board, had explained this decision very clearly and specifically in the House of Commons.

The government promised to abolish Loto Canada after three years, after it had served its purpose, which was to repay the debt of the Montreal Olympics. In fact, I believe that Loto Canada raised up to 82 per cent of the amount needed to make up the deficit of the Montreal Olympics. However, the government did not keep its promise after the first three years, and up to 1978, it had not seen fit to abolish Loto Canada. We had to wait for a Conservative government to give back this jurisdiction to the provinces in 1979 in order to help them finance the programs under their jurisdiction; the present government seems to have missed Loto Canada. In fact, everyone is aware of the scandal which fell on Loto Canada when former Minister Campagnolo, now President of the Liberal Party of Canada, had some problem in explaining what had happened to the House of Commons. We are all aware of the many defects, due to certain Liberal supporters, in the structure of Loto Canada. However, it seems that the present government missed—

Hon. Jacques Flynn (Leader of the Opposition): It felt nostalgic.

Senator Asselin: Exactly, it felt nostalgic for the indirect benefits which Loto Canada brought its supporters. It would seem that this is a good reason in the eyes of the Minister, in addition to those he has stated, for wishing to re-establish, by way of this Bill, a new Loto Canada corporation.

The Minister suggests that one of the major reasons is to finance the Calgary Olympics. I think the Government had decided to support those games that will be held in Western Canada. The Government had a commitment to spend monies—I do not remember how many millions—drawn from the Consolidated Revenue Fund. When it was decided to fund those Olympics, there was no question of the government's establishing a lottery, a new Loto Canada, to recover the cost of those Olympics. The Minister claims that the setting up of that corporation will help the Canadian taxpayers meet the costs of those world games.

I feel this formula is wrong. The Government should support those Olympic Games in Western Canada, but by way of the Consolidated Revenue Fund and not, as the minister would have us think, by other means, by establishing a new Canadian lottery to cover the deficit, to write off the costs of those Olympics in Calgary. We did not object to those games. Quite the opposite, we supported the principle of the Canadian Government funding these Western Olympics by way of the Consolidated Revenue Fund, drawing from the general revenue. But there never was any reference, when the principle was decided upon, to the establishment of a new lottery corporation to cover the deficit of those world games.

I would like to know from the Minister when the decision was made to change plans and, instead of using the Consolidated Revenue Fund, to establish a corporation, a state lottery to cover the costs of those games.

Recently I read a speech made in the other place by Mr. Joe Reid, member for St. Catharines, who seemed to be very well informed on the matter of lotteries. He made some comments concerning the monies collected by Loto Canada. On page 20782 of the Commons *Hansard*, he had this to say:

> Scandals aside, Mr. Speaker, how successful was Loto Canada and how did fitness and amateur sport benefit from that lottery? From start to finish Loto Canada generated a gross total of $725 million, and a net sum of $211 million. Fitness and amateur sport received $10.6 million or an average of $2.6 million a year. Great benefit to fitness and amateur sport out of that sum of money from the taxpayers and the gamblers of Canada!
>
> More money was spent in one year advertising the benefits that were alleged to go to fitness and amateur sport in one year than they received in four years.

What that means is that the money collected from sales of Loto Canada tickets was not as profitable to amateur sports as the minister would have us believe or as the sponsor of the bill in the other place claimed.

I am wondering whether the government is making any money at all, whether lotteries yield as much as expected. I am wondering whether the way to finance the games or other sporting events, or to lend a hand to amateur sports is to create a lottery which amounts to indirect taxation of Canadians. People who are well off do not buy lottery tickets, they are bought by average income people. It is hard to visualize to what extent Canadians have become used to buying lottery tickets. Some of them spend money every week just in case they might get a lucky ticket. I am saying that people who are against the principle of establishing national lotteries claim that it is morally wrong because it is an indirect tax on poor people who waste their money to support some form of amateur sports or games which are to be held somewhere else in the country.

Those are the major objections I wanted to express on second reading of this bill. Basically, the purpose of the bill is to create a sports pool system so that the minister will pay the corporation, right out of the Consolidated Revenue Fund,

$10.5 million the first year to cover its operating expenses. This fund will make it possible for the corporation to pay the net amount due to the Receiver General every four months. Given the objective described by the minister, why should we create a new crown corporation and have it administered by people whose names and qualifications are unknown to us?

Those are the reservations I have about the bill before us. I hope the minister will give me satisfactory answers to help me decide what should be the fate of this bill.

● (1820)

[*English*]

Hon. Hartland de M. Molson: Honourable senators, like other honourable senators, I have been surprised by the short notice given us with respect to this bill. Certainly I have some thoughts to express on it. I do not like this rush at the end of the session. I wish that the late Senator Grattan O'Leary were still here; at least he had the courage to delay things at the end of a session. I admit the effect was startling when pension cheques did not get into the mail for a few days, and I would not want to do anything like that. However, I think that this rush at the end of the session is undignified, ineffective and highly undesirable.

I regret that this bill has been introduced by the Minister of State for Fitness and Amateur Sport, because in my view he has done a splendid job in the field of fitness and amateur sport. In fact, his own configuration would argue very strongly in favour of what he is doing for fitness, and I must congratulate him on his new form. On the other hand, despite the fact that he is sponsoring the bill, I simply cannot see it pass without expressing my disapproval of its principle.

It seems to me that it is a little like mixing oil with water to have the government encourage gambling. I do not believe that is the role of government. I did not agree with the program of lotteries that was instituted some years ago, and I cannot agree with the principle of this bill. I know that money is needed and that the purpose of the bill is excellent. I cannot disagree with that. However, so far as I am concerned, that does not make it reasonable to try to raise the money in the way proposed by the bill. I repeat that I do not think it is the role of government to encourage people to gamble. I have no objection to people gambling. That is a personal matter. I am sure that all of us have had a little fling at some time in our lives, and in my view there is nothing immoral about that. But I do believe that it is immoral for a government to encourage people to gamble. I do not say that this issue is in the same category as the problems of prostitution or pornography, which are having an impact on the social life of this country. If I may say so, I do not believe that the government has faced up to those serious issues, and I think it should, because the morality of this country is just as important as the social climate. Those issues are perhaps not as important as the present unemployment situation; nevertheless, they rank very high. Over a number of years now we have seen encouragement for the easy way of life, which has detracted from some of the more old fashioned virtues. To attempt to get rich quick through lotteries is, in my opinion, a mistake, and to try to promote sports through gambling is also a mistake. For some time now I have read the large volume of advertisements put out by governments to encourage people to gamble. I do not consider it is right for government to spend taxpayers' money in such a way, and I fail to see how that can be a proper function of government.

The argument that the money is badly needed for those causes set out in the bill is a valid one. I recognize that the money is badly needed, and I would like to see it found; but to encourage people to gamble in order to get it is, in my opinion, fundamentally unacceptable. Perhaps I am wrong in my point of view, but I am sure there are many people in this country who would agree with me that this is not a proper role for government. Many of the activities that the government finances through a variety of programs are necessary and desirable, but for it to encourage lotteries and gambling is quite wrong.

I should remind honourable senators that when we were young it was easy for Canadians to feel superior and to criticize the Latin American for sitting in the sun with his straw hat over his eyes, waiting for the lottery results to come in so that he could make a few bucks. Ridicule was heaped upon those people in Latin America who participated in lotteries by Canadians who felt themselves too superior to get involved in that activity. Now our attitude has changed, the only difference being that we do not have the sun or the straw hat. We also criticized interest rates of 10 and 11 per cent in banana republics, maintaining that such a dreadful thing could never happen in this country; yet in the last few years Canadians, although complaining little, have accepted interest rates of 18 and 20 per cent.

My point is that in many ways we have changed our values. One of these changes has been the advent of financing projects through lotteries. Statistics tell us that much of the money that goes into lotteries comes from people who earn relatively modest incomes. I am sure that most honourable senators have on occasion met people whose families have suffered through an addiction to gambling, and certainly any addiction is undesirable. Honourable senators, for those reasons, and for those reasons only, I oppose the bill.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Molson has expressed his dissatisfaction from a procedural view point with the way we have disposed of this bill tonight and of others this afternoon. I share his views. This problem has been with us for a long time.

Hon. Royce Frith (Deputy Leader of the Government): You share Senator Molson's views?

Senator Flynn: Yes, concerning the way we deal with pieces of legislation when we are about to adjourn. The issue is whether, by dealing expeditiously with them as we are doing now, the end result is worse than when we proceed slowly. Towards the end of a session, the government is not inclined to tolerate delays or amendments to its bills. All we can do practically is make our remarks and leave the responsibility for the decisions to the government members in the Senate. It is in

that fashion that we have been carrying out our duties these past few days. We could have adjourned at 6 o'clock, come back at 8, and perhaps continue until 2 in the morning. What more could we have accomplished? On the other hand, we could have come back tomorrow, but it was out of the question to oblige honourable senators to come back again next week. This is not good enough. This is a problem which reflects a lot more on the government majority than on the institution itself.

But getting back to the bill before us, when the committee met this morning, I indicated to the Minister our objections which Senator Asselin expressed a while ago. I should like to add this: The Minister is using the Olympic Games in Calgary as a way for the federal government to get back into gambling once again. It is but an excuse. We have been told repeatedly time and again over the past months that if we do not adopt this bill, funds for the Calgary games will be lacking. The word for this is blackmail. In fact, this bill will indefinitely perpetuate the lottery corporation, even after the Calgary games. By re-entering the field of lotteries, the federal government changes the situation which had been established in 1979 when the Clark government signed an agreement with the provinces. The minister keeps saying that it is not the same thing, that it is not the same lottery, but the fact remains that this decision which is being forced upon us through Bill C-95 goes against the spirit of the 1979 agreement.

Finally, I must say that I find it rather odious that the federal government should seek a monopoly on this type of lottery by amending the Criminal Code. Indeed, that is spelled out as follows in clause 33:

> Notwithstanding any provision of this Part relating to gaming or betting, it is lawful
>
> (*a*) for the Government of Canada to operate and manage a pool system of betting, and
>
> (*b*) where the Government of Canada and the governments of any one or more provinces have entered into an agreement or agreements jointly to operate and manage a pool system of betting—

It is covered by the amendments to the Criminal Code. I think it is obnoxious that the federal government uses the Criminal Code to create its own monopoly in this field. In my view, the pool systems ought to be transferred to the provinces, as provided for in the 1979 agreement. For those reasons and others which have been expressed in the other place, particularly with respect to the issue of morality which was raised by Senator Molson, we are opposed to this bill.

● (1830)

[*English*]

Hon. Sidney L. Buckwold: Honourable senators, I have a few brief comments and questions with regard to this bill. I shall not get into the morality or philosophical issues of the bill but simply the operational aspects.

I am a little concerned about how the money will be spent. Money will be spent in the fields of the arts and culture, fitness and amateur sport, medical and health research, the Winter Olympic Games to be held in Calgary and this is the part that concerns me—worthy capital projects of national interest. I am concerned about the definition of "worthy national interests". I foresee serious problems in dealing with communities which want assistance for capital projects, such as a National Hockey League team in Saskatoon and the required arena to house it. Is that in the national interest? There is a multitude of other capital projects in the sports field, the recreation field and the cultural field. Would the minister explain to me the criteria for national interests?

The other aspect I would like to draw to the attention of the minister is whether we are trying to fool the public by transferring funds from one pocket to another. At the present time funds are allocated for cultural projects, arts and science groups and so forth. Is it the intention of the government to limit funds coming from the Department of Communications and to transfer them to the sports pool fund? I am in favour of making funds available for worthy causes in the arts, cultural and sporting fields. Goodness knows, the sporting field throughout the country is in need of help, not only in operational but also in capital requirements. I am concerned about the implications of this program, and I ask the minister for an explanation on the points I have raised.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Perrault speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Perrault: Honourable senators, I appreciate the observations made by those who have contributed to the debate. Insofar as I am able, I shall attempt to answer all the questions raised without taking too long in the process, because I know that I am intruding on the dinner hour of many honourable senators.

The first question I shall deal with is, "Why has the bill arrived so late in this chamber?" Honourable senators must be aware of the fact that the bill has been making extremely slow progress in the other place. Many members spoke to the bill and objections were raised. It would have been here some time ago had it not been for the exercise by the opposition in the other place of their parliamentary rights. I must say, however, that the extent of the opposition was unanticipated because of the general support for the Calgary Olympics to be found in all ranks of parliamentarians.

With regard to the moral issues, it is only proper that Senator Molson should raise this matter. One of the main questions asked by the government was whether or not people would be done a positive service through the establishment of a sports pool. I shall repeat a part of my speech for Senator Molson, because he may not have been in the chamber at the time I made the particular remarks. Before adopting the sports pool idea, all aspects of the program were carefully considered, including the moral issues. The 1978 report of the British Royal Commission on gambling formed part of the study engaged in by the federal government before we took the

decision to proceed with the lottery. It found that sports pools, which have been in existence for over 50 years, are a harmless form of entertainment. The tickets for the sports pool will cost no more than $1 or $2. It is a very low-cost type of skill game. The activity, in fact, is in the same category as bingo or raffle tickets, and it is not one that is viewed as being immoral, in the religious sense, by the majority of the religious communities. As a matter of fact, there is a very well-known clergyman on the board of directors of the Ontario Lottery Corporation. So this bill is not a safari into big time gambling. The Government of Canada will not be promoting "point spreads" across the country in an attempt to compete with Las Vegas. Sports pools are more in the category of "family entertainment."

Hon. Martial Asselin: Oh Ray!

Senator Perrault: Indeed, I know that Senator Asselin comes from a province which has two of the finest hockey teams in Canada. I am sure that Senator Asselin will have some fun this winter—

Senator Asselin: How much?

Senator Perrault: —trying to determine the scores of the Quebec Nordiques and the Montreal Canadiens.

● (1840)

Senator Asselin: The Nordiques are the best.

Senator Perrault: Canadians have expressed an overwhelming desire for government operation of this kind of activity. At the present time three out of four households in Canada purchase lottery tickets. Over 80 per cent of the population at all income levels support lotteries and other legal gaming activities through active participation. So the suggestion that only the so-called poor people are involved in this process is not accurate on the basis of statistics.

In our view, the sports pool is not a tax, because taxes are imposed or levied on the public, whereas consumer participation in sports pools is strictly voluntary.

In the 1978 Statistics Canada study on family expenditures, the section on expenditures on lottery and raffle tickets indicated that all income groups spend an average of only one-third of 1 per cent of annual income on lottery and raffle tickets.

In terms of the sports pool situation worldwide—and, incidentally, a sports pool is not the same thing as a lottery, because it is a game of skill, not a game of chance—Canada is virtually in its embryonic stage. By world standards, the process is only in its early stages of development.

A number of other statements have been made here today.

Hon. D. G. Steuart: You have answered them all.

Senator Perrault: Senator Flynn said that the Calgary Olympics were being used by the federal government as a means of getting back into the lottery game. Well, the commitment of the Government of Canada, given at the time Calgary went to Baden-Baden to apply for the Winter Olympics, was based on the fact that the federal government had at the time promised to provide non-tax source revenues to help Calgary and Alberta with the very heavy cost of those games. So that was desired by those who wanted the Winter Olympics to come to Canada. Indeed, the bid, I suggest, could not have been made successfully had it not been for the support expressed by the federal government.

Senator Asselin made the suggestion that the federal government wants to change the situation from what it was in 1979. Well, the federal government has specifically chosen a field not currently occupied by any provincial government in order to avoid competition. That is why the Criminal Code must be amended.

The federal government's commitment to Calgary's bid was contingent upon the establishment of a mechanism to raise non-tax revenues, as I have said. In the spirit of co-operation, Bill C-95 does allow for the joint operation of a sports pool, if an agreement can be reached between the two levels of government. It would be our active desire to achieve agreements with provincial governments, ways in which we could co-operate to help them with their lottery programs, and have them, in conjunction with the federal government and on a responsible basis, help in the implementation of a federal sports pool program.

Senator Molson made the suggestion that advertising is often very attractive for sports pools. In that connection, may I say that the commitment given today is that a strict advertising ethical code will be observed. It is part and parcel, an integral part, of the whole proposed operation of this sports pool.

A question was raised with respect to hiring practices and who will be taken on. At this particular stage the board of directors has not been selected; none of the corporate executives has been hired. I can say that the establishment of a sports pool will assist in the creation of employment, which is crucial at this time in many provinces. Up to 1,000 full and part-time jobs will be created across the country, depending on the degree of computerization. The immediate goal is to have 20,000 computer terminals in the major population centres of Canada. Ultimately, the program will be extended. The criteria for hiring will be established by the corporation and all positions will be advertised. Hiring practices will comply with all government regulations, including official language considerations.

With respect to the executive side of the corporation, the projected organizational structure will be entirely standard, with the president and the board of directors all being Governor-in-Council appointees. Qualified individuals are being sought now. Perhaps members of the Senate have suggestions they would like to pass along; they will be conscientiously pursued.

Senator Asselin: I have my list. Will you take my list?

Senator Perrault: I am sure you have a list.

Honourable senators, I hope I have answered most of the key questions posed this afternoon. If there are other questions, I will be pleased to continue my efforts.

Senator Buckwold: Well, honourable senators, I should indicate that I have had no response to the two questions I raised. It may be that the information is not available at the moment, but perhaps it could be sent to me in writing. I certainly do not intend to delay passage of the bill, but I would be interested in having answers to those questions.

Senator Perrault: Honourable senators, I took careful note of Senator Buckwold's questions. He was interested in knowing the criteria for events of national interest and importance. Personally, I think that currently the proposed Saskatoon hockey rink could be important to Canada. He also inquired about the new sports pool funding, and spoke about the "transferring of funds from one pocket to another." I will be pleased to provide written answers to those questions.

Motion agreed to and bill read second time, on division.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. H. A. Olson (Leader of the Government): With leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Jacques Flynn (Leader of the Opposition): On division.

Motion agreed to and bill read third time and passed, on division.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—SUBJECT MATTER REFERRED TO COMMITTEE

The Senate resumed from yesterday the debate on the motion of Senator Frith:

That:

Whereas the *Constitution Act, 1982* provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and resolutions of the legislative assemblies as provided for in section 38 thereof:

And Whereas the Constitution of Canada, reflecting the country and Canadian society, continues to develop and strengthen the rights and freedoms that it guarantees;

And Whereas, after a gradual transition of Canada from colonial status to the status of an independent and sovereign state, Canadians have, as of April 17, 1982, full authority to amend their Constitution in Canada;

And Whereas historically and equitably it is fitting that the early exercise of that full authority should relate to the rights and freedoms of the first inhabitants of Canada, the aboriginal peoples;

Now Therefore the Senate of Canada resolves that His Excellency the Governor General be authorized to issue a proclamation under the Great Seal of Canada amending the Constitution of Canada as follows:

PROCLAMATION AMENDING THE CONSTITUTION OF CANADA

1. Paragraph 25(*b*) of the *Constitution Act, 1982* is repealed and the following substituted therefor:

"(*b*) any rights or freedoms that now exist by way of land claims agreements or may be so acquired."

2. Section 35 of the *Constitution Act, 1982* is amended by adding thereto the following subsections:

"(3) For greater certainty, in subsection (1) "treaty rights" includes rights that now exist by way of land claims agreements or may be so acquired.

(4) Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons".

3. The said Act is further amended by adding thereto, immediately after section 35 thereof, the following section:

"35.1 The government of Canada and the provincial governments are committed to the principle that, before any amendment is made to Class 24 of section 91 of the *Constitution Act, 1867,* to section 25 of this Act or to this Part,

(*a*) a constitutional conference that includes in its agenda an item relating to the proposed amendment, composed of the Prime Minister of Canada and the first ministers of the provinces, will be convened by the Prime Minister of Canada; and

(*b*) the Prime Minister of Canada will invite representatives of the aboriginal peoples of Canada to participate in the discussions on that item."

4. The said Act is further amended by adding thereto, immediately after section 37 thereof, the following Part:

"PART IV.1 CONSTITUTIONAL CONFERENCES

37.1 (1) In addition to the conference convened in March 1983, at least two constitutional conferences composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada, the first within three years

after April 17, 1982 and the second within five years after that date.

(2) Each conference convened under subsection (1) shall have included in its agenda constitutional matters that directly affect the aboriginal peoples of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on those matters.

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

(4) Nothing in this section shall be construed so as to derogate from subsection 35(1)."

5. The said Act is further amended by adding thereto, immediately after section 54 thereof, the following section:

"54.1 Part IV.1 and this section are repealed on April 18, 1987.

6. The said Act is further amended by adding thereto the following section:

"61. A reference to the *Constitution Acts, 1867 to 1982* shall be deemed to include a reference to the *Constitution Amendment Proclamation, 1983*."

7. This Proclamation may be cited as the *Constitution Amendment Proclamation, 1983.*

Hon. D. G. Steuart: Honourable senators, I feel like the last speaker before the bar opens.

Hon. Royce Frith (Deputy Leader of the Government): In these circumstances, that is hardly even metaphorical.

Senator Steuart: Honourable senators, it is essential that we take our time in dealing with this important resolution. When I spoke yesterday I expressed general agreement with the idea of entrenching aboriginal rights in our Constitution, but at the same time I expressed serious concern, as I do again tonight, at the speed with which we are asked to consider this measure. This is the very first amendment to Canada's new Constitution, and we are asked to consider it, debate it and vote on it within two and a half days, and pass it in the closing minutes of this session. I do not believe that we can give it the consideration that it needs. To properly discharge our responsibilities, we need more time to look at all the aspects.

● (1850)

There are many people, who have not yet been heard who should be heard by a committee of the Senate on these proposed changes to the Constitution. These include native people, provincial and territorial government representatives, and many other Canadians. I am concerned with some of the proposed amendments, but first let me suggest that we would be doing less than our duty if we did not give those who want to speak a chance to be heard.

We are told that nine provinces signed the accord, and I am sure that they did. However, I am amazed that the western provinces would sign an accord giving carte blanche to an agreement between aboriginal organizations and the Government of Canada to changes in the Constitution about which they know nothing.

I mentioned my involvement with the settlements in the western Arctic, and there are things in that settlement which, if passed, would bind the hands of the Government of the Yukon and would, in fact, cede the entire land mass around the Beaufort Sea. Also, any hope of the people having billions of dollars spent there to develop oil and gas and to obtain rights to move across the land or out of the MacKenzie Delta could be seriously jeopardized. This would not take a mere Act of Parliament, which is difficult enough, but in this case it would take an amendment to the Constitution.

I understand that the House of Commons has passed this amendment, and I am amazed that the Parliament of Canada would, within two or three days, pass these amendments to the Constitution, a document which was agreed upon at a meeting of the Prime Minister of Canada and nine provincial premiers. If this is a precedent, then I wonder how seriously Parliament, the House of Commons and the Senate, will take their responsibilities in the future in regard to other amendments to the Constitution.

I would think the territories would want to be heard on this subject. Right now there are several aboriginal bodies such as the Dene Nation, at least two Inuit organizations and the Metis, all claiming an amazing percentage of the Northwest Territories. In fact, if they all get what they want, I am not sure that there will be much left for the Government of the Northwest Territories to govern.

To a lesser extent, that is also true of the Yukon. I am sure that the duly elected government of the Yukon Territory is extremely concerned about the fact that the entire North Slope of their region could be handed over to a group of people who do not even live there. I am sure that they would want to have something to say about an amendment which could end up being included in the Constitution of Canada.

We should hear also from other Canadians who may be affected, because I emphasize that this is not just a constitutional change that affects the aboriginal people alone; it affects all Canadians.

I have here a copy of a presentation to the Committee on Indian Affairs in the other place. One of the people who appeared before that committee was David Ahenakew, who was the president of the Federation of Saskatchewan Indians and is now Chief of the National Indian Brotherhood. I just want to briefly quote one thing he said to that committee on Monday:

> If you stop to think of what is really happening here, Parliament has been put in a similar position to the Indians. You have a choice of rubber stamping an Accord in which you have had minimal if any participation, or

you can refuse to do so and see the constitutional process fade out of existence.

We, too, are being put in exactly the same position, and I do not think that that should happen. If we slowed this up until the fall, I do not think that the constitutional process would go out of existence, but I do feel that it would give some people who have not yet been heard an opportunity to make representations. It would give the Senate and, in fact, Parliament a chance to take a second look at these amendments. At that time, if we amended it, rejected it or, as is probable, accepted it, that would still leave plenty of time to meet the deadline of December 31 that was evidently given by the First Ministers' Conference last March to the provinces and to the native people.

The Metis people themselves are not totally satisfied; David Ahenakew and the National Indian Brotherhood are not satisfied. They will support it, but they pointed out very clearly in their submission to the House of Commons committee that they were far from satisfied.

To me, this is an amazing way to proceed with the first amendment to our Constitution; to attempt to do something when the people involved say: "We are not satisfied but perhaps it is the best thing that can happen. Let us rubber stamp it and get it through."

The other serious question that was brought up in the House of Commons is the question of women's rights. It is long overdue that Indian women should have exactly the same rights as Indian men. Hitherto they have not had those rights, and there are a great many questions that have to be answered in regard to that. We should have those questions and many more answered by the people who drafted this legislation.

There is one example I wish to give you. When I was negotiating on behalf of the government the claim for the western Arctic, other negotiators and I met with people from the Department of Justice after the joint committee finished drafting the resolution of the Constitution and before it was passed. We questioned them then on what the sections that they had put in at that time regarding aboriginal rights would mean to us, the people of Canada and to the aboriginal people, and they told us that, frankly, they did not know. If they did not know then, I suggest that they still do not know. Perhaps it is like any lawyer's draft. You do not know how it will be interpreted by the courts.

As parliamentarians and as members of Parliament, I think we should have some answers from the people who drafted this legislation. My feeling is that we should not rush these amendments through, that we should take a further look at them. I am going to ask that this be sent to a committee, and then that committee can have some hearings and ask for explanations from the minister and his officials. Perhaps we can then get the answers that we need and should have. Then, if we are satisfied with those answers, we can pass the resolution next fall in plenty of time to complete the amendments and fulfill the commitment that the first ministers gave in March to the provinces and to the aboriginal people.

[Senator Steuart.]

Therefore, honourable senators, with leave, I move:

That the motion be not now adopted but that the subject-matter thereof be referred to the Standing Senate Committee on Legal and Constitutional Affairs for consideration and report.

Hon. Duff Roblin (Deputy Leader of the Opposition): I will not detain the Senate much longer, because I think the case has been put so effectively by Senator Steuart that it is very difficult to see how one can improve on the good common sense to which he has treated us this afternoon. All I can really add is to say that I will pay him the compliment of repeating some of the arguments which he has placed before us, because they are certainly convincing, from my point of view.

The first one that really gets to the issue here is the fact that this is the first amendment to the Canadian Constitution that has ever been proposed. In other jurisdictions—the United States is an exemple—the constitution cannot be amended by reference to some legislatures or the federal congress. It has to be done by means of a popular vote, plus two-thirds of the states agreeing by way of their legislatures, and it has to carry on a popular vote.

• (1900)

We do not have this system here. In a sense, I regret it, because it provides a test of the desirability of constitutional amendments which is far more broadly based and far more expressive of public will than we may find in the way in which we are going to amend the Constitution; namely, by resolution of this chamber, the House of Commons, and, in this case, seven of the ten provinces or 50 per cent of our population. It bothers me that we should, at the fag end of a session, as Senator Steuart has so clearly said, be asked to deal with this matter without any further ado. I believe that referral to a committee is the very least that we ought to do in order to make sure that a matter of this importance receives the attention it deserves.

Honourable senators, I would not like anyone to think that, because this body or some members of it want to refer this constitutional amendment to a committee, in so doing we have objections to some of the principles that are contained in it. There is not a person in this chamber, to my knowledge, who does not believe that the rights of aboriginal peoples ought to be addressed. There is no question about that. There is nobody in this chamber who does not believe that some of those rights have been abridged in the past, and that something needs to be done to make sure that they receive the consideration now that is their due. There is nobody in this chamber who thinks that the question of equal rights for men and women should not apply in the general constitutional field in Canada. We are on all fours, I believe, with respect to those matters.

That is not to say, however, that the mere reference to those subjects in this resolution clearly outlines what the facts are or what is intended by those who are proposing that we should adopt this resolution. As Senator Steuart has so well said, when we deal with the question of land claims agreements that exist now, that is one thing; but when we enshrine in the

Constitution those agreements that may be acquired in the future, what on earth are we talking about? We are stepping into the future, and adopting as part of the Constitution agreements which have not yet been reached. How in the name of common sense can that be considered a proper thing to do? Perhaps that is not what the drafters of this resolution intended. The plain reading of the language to my mind, however, indicates that we are being asked to enshrine in the Constitution agreements with respect to land or to other matters to which aboriginal people may have a perfect entitlement, if we only knew what it was—we are being asked to enshrine those in our Constitution. Surely that cannot make for good government or good policy. Once they are enshrined in the Constitution, there is no way of getting at these unknown agreements except by means of another constitutional amendment, and we will certainly look silly if that should happen.

Therefore, it seems to me that the part of prudence is that we should not be hasty when we look at this provision that rights that may be so acquired are to be constitutionalized. That does not make sense to me. There may be an issue here of aboriginal rights which are not expressly stated which ought to be respected. If so, let us hear about it. If a case can be made, then those rights can be included in the constitutional amendment. But the phrase that we have here now is one which no constitutional lawyer—and Heaven knows, I am not one of those; I am not even a lawyer as far as that goes—could address with an easy mind. We do not know what the future agreements are, yet we are asked to constitutionalize them, and that cannot be right.

The question of male and female persons also needs some interpretation. Which male and female persons? That is my question. Does this refer to people who are alive today? Does this refer to females who have been excluded from their rights up to the present time? What is going to happen in the future? What about rights that people would have had in the past if this kind of law had been part of our Constitution? Where does that come in? I think that question needs to be expressly dealt with. If we are dealing with a retroactive feature in this law—perhaps we are, perhaps we are not; I do not know—that opens up considerations which really ought to be studied before we decide whether it is the right thing to do.

Honourable senators, I come to the third point, which Senator Steuart said so well. It has to do with representation by people who are not members of this Parliament. Surely, as a Senate, the least we can do is to provide an opportunity for such representation. I do not know who is going to come and I do not know what they will say, but whether they be aboriginal people or other Canadians, it seems to me that we should provide that opportunity. If the House of Commons does not do it, the Senate should.

Some Hon. Senators: Hear, hear!

Senator Roblin: If there is a case for sober second thought, this is surely it. Sober second thought should be a principle that is applied to any proposed amendment of the Constitution.

Honourable senators, I am not going to continue any further because I am conscious that the case has been made so well already. There is really nothing more I could add to it, except to say to Senator Steuart that he has considerable support on this side of the house for his proposition. I, for one, thank him warmly for having brought this matter to our attention in the way he has. He has performed a distinguished public service.

Hon. Senators: Hear, hear!

Hon. L. Norbert Thériault: Honourable senators, I have listened with great interest to Senator Steuart—I always listen to Senator Steuart. I have one question that is of concern to me, to which I would like to have an answer before I am prepared to vote on either his amendment or this resolution. I wonder if the Leader of the Government in the Senate or the deputy leader could answer my question, which was posed, briefly, by Senator Roblin. What is the meaning of the subsection which reads:

> Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons.

Following that question, I should like to pose another: Has there been consultation with the various provincial governments as to whether this resolution is likely to be accepted by them?

I have been following what has been said in some of the legislatures, particularly that of New Brunswick. I understand that the Premier of New Bunswick is not satisfied with the section dealing with male and female persons and is not prepared to accept the resolution as it is. He is, however, prepared to suggest some amendments to it. If that is the case in other provinces, I think it strengthens the position of Senator Steuart, in that we may be back in the fall dealing with an amended version of this resolution if the provinces are not prepared to pass it.

I think there is great validity in that position. I do not think it is that urgent a matter to pass this resolution, and I really would hope that government leadership in the Senate would give very serious consideration to the case which Senator Steuart has made in his amendment.

Hon. George van Roggen: Honourable senators—

Hon. Royce Frith (Deputy Leader of the Government): We are going to vote on this; honestly.

Senator van Roggen: I think, whether you wish to vote on it or not—

Senator Frith: I believe we are going to support it.

Senator van Roggen: That is fine, senator, but I think some points need to made, even though I commend the government leadership for supporting the motion of Senator Steuart.

Honourable senators, I rise to speak in support of Senator Steuart's motion. I think, however, that I am entitled to place on the record my views. Having been on the plane Monday night, I did not hear the motion put at that time. When I first became apprised of the fact that we in this chamber were being asked to deal with an amendment to the Constitution

during the last two days of this session, without referral to committee, at least, I was speechless. "Speechless" would be one word I could use; "appalled" would be another, and "disillusioned" would be a third.

Senator Frith: That was never said in this chamber. It was said in the other place, but we have never said we wanted the resolution dealt with here without referral to a committee.

Senator Roblin: You never said you were going to, either.

Senator van Roggen: I do not wish to debate that point with the deputy leader. What I heard last night was that, unless objections had been raised, this thing was to be run through the Senate today or tomorrow.

Hon. C. William Doody: Shame!

Senator van Roggen: I think it is most unfortunate that Parliament should be treated in such a fashion, or that such a thing could even be contemplated in the most remote recesses of any minister's mind.

Hon. Jacques Flynn (Leader of the Opposition): There is nothing new there.

Senator van Roggen: I should like to give full credit to the Leader of the Government in the Senate, who, upon seeing that there was concern about this matter, was very quick to agree that we treat it in what I consider to be a proper fashion and to forward it to committee.

● (1910)

Let me bring to the attention of honourable senators that if it is even suggested that we should deal with matters of this nature—I am not talking about some government bill; I am talking about amendment to the Constitution of Canada—in such an off-hand fashion, all the conversations going on at meetings of the Special Joint Committee on Reform of the Senate might as well be forgotten. If we cannot take minuscule steps like this to consider properly before our committee an amendment to the Constitution of Canada, then what are we good for? We should be abolished.

I do not want to prolong my remarks, because I know honourable senators are waiting for Royal Assent, and I will be very brief. Someone said to me recently, "You know, George, it took 750 years for the Commons in England to wrest absolute power from the monarch, and only 75 years to give it back to the executive." I suggest it is time we started to bring some of that power back from the executive, and back from dominion-provincial conferences, into the Parliament of Canada, and I support Senator Steuart's motion with all the power I have at my command.

Hon. Charles McElman: Honourable senators—

Senator Flynn: I think we might as well adjourn shortly and keep the debate going tomorrow.

Senator McElman: Honourable senators, I shall be very brief indeed.

As the seconder of Senator Steuart's motion in amendment, I simply want to say how delighted I am to support him. I say that as one whose wife five generations back on her maternal side had a MicMac princess as one of her forebears. As all honourable senators know, I am very proud of my wife and I am very proud of her heritage.

I also remember very well when the Honourable Jacques Flynn and I stood almost alone in this chamber speaking out on behalf of the aboriginal peoples when the James Bay legislation was being rushed—and I used the word repeatedly, rushed—through this chamber. The concerns we expressed on that day were not exaggerated, as we have seen in the carrying out of the James Bay agreement respecting the aboriginal people of northern Quebec. So, caution is not a bad thing.

As honourable senators know, I am one of those who has been somewhat discomfited in the last year or two in the Senate. However, in light of what Senator Steuart has offered to the Senate, and the reactions he has had to it, I am encouraged to think that this place is worth saving.

Senator Frith: Honourable senators, two points were raised by Senator Thériault. I have nothing to add on the meaning of that subsection concerning men and women, other than what I said in my introduction of the bill.

As to the consent of the provinces, I do not know whether there has been any consultation in advance to see whether they will give their consent. Incidentally, it is legislatures, not premiers, according to the Constitution. However, we can find that out in committee. I think the point is well taken, and we can ask about that. It is one good reason for sending it to the committee.

The only occasion on which I mentioned anything about it being adopted quickly was when I said in my speech that the other place was going to adopt it, I understood, by house order yesterday, and I think they did.

Senator Flynn: This afternoon.

Senator Frith: I never suggested that we had to do so. Therefore, I echo what Senator McElman has said, and I am delighted to support Senator Steuart's motion in amendment.

Senator Flynn: I will make my speech when the resolution comes back from the committee.

Senator Frith: So will we all.

Motion in amendment agreed to.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, September 20, 1983, at 2 o'clock in the afternoon.

Is a brief explanation required?

Hon. Duff Roblin (Deputy Leader of the Opposition): No, we do not need it.

Motion agreed to.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 29, 1983

Sir,

I have the honour to inform you that the Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 29th day of June 1983, at 7:30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your Obedient servant
Esmond Butler
Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

• (1920)

ROYAL ASSENT

The Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide supplementary borrowing authority

An Act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada

An Act to amend the Farm Improvement Loans Act (No. 2)

An Act to amend the Fisheries Improvement Loans Act (No. 2)

An Act to amend the Canada Student Loans Act (No. 2)

An Act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes

An Act to amend the Judges Act and the Federal Court Act

An Act respecting the Tax Court of Canada and to amend the Federal Court Act, the Judges Act and the Unemployment Insurance Act, 1971

An Act to repeal certain Statutes that have ceased to be in force or have become unnecessary

An Act to provide for financial assistance for industrial development in all regions of Canada

An Act to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act

The Honourable Rod Blaker, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn.

Hon. Martial Asselin: Until when?

Senator Frith: Until Tuesday, September 20, at 2 p.m.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I second the motion and I also want to add that I wish everyone a very pleasant holiday and that for the time being, I will not miss anyone!

[*English*]

Senator Frith: I should like to simply thank all honourable senators for their attention to the business that was before us in the past few days, and more particularly today.

I, too, wish to join with the Leader of the Opposition in wishing all honourable senators an enjoyable and nourishing summer.

• (1930)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I did not get back in time to hear the words of the Leader of the Opposition but I am sure they were very warm ones.

Hon. Duff Roblin (Deputy Leader of the Opposition): Not altogether.

Senator Olson: He has developed a great skill at throwing in little asides that do not quite fit in with the rest of it. In any event, I want to join with him and the deputy leader in thanking honourable senators for their co-operation, not only during the past few days but also over this part of the session, and hope they have a restful and enjoyable summer.

The Senate adjourned until Tuesday, September 20, 1983 at 2 p.m.

APPENDIX "A"

(*See p. 5910.*)

CANADA DEVELOPMENT INVESTMENT CORPORATION

STATEMENT BY MINISTER OF STATE FOR SOCIAL DEVELOPMENT ON THE TABLING OF FINANCIAL STATEMENTS COVERING PERIOD FROM MAY 26, 1982 TO MARCH 31, 1983

Honourable senators, I am pleased to table the first financial statements of Canada Development Investment Corporation. These statements cover the period from incorporation on May 26, 1982, to the end of the Company's first fiscal year on March 31, 1983.

You will recall that CDIC was established as a holding company so that its financial statements constitute a collection of the financial results of its underlying companies.

CDIC was initially established by CDC to become the vehicle for implementing the Government's decision to transform CDC into a traditional commercial corporation and, when circumstances permit, to sell the Government holding of CDC shares. In November of 1982, the Government turned to CDIC to improve its handling of its shareholder responsibilities with respect to certain of its other commercial shareholdings: Canadair, de Havilland, Eldorado, Massey-Ferguson and Teleglobe. This last company not being transferable until legislatively authorized.

This transfer was effected under the statutory authority of Government to place its holdings in entities which it feels can best handle the Government's responsibilities as a shareholder. CDIC is providing a more commercial setting for the companies involved and has instituted a policy of full and timely disclosure of financial and other material business events. This approach is designed to ensure that Government, Parliament and the public have all the information which is normally available for publicly-traded private sector companies and which serve there as a basis of commercial discipline and the management accountability which is critical to such discipline. The policy of publishing quarterly financial results for CDIC and all of the underlying companies will be begun for the period ending June 30, 1983.

The companies under CDIC are intended by Government to be operated on a commercial basis looking to divestment or privatization when and where possible and profitable to the taxpaying investor. It will be apparent from the financial results reported here and from the more detailed reports made public before two Parliamentary committees over the past few weeks that some of these companies require a more active, continuous and commercially-minded representation of our shareholder interests. CDIC has begun by these reports to demonstrate the role it was created to perform.

The financial statements for CDIC which I am tabling today have been fully audited but no official audit appointment has been made by the Government to date. The Auditor General has indicated his desire to be the auditor of CDIC and this is under discussion with him. The common objective of all Parliamentarians is to ensure effective and efficient management of Government-owned entities. We also all share the conviction that a prime means of achieving this result is through the accountability which flows from the availability of information to the shareholders, namely, Government, Parliament and the public.

The questioning of management rests with Directors, Government, Parliamentary committees as well as financial experts and journalists who watch and comment on these matters. The role of the auditor is to ensure that the information is conveyed on a uniform and acceptable business basis, that the underlying systems are able to generate reliable information, and that any matters which violate laws or acceptable standards of business conduct are brought to the attention of the corporation and, if necessary to achieve proper behaviour, to Government and the public. This role in business serves the corporation and its Board as much as any other participant in the process. It is focussed on informational disclosure so that others can make the evaluative judgments.

In our Parliamentary system it is important that this review occur but the ultimate mandate and, therefore, responsibility for policy rests with those who are charged to form the Government, not with auditors. The procedures being adopted by CDIC under its mandate from the Government are providing a comprehensive business analysis of the companies and extensive information for accountability to those in Government and Parliament whose judgment must ultimately be brought to bear. I cannot imagine more thorough-going disclosure consistent with the objective of the competitive commercial operation of these companies than that which CDIC has made possible. That analysis is the fundamental role of a holding company and that disclosure is the result of the mandate to which Government has directed CDIC.

The statements of CDIC employ the equity method of accounting which is designed to give a clear financial picture of each of the operating subsidiaries of the Crown holding company.

CDIC could have presented either a consolidated financial statement or one based on equity accounting. Under the first, consolidation, the assets and liabilities of each of its underlying

companies or subsidiaries would be merged for reporting purposes as if they were all part of the same corporation. Under the second, the CDIC financial statements summarize the result of each of the underlying entities and, show the aggregated total. They reveal the contribution of each component separately and show the assets and liabilities of each to be in separate legal entities—which is a fair reflection of the situation. The Board and management concluded that consolidation was less desirable for two reasons:

First, it was CDIC's belief that Parliamentarians and the public wanted to be able to review separately the financial statements of the subsidiary companies, namely, Canadair Limited, The de Havilland Aircraft of Canada, Limited and Eldorado Nuclear Limited. A consolidated statement would have lumped their activities together, denying Parliamentarians and the public the opportunity to focus on the individual holdings in the detail necessary to come to informed judgments. In other words, use of the equity method of accounting for CDIC's financial statements, supplemented by the complete financial statements of each of the subsidiaries, provides for much greater disclosure of information where it is needed, and avoids the need for the reader to have to separate the data for each underlying company.

Second, it was CDIC's belief that a consolidated financial statement could create the misleading impression that the underlying assets and liabilities of individual subsidiaries were legally available to offset one another. This is not so. The assets of one company are not available to satisfy the liabilities of another within the group.

The accounting standards of the Canadian Institute for Chartered Accountants provide for the use of the equity method of accounting where there is a persuasive case for it. CDIC believes the most persuasive case is that the Government and Parliament of Canada as the shareholder of CDIC does not want a consolidated statement—it wants to be able to examine readily the separate entities that constitute CDIC's holdings.

The consolidation and equity methods of accounting produce the same total numbers for shareholders' equity and net income of CDIC. The difference between the methods is in the way in which the details are provided. In the case of CDIC, the equity method provides a breakdown of assets, liabilities, revenues and expenses of CDIC itself as a holding company, and the attached separate financial statements of each subsidiary provide the breakdown of the assets, liabilities, revenues and expenses of each subsidiary.

In addition, the equity method of accounting, as applied by CDIC, allows the reader of the financial statements to relate directly the balance sheet and income statement of each subsidiary to the balance sheet and income statement of CDIC.

The CDIC income statement, in turn, allows the reader to see: the results of CDIC's companies, expressed as equity in the operating income or loss of each subsidiary; the obligations on CDIC's companies from the existing debt load of the subsidiaries, expressed as equity in financial expenses; and, the tax situation of CDIC and its subsidiaries, expressed as equity in tax expenses.

(in thousands of dollars)

	Operating (Income) Loss	Financial Expense	Tax Expense	Total
			(Recovery)	
Canadair	1,199,419	215,477	26	1,414,922
de Havilland	230,430	35,642	(913)	265,159
Eldorado	(35,643)	27,757	3,886	(4,000)
	1,394,206	278,876	2,999	1,676,081

These elements can be traced directly to the underlying statements of each of Canadair, de Havilland and Eldorado as to their financial expense, tax expense and remaining operational loss (or income) for the period ending December 31, 1982. Adding these items of loss and expense produces a total loss for the group of companies of $1,676,081. The net expenses of CDIC were $642,000 for the period, after management fees from subsidiaries of $562,000.

CDIC, in applying the equity method of accounting, has recorded its full share of the losses of its subsidiaries against the original investment by the Government plus accumulated earnings and losses. These continue to produce a net negative investment amount of $780 million and a shareholders' deficit of $780.6 million for CDIC.

While Teleglobe is still not a subsidiary of CDIC and thus is not included in the financial statements of CDIC the statements of Teleglobe for its fiscal year ending March 31, 1983 are provided as part of CDIC's disclosure policy. The pertinent data is as follows:

(thousands of dollars)

BALANCE SHEET	
—Equity of Canada	284,487
INCOME STATEMENT	
Operating Income	104,572
Financial Expense	3,286
Income Taxes	46,683
Net Income	54,603

CDIC is committed to full and timely disclosure of the true financial position of itself and each of its subsidiaries. As unpalatable as the revelations may have been, I believe all observers will agree that the recent financial statements on Canadair and de Havilland have at least provided a much clearer picture of the true financial and business condition of these enterprises. This is the first in the series of disclosures which shall continue as a matter of policy for CDIC and each of its subsidiaries on a quarterly basis.

APPENDIX "B"

(*See p. 5931.*)

INDUSTRIAL AND REGIONAL DEVELOPMENT ACT

PROGRAM SUMMARY

PROGRAM ELEMENT		ELIGIBLE PROJECTS OR ACTIVITIES	MAXIMUM CONTRIBUTION LEVEL			
			TIER I	TIER II	TIER III	TIER IV
Industrial Development Climate	(a)	Economic development studies; establishment of non-profit centres or institutions.	Eligible	Eligible	Eligible	Eligible
	(b)	Infrastructure related to industry.	Not Eligible	Eligible	Eligible	Eligible
Innovation		Consultant studies; development of new product or processes; technological capability; development and demonstration; design.	50%	60%	75%	75%
Establishment	(a)	Consultant studies.	50%	60%	75%	75%
	(b)	Establishment (35%)*	Not Eligible	35%	50%	60%
Modernization/ Expansion	(a)	Consultant studies.	50%	60%	75%	75%
	(b)	Modernization/expansion;	25%	35%	50%	50%
	(c)	Adaptation of microelectronic/ electronic technology.	50%	60%	75%	75%
Marketing	(a)	Consultant studies. Collection/dissemination of tourism information special events.	50%	60%	75%	75%
	(b)	Non-Profit organizations for market research and events to promote Canadian products.	Eligible	Eligible	Eligible	Eligible
Restructuring	(a)	Consultants studies.	50%	60%	75%	75%
	(b)	Restructuring (Repayable)	25%	25%	25%	25%
	(c)	Restructuring (loan guarantee)	Eligible	Eligible	Eligible	Eligible
	(d)	Participation Loans	Not Eligible	Eligible	Eligible	Eligible

* 35% support available for Special Tier I

Development Index (Basis for 1983 I.R.D.P. Program Launch)

3 components:

I.	Employment	50% weight
II.	Income	40% weight
III.	Fiscal capacity of province	10% weight

I. *Employment*

2 subcomponents	*Data Source*
(a) *Employment Population Ratio* (Note: In some cases, this ratio is determined partly on the basis of groupings of census divisions rather than individual census divisions).	Statistics Canada Labour Force Survey. Averaged over 1980, 1981, 1982.

	(b) *Unemployment Rate* (Note: This rate is determined partly on the basis of groupings of census divisions and not individual census divisions).	Statistics Canada Labour Force Survey. Averaged over 1980, 1981, 1982.
II.	*Income*	
	3 subcomponents	*Data Source*
	(a) *Average Income per capita*	(i) Revenue Canada data as modified. (ii) Statistics Canada data. Averaged over 1978, 1979, 1980.
	(b) *Disposal Income per capita*	(i) Revenue Canada data as modified. (ii) Estimate for Quebec. (iii)Statistics Canada data. Averaged over 1978, 1979, 1980.
	(c) *Transfer Payment Ratio*	*Data Source* (i) Revenue Canada data as modified by Statistics Canada. (ii) Statistics Canada data. Averaged over 1978, 1979, 1980.
III.	*Fiscal Capacity of Province* (Note: We are dealing with fiscal years and forecasts).	
	1 component	
	Per Capita Tax Yield Ratio.	Finance Canada data averaged over fiscal 1982-83 and forecast 1983-84 (next year will be 1982-83, 1983-84 and forecast 1984-85).

THE SENATE

Tuesday, September 20, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE ERNEST C. MANNING, P.C.

TRIBUTES ON RETIREMENT FROM SENATE

Hon H. A. Olson (Leader of the Government): Honourable senators, I am sure that all, if not every, senator will realize that today, September 20, 1983, is the seventy-fifth birthday of Senator Manning.

Some Hon. Senators: Hear, hear.

Senator Olson: Therefore, under certain arrangements, Senator Manning retires from the Senate today. I know Senator Manning will not be here today, and I am aware of some of the reasons why. After one reaches the age of 75 the question arises whether or not you are legally able to enter the chamber as a senator. However, I do not intend to enter into that discussion.

I wish to pay tribute to Senator Manning for the work he has done based on his vast experience in public affairs and public administration even before he came to this house in 1970. At the time Senator Manning came to us he held the record as the longest ruling premier of a province in Canada. It is a record that he still holds today. The high offices he held both as a cabinet minister and as Premier of Alberta enabled him to make major contributions to the workings and considerations which this chamber undertakes from time to time.

When Senator Manning entered the Alberta legislature in August of 1935 he and his colleagues were in one of the most desperate and difficult financial situations which has ever confronted a Canadian province. A great many people today have either never been informed—or perhaps they have forgotten—that in 1935 Alberta was the poor sister of the Canadian provinces. I recall one of the great issues of the day concerned the fact that more than 50 per cent of the total budget was going to pay the interest on the provincial debt—52 per cent of the total budget for all government services comprised debt charges that had accumulated from the creation of the province in 1905 until 1935. Senator Manning and his colleagues attempted to rectify that situation in order that the government would have a financial base from which to pay for such essential services as those of school teachers, nurses and others in the public sector. I do not want to go into the details but I do know that as a result they were unable to borrow further funds from anyone in Canada, the New York money market, or the money markets of London, Paris or Zurich.

• (1410)

After coming through that period, he and his colleagues decided not to borrow any more money because of the difficulty that they had had in dealing with that situation, and, as a matter of fact, they never did. I mention that only because few people have had that experience, and it probably served Senator Manning well by enhancing his ability to function in this chamber.

I would also like to say that Senator Manning was responsible for many "firsts" when he was Premier of Alberta, notably, a gas and oil development policy that became the model for the entire world. Nigeria was just one of several countries that spent months in Canada becoming acquainted with its structure so that they could use it in their own development policy.

Lastly, I want to emphasize that Senator Manning brought to the Senate vast experience and knowledge, together with an intelligent application of that knowledge, and we are indeed richer for his presence here these past 13 years.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as the Leader of the Government has indicated, today marks the end of the official career of one of the most remarkable people in the history of Canadian politics. Few are they who, having started so young in this thankless business, were so consistently successful over such a long period of time. The Leader of the Government himself knows well what happened in those days, because he too was a fervent supporter of the Social Credit doctrine and remained faithful to it until about 1965, if I am not mistaken—

Senator Olson: I still support most of that doctrine.

Senator Flynn: —in comparison with Senator Manning, who all his life remained faithful to the doctrine and sat in this chamber as the only Social Credit senator.

Ernest C. Manning, with the help of a few oil wells, led the province of Alberta from a deprived childhood to a rapidly-growing and more affluent adolescence. And, always, the firm hand of a concerned father could be seen to exercise the control required to keep in check the exuberance of youth.

Throughout his career, this remarkable man of sterling qualities has displayed erudition without pretension, conviction without bombast and determination without inflexibility. In this chamber, he spoke sparingly but always eloquently, with a great deal of genuine feeling and an equal amount of well-researched knowledge. He was effortlessly fluent and clear, this master of spoken English. He invariably put his case simply and succinctly; and such was this gifted orator's logic, analytical ability and fairness that he never failed to garner an

attentive audience who admired him for his gifts and respected him for his convictions.

Ernest Manning is a humble, pleasant and sincere man; a man of great integrity who defended with fervor and intellectual acuity in this chamber those same principles of limited government which he long defended elsewhere.

• (1415)

His contribution has brought inestimable credit to this institution, and for this we particularly owe Senator Manning a debt of gratitude. Indeed, the people of Canada as a whole, especially those of Alberta whom he served nobly for so long, owe him a debt of gratitude for his having made politics his profession.

As the Leader of the Government has just said, he was elected in 1935 and served as premier of his province for 25 years, from 1943 to 1968. Men of his timber are hard to come by.

If this day brings to an end a career in active politics—and there is no guarantee of that, because Senator Manning certainly looks fit enough to seek elective office again—it is the hope of many, I am sure, that it does not mean the end of another career which has lasted still longer and has been every bit as glorious as his political career.

Many are they who, on a weekly basis over the years, have tuned in Ernest Manning to hear him preach the Word of God. They would probably tell you that God's wisdom provided the nourishment, but it was Ernest Manning who prepared the feast. The eternal verities were rarely so expertly and convincingly presented. For the sake of his regular listeners, it is to be hoped that the senator has no plans to set aside this praiseworthy activity.

To Senator Manning, we on this side of the chamber offer our most heartfelt wishes for a long, healthy and very active retirement.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators, I wish to speak briefly on the subject of the retirement of Senator Manning.

I was for a short time the Premier of Nova Scotia when Senator Manning was the Premier of Alberta, and I first met him in that capacity. Despite the somewhat quizzical attitude we maritimers normally had in relation to the Social Credit Party of Alberta, when I first sat down with Premier Manning at the conference table, I felt the wisdom and judgment of his mind and the soundness of his personality. Indeed, he was an excellent Premier of Alberta.

As Senator Flynn quite properly said, Premier Manning was assisted by a few oil wells at a critical time, but the great thing is that that province, under his leadership, laid down a procedure for the development of crown lands insofar as the exploitation of oil resources were concerned, which, indeed, became a model for most countries in the world. Without good government, good leadership and good management, even the great riches of oil might not have brought the prosperity to the Province of Alberta which is the delight and pride—and also, perhaps, the envy—of some of the other provinces of Canada.

I am also sorry that the age-75 rule has required Senator Manning to retire from our midst. Generally speaking, I think that rule is all right, but there certainly have been some notable exceptions, and the enforced retirement of Senator Manning is one of them, as was the enforced retirement of Senator McIlraith a short time ago.

I wish to make only one correction to the remarks made by the Leader of the Government in proclaiming that Senator Manning had the longest reign as a premier of any province in Canada's history. That honour, of course, goes to the Honourable George H. Murray who was Premier of Nova Scotia from July 20, 1896 to January 24, 1923, a period of 26½ years, which is the record in the whole of the Empire and the Commonwealth. However, Premier Manning's accomplishments were considerable and we do not judge a man by the time he performs but by the quality of his performance, and in this respect Senator Manning has an A-plus rating, in my opinion.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, I certainly wish to subscribe to what has been said about Senator Manning, but, as I said when Senator McIlraith retired, I shall reserve my remarks for the reception that we shall hold for Senator Manning in the near future.

• (1420)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Thursday, September 22, 1983, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, apart from committee work, there does not appear to be much business for us this week.

Hon. Martial Asselin: Did you know that before?

Senator Frith: I was not sure. We gave the House of Commons a week's lead time so that we might have some legislation to deal with but, as yet, we have not received any bills. There is no certainty that we will receive any this week, but we ought to meet for Question Period for at least two days. Therefore, I suggest that we adjourn until Thursday at 2 o'clock.

There has been a good deal of committee activity this summer, and that is continuing. The Special Joint Committee of the Senate and the House of Commons on the Reform of the Senate is holding out-of-town meetings this week. The Special Committee of the Senate on a Canadian Security Intelligence Service will be meeting tomorrow afternoon. The

Standing Senate Committee on Legal and Constitutional Affairs, which is studying the amendment to the Constituiton, will be meeting tomorrow afternoon. Senator Lafond's committee will also be meeting tomorrow afternoon. The Standing Senate Committee on Standing Rules and Orders will be meeting this week as well, so we do have a good deal of committee activity in the afternoons.

Therefore, I felt that it would be an appropriate week for us to follow the practice that we initiated just prior to adjourning at the end of June, that of leaving Wednesday afternoons free for committee meetings unless something comes up which requires us to change our schedule. I suggest that that is the general principle we should continue with during this fall.

I doubt that we will receive reports from any of the committees by Thursday afternoon, but we can meet on Thursday for Question Period and then adjourn until the following week.

Honourable senators, on Monday of next week there is a planned joint sitting of the Senate and the House of Commons to hear an address by Prime Minister Thatcher of Great Britain. It will take place in the House of Commons chamber.

Hon. Jack Marshall: Are all honourable senators to be included?

Senator Frith: Everyone is invited, yes.

Senator Marshall: That is just lovely.

Senator Frith: The House of Commons will make seating arrangements for honourable senators. Honourable senators are entitled to attend that sitting if they wish, and I suggest that we do not sit formally on Monday of next week. In other words, this joint sitting is not a proceeding which takes place as a result of a sitting of the Senate. Since I am sure some honourable senators will be present for that joint sitting, I propose that, next week, we repeat the schedule of this week. I propose that we sit at 2 o'clock on Tuesday afternoon, that we do not sit on Wednesday afternoon—again, to provide the committees with enough time to sit—and that we sit on Thursday afternoon at 2 o'clock. The only difference between the schedules of this week and next will be the joint sitting to hear Prime Minister Thatcher in the House of Commons chamber on Monday at 4 o'clock in the afternoon, I believe.

• (1425)

Hon. Henry D. Hicks: Perhaps the Deputy Leader of the Government could tell me why honourable senators should return at 2 o'clock on Tuesday afternoon if there is not all that much work to do in both the chamber and committees? It is much easier for some of us to get here on Tuesday evening rather than on Tuesday afternoon.

Senator Frith: Yes, I am aware of that, but I have a request to make of honourable senators. At least until the end of this year, there are no evening sittings in the other place. There are often activities which parliamentarians—members of both the House of Commons and the Senate—must do together, either by means of joint committees or parliamentary association work. Therefore, I would ask honourable senators to arrange to be present on Tuesday at 2 p.m. for the rest of this year so that evening sittings will be exceptions.

We do not know, of course, whether that arrangement will be continued in the other place. I suggest, however, that our joint work with members of the House of Commons will be more conveniently carried out if we sit at 2 o'clock in the afternoon.

Motion agreed to.

[*Translation*]

WESTERN GRAIN TRANSPORTATION

NOTICE OF MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-155

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

> That the Standing Senate Committee on Transport and Communications be authorized to examine and report on the subject matter of Bill C-155, an Act to facilitate the transportation, shipping and handling of western grain and to amend certain Acts in consequence thereof, in advance of the said Bill coming before the Senate or any matter relating thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): No, your Honour. Honourable senators, I would like to consider this matter. Accordingly, I would suggest that notice be given that, at the next sitting of the Senate, this motion will be put.

Senator Frith: Agreed.

• (1430)

FOREIGN AFFAIRS

DESTRUCTION OF KOREAN AIRLINES PASSENGER AIRCRAFT BY U.S.S.R.—MOTION OF CONDEMNATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish to move—and I hope that the motion will be seconded by the Leader of the Opposition—a resolution related to the attack on the Korean Airlines passenger plane. It is essentially, if not exactly, the same motion that was passed in the other place a few days ago. Therefore, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

> That the attack on the Korean Airlines passenger plane on August 31, 1983 by Soviet military aircraft resulted directly in the loss of two hundred and sixty-nine lives including ten Canadians;
>
> That this utterly unjustifiable resort to the use of weapons of war in the interception of defenceless civil aircraft contravenes universally held standards of civilized international behaviour and international law governing civil aviation;

That the Soviet Government has provided neither a credible explanation of the circumstances nor any full acknowledgement of responsibility, appears unrepentant and unwilling to co-operate in international efforts to prevent a repetition of this tragedy;

Therefore the Senate:

Expresses its profound sympathy to the bereaved families of the victims;

Condemns the unwarranted attack on and destruction of the Korean airliner on the orders of Soviet authorities;

Demands a full and truthful explanation of this brutal act from the Soviet Government;

Demands that the Soviet Government co-operate fully in any impartial investigation under the auspices of the United Nations and of the International Civil Aviation Organization to prevent any repetition of such a tragedy;

Demands that the Soviet Authorities immediately offer full and generous compensation to the families of all victims including Canadians; and

Directs the Speaker to convey the text of this motion to the Chairman of the Presidium of the U.S.S.R. Supreme Soviet.

Hon. Senators: Hear, hear.

Senator Olson: Honourable senators, I believe that the preamble to and the substance of the motion fully express the views of most, if not all, Canadians. We consider the action to have been severe and unjustifiable. I believe that the words contained in both the preamble and the motion fully explain the situation and, therefore, I do not intend to make any further comment in support of it. I now invite the Leader of the Opposition to second the motion and to make whatever comments he may wish.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Martial Asselin: I am prepared to grant leave, but I would first like to see the French text of the resolution. Is there a French text?

Senator Olson: Yes.

Senator Asselin: Both the French and English texts should have been tabled at the same time.

[*Translation*]

Senator Flynn: I have no hesitation whatsoever in seconding the motion presented by the Leader of the Government. As he has suggested, the language of the resolution is quite clear. What happened to Flight 007 of the South Korean Airlines is absolutely unforgiveable. Even if we give all possible credence to the Russian version, such a recourse to force is beyond excuse. There may have been within the lines of command of the Russian Army conflicting signals, but after such a barbarous act, it is beyond excuse that the Soviet Government did not come up with apologies, did not offer, as suggested in the motion, adequate compensation, and did not give us the assurance that such acts will not occur in the future.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

PARLIAMENT

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before I put my question which will obviously be directed to the Leader of the Government or his deputy, I would like to comment on the changes on the front benches. I must say to Senator Perrault that as far as we are concerned, his performance as minister of State for Fitness and Amateur Sport was excellent. I do not know whether that rather harsh decision was taken as a result of his loyalty to the Senate or to enable Senator Austin to sit on the front benches. Senator Austin will certainly have to work very hard to deserve all the congratulations offered to Senator Perrault when he too leaves his portfolio.

In the meantime, considering that this session which began on May 3, 1980 has lasted three and a half years—Senator McElman agrees with me that I should put that question—when does the Government intend to start a new session? In other words, what bills are to be passed before a new Speech from the Throne is delivered at the beginning of what we all hope will be the last session for this Government?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the list of legislation that the government feels ought to be completed before the prorogation of this session is very short. My honourable friend will know that that list includes Bill C-155, and I believe that, by agreement in committee, some progress has been made on the modification of that bill. Bill C-152 deals with the Government Organization Act, and we would also like to see that passed because of the great investment of time in it and because some changes have been made with respect to the organization of the government and we believe the statutory arrangements should be completed. There is not much more to say than that. There is a lot more that ought to be done; it would be highly desirable to deal with many more bills in order to have them finished. A great deal of time, effort and investment of energy has gone into those bills already. I am reminded that the bill with respect to CDIC is another one, as well as Bill C-110. Another badly needed piece of legislation is that respecting the Canada Development Corporation, Bill C-158, and there are others.

• (1440)

My honourable friend knows better than I that the government proposes and the Opposition disposes. That is the problem we have been faced with all these months, while the

requirements of the Government of Canada and the public service have continued. If we get hung up on one bill, then other bills must take priority from time to time. The government is more anxious than even the Leader of the Opposition to complete the essential public business before Parliament so that we can prorogue this session and start the next, which, although it may be the last session of this Parliament, may not be the last one for this government.

Hon. Jacques Flynn (Leader of the Opposition): Please do not tell us that; it is a rather depressing thought.

Senator Olson: It may be for you.

Senator Flynn: Not just for me; for the people of Canada.

NORTH ATLANTIC TREATY ORGANIZATION

NAVAL DEFENCE—CANADIAN CONTRIBUTION

Hon. Jack Marshall: My question is for the Leader of the Government. It has to do with the delicacy of the world situation in view of the fact that within the last few hours there has been an expression of support by all NATO countries towards increasing naval defence. Can the Leader of the Government indicate the position of the new Minister of National Defence as well as his attitude with respect to the very excellent report from the subcommittee on National Defence which recommends an expenditure of $6.5 billion toward increasing our naval forces which are so necessary to Canada's military contribution.

Hon. H. A. Olson (Leader of the Government): I will request a report from the Minister of National Defence with respect to that subject. I know that the government has looked at the excellent report of our subcommittee on National Defence. Of equal importance is the number of very significant moves and commitments that have been made by the Department of National Defence and the government since the Senate adjourned in June. That subject could also be brought up to date. I am sure my honourable friend is aware of some of these matters; perhaps he would like to have a more detailed report so he might be made fully aware of all the circumstances, including the firm orders which have been placed for frigates under the frigate program.

Senator Marshall: I take it, then, that the Leader of the Government will give us an update from the new minister.

VETERANS AFFAIRS

AGING VETERANS PROGRAM

Hon. Jack Marshall: I wish to ask a question with respect to veterans affairs. During the summer recess the Minister of Veterans Affairs made several speeches across the country in which he indicated a new thrust would be taken by his department. I refer specifically to the expansion of the Aging Veterans Program, which is too restricted in its application. The minister has indicated that the average age of veterans in Canada is between 63 and 65. This creates a problem concerning the variation and proportion of pensions for widows and emphasizes the importance of enshrining the basic pension rate in the veterans' charter. These are matters which have been left undone over the years and which should be rectified at this late date. Is it possible for the Leader of the Government to obtain an answer from the minister? Can he stop the rhetoric with regard to what they will and will not do, and get some definite dates as to when legislation will be introduced to correct these inequities?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will undertake to get a report from the Minister of Veterans Affairs. Because the honourable senator has expressed such an interest in new legislation with regard to this matter, I would solicit his support—and that of his colleagues in this place and the other chamber—with regard to passing the legislation that has been introduced in order that we can bring on additional legislative matters of equal importance.

CANADA POST CORPORATION

SORTING OF NEWFOUNDLAND MAIL IN NOVA SCOTIA

Hon. Jack Marshall: My last question is in relation to regional interests. The government is evidently planning to construct a postal sorting station in Cape Breton, Nova Scotia. I express my apologies to Senator Muir and Senator Macdonald for asking this question.

Prior to Confederation the sorting of mail for Newfoundland was done in Cape Breton in the basement of a post office. In its wisdom the government has decided to construct a new station for sorting Newfoundland mail in North Sydney at a cost of $1.2 million. What is the justification of this move, in view of the high unemployment rates in both provinces? It would seem to me to be an administrative necessity to have the bulk mail sorted in Newfoundland since it is now a province of Canada. Is there some other justification in light of the position taken between the Prime Minister and the Premier of Newfoundland?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not think that matter has anything to do with discussions between the Prime Minister of Canada and the Premier of Newfoundland. I will make an inquiry in order to answer my honourable friend's question in more detail, but I am sure he realizes that there are regional mail sorting stations in many other parts of this country that are not necessarily circumscribed by provincial boundaries. My honourable friend is as aware of that fact as I am.

HEALTH AND WELFARE

MEDICARE—FEDERAL CONTRIBUTION—POINT OF PRIVILEGE

Hon. Richard A. Donahoe: Before I address my question to the Leader of the Government I wish to raise a point of privilege. I do so now, because otherwise it would not seem fitting for me to take my place in this chamber.

The matter is fairly simple. On May 24, as reported in *Hansard* for that day at page 5633, I asked a question prefaced by two remarks which might have been unnecessary, since they were self-laudatory, but which certainly did not make any reference to the provinces or to any policy of the provinces. I would like to put my question on the record again. It reads as follows:

> I now come to the question I wanted to ask. My question is based on the speech Senator Austin made in reply to the originally framed question. He said that he was very reluctant to see people make changes in the medical insurance plan and in the hospital insurance plan. My question is an honest and very simple one. Does the federal government today pay its share of the costs of medicare and hospital insurance on exactly the same basis as it agreed to pay them when the plans began?

● (1450)

By this time Senator Austin may know the answer since he has had ample time to find out. However, on the day in question he could not give me the answer; it was supplied to me by the Deputy Leader of the Opposition, who said that they were not paying on the—

Senator Olson: That is not a very reliable reply.

Senator Donahoe: It may not be, but it was a statement made from knowledge. The Deputy Leader of the Opposition said that he and I were both engaged on behalf of our respective provinces when the plan came into being and were both thoroughly familiar with the basis on which the federal government agreed to pay. He told me that they no longer pay on that basis; that the basis has been changed. It is true that the argument was made that the present basis is more generous than the old, but it was never suggested that it was the same basis and it never was, in fact, the same basis.

I now come to my point of privilege. I want it to be noted that that question is the only reference I have made in this chamber to hospital insurance or medicare. I would further point out that in that question there was no reference whatsoever to the action of any government of any province. I did not say that I approved or disapproved of what they were doing; I made no reference to them whatsoever.

At page 5802 of *Debates of the Senate* for Wednesday, June 15, 1983, are some remarks which were made in my absence. Therefore, I had no opportunity to rise in my own defence. Today is the earliest moment at which I could say anything on my own behalf.

On that day there was a discussion between Senator Murray on this side of the house and Senator Austin on the other. Senator Murray made a remark which was replied to by Senator Austin as follows:

> SENATOR AUSTIN: What I should like to hear from Senator Murray and other senators on his side is some tone of approbation with respect to medicare. What I heard in the last exchange I had with some of his colleagues was a suggestion that user-pay and extra billing were to be permitted activities under a national and universal medicare program.

Whereupon, the Leader of the Opposition asked the question:

> Who said that?

My friend, Senator Asselin, then said:

> Name him.

Senator Austin certainly named him. He named me. I had never raised my voice on the question about which he had been speaking. I had never referred to user-pay; never referred to hospital care; never referred to extra billing; never referred to any of the provinces at all, but Senator Austin attributed those remarks to me. He said:

> Senator Donahoe said it very clearly.

I am pleased to remark that Senator Asselin said:

> No, he did not say that.

Then Senator Murray said:

> The minister should read the record and should have listened more carefully when the discussion was taking place in this chamber.

Honourable senators, that is my point of privilege. I claim that remarks have been imputed to me absolutely without foundation. I am obliged to give an illustration of what I mean. When I was a law student, I studied a case where people were charged with improper conduct which was alleged to have taken place on the banks of the Red River in a tent, and when they came before the court and the evidence was given, the judge felt compelled to say that the evidence given by the witnesses was not reliable because, he said, the witnesses were more concerned by what they imagined than by what they saw or heard. That, senators, is exactly the position Senator Austin is in. He imagined; he wanted to say something derogatory about the Conservatives and about the people on this side of the house. He picked the one who was absent from the house to say it about and he named him, and, as a point of privilege, I consider that I should have an apology from Senator Austin and that he should withdraw the statement he made.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I would like to reply with clarity and brevity—

Senator Donahoe: And truth.

Senator Austin: —to Senator Donahoe. He is imputing to me motives which are contrary to the rules. He is imagining something with reference to what I am about to say, having complained that I imagined something in his questions; so I would ask him, if he wants to be a law student, to come to this issue with clean hands.

What Senator Donahoe has put to the Senate is nothing but a political quarrel with me. I did not, in the discussion quoted by Senator Donahoe in June, raise his name initially. I was asked for a name and I gave a name, and if Senator Donahoe is saying this afternoon that he is opposed to the introduction of user-pay and opposed to extra billing, then I do owe him an apology. If he is saying the opposite, then I owe him no apology.

Hon. Jacques Flynn (Leader of the Opposition): No, no, you were wrong and you certainly owe the senator an apology for having said something that was entirely wrong.

Hon. Martial Asselin: Be a nice man.

Senator Donahoe: I have a question to ask, but before I ask it, I merely want to say that, if Senator Austin thinks he has given an answer to the charge I made against him, he is the only one in this chamber who believes that he has done so.

Senator Austin: I do not believe that for a moment, and neither do you.

Senator Flynn: You, yourself, do not believe that.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. Richard A. Donahoe: My question is addressed to the Leader of the Government in the Senate and is of vital importance to the people of the maritimes and, in particular, to the people of Nova Scotia. It was announced recently, that the Trans Quebec and Maritimes Gas Pipeline has been completed to Quebec City. Would the minister tell the Senate when the construction to the maritimes is to begin?

Hon. H. A. Olson (Leader of the Government): I take the question as notice, senator.

VISITORS IN GALLERY

STUDENTS FROM THE TERRY FOX CANADIAN YOUTH CENTRE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I bring to your attention the presence in the south gallery of almost 100 students from The Terry Fox Canadian Youth Centre.

These young men and women from every corner of this country are in Ottawa for a week of intensive study of our federal institutions, the Senate being one of them, and today marks the kick-off of the second year in which the Senate has co-operated with the centre under the Speaker's continuing student education program.

Most honourable senators have participated in discussions with these students and by next summer they will have addressed some 10,000 students in these weekly sessions, an exercise which benefits all participants and serves the Senate well.

On your behalf, honourable senators, may I then welcome these young citizens to the Senate and offer best wishes to them and to the thousands who will follow in the months to come.

Hon. Senators: Hear, hear.

Hon. Richard A. Donahoe: Honourable senators, I would like to say that I have great admiration for The Terry Fox Canadian Youth Centre and for the work that is carried on there. I, too, participated in addressing the young people who attended here, and I am very happy indeed that these students are spending part of their time in the Senate this afternoon.

• (1500)

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. Richard A. Donahoe: I am prepared to yield to the Honourable Senator Austin if, having had time to reflect, he feels that I am entitled to an apology.

Hon. Jacques Flynn (Leader of the Opposition): He needs more time than that.

Hon. Jack Austin (Minister of State for Social Development): You will wait a long time.

Senator Donahoe: My supplementary question is addressed to the Leader of the Government in the Senate.

Does the leader stand by his commitment to this chamber that the line will be completed to Halifax by the end of 1986?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there have been a number of significant developments with respect to the source of supply of gas in the maritime provinces. I am sure my honourable colleague is as keenly aware of that as I am, and perhaps even more so, since he lives in that part of Canada.

There has been a significant increase in the potential commercial volumes of gas that are being discovered off the shore of Nova Scotia, so some consideration must be given to that factor. That is being taken into account.

I am not exactly sure of the date to which this goes back, but certainly any government—whether a provincial government or a combination of the provincial governments of the maritime provinces and the federal government—ought to be flexible enough to take into account those significant changes.

I do not have at hand the amount of additional reserves that have been discovered and placed in the category of proven reserves, but I do know that there has been undertaken off Nova Scotia a massive drilling and exploration program. In fact, it is the largest that has ever taken place. That, of course, has a bearing on whether that feedstock will come from the western end of the pipeline or from the eastern end of the pipeline. Any reasonable person would take that into account.

Senator Donahoe: I have a final supplementary question. In view of the answer I have just been given, can the Leader of the Government tell us if the government intends to determine whether the gas entering the pipeline will come from the West or from Sable Island?

Senator Olson: It will take a little more time to prove up enough reserves to justify the costs involved and the time frame involved in bringing that gas onshore. It is not for me to attempt to predict with precision what the results of the exploratory program will be. I can, however, express the hope that that exploratory program will be successful and, therefore, the time frame will be short.

TRANSPORT

CROWSNEST PASS RATES—APPLICATION TO SPECIALTY GRAINS

Hon. Raymond J. Perrault: Honourable senators, I had a question for the Minister of State for the Canadian Wheat Board. Therefore, I regret the fact that he has obviously been called away on urgent public business.

Hon. Jacques Flynn (Leader of the Opposition): You know the phrase.

Senator Perrault: In the absence of the minister, I shall direct my question to the Leader of the Government in the Senate.

May I say at the outset how much I appreciate the kind and considerate remarks of the distinguished Leader of the Opposition. Despite our political differences from time to time in this chamber, we recognize the great virtues of our parliamentary system where one can respect one's opponents. I appreciate the quality and character of the remarks made by the Leader of the Opposition. I also wish to thank honourable senators for the many kind letters and messages I have received since events of recent weeks. May I say that it has been a privilege to have served in cabinet, and I am ever mindful of the fact that there are thousands of able parliamentarians, many in this chamber, who have never been given the opportunity to serve in cabinet. Cabinet service is a privilege, not a right. I say that with the utmost sincerity.

My question is as follows: There is a large amount of concern on the west coast with reported initiatives to apply the Crow rate benefit to Canadian specialty grains shipped by land to Seattle for ocean export. In view of the fact that the proposal seems to have been accepted by all parties, as represented on a committee of the other place, is it to be understood that this represents official government policy? Is the government aware of the fact that specialty grains represent approximately 20 per cent of the total containerized exports from the Port of Vancouver, and that virtually all of this specialty cargo is taken by the Japan Six Lines, which accounts for approximately 40 per cent of the total import and export through the Port of Vancouver container facilities? The diversion to Seattle of the specialty grain cargo itself would therefore represent a very serious loss of container traffic.

The second loss, however, is even more serious in its implications. If the Japan Six Lines find that the specialty grain back-haul cargoes can be diverted to Seattle at a nominal increase in cost, the economics of their operations will likely be such as to cause them to stop calling at Vancouver. This will result in a loss of inbound Canadian cargoes as well. The loss of 40 per cent of the port's container traffic would immediately eliminate approximately 125 jobs at the terminals in the port. Additionally, it would eliminate the need for the two new container cranes, which are presently being installed at a total cost of approximately $11 million, and would result in substantial over-capacity for several years to come. The additional economic impact would include a reduction in gross revenue from the terminal operation of approximately $10 million per year.

Canadian taxpayers' funds should not be utilized for the purposes of supporting a system which would have such an adverse impact on the country's transportation system and would be contrary to the historical intent of Parliament. The Port of Vancouver is not advocating a restriction on the method of export, and the specialty grain shippers should be free to export from U.S. ports, if a benefit can be derived therefrom, paying full market transportation rates. However, where the Crow benefit is required by those shippers, such benefit should be used to the advantage of the Canadian transportation system as a whole.

Honourable senators, I intend to oppose any such reported change in the present regulations. I would appreciate an assurance from the Leader of the Government in the Senate that these reported changes do not represent government policy.

Hon. Jack Marshall: A good question.

Hon. H. A. Olson (Leader of the Government): Honourable senators, government policy is and has been to maximize the utilization of Canadian ports and all their facilities for both inbound and outbound tonnage. There are, of course, cases where access to markets requires some exchanges between ports when the amounts or tonnage are below that which would allow for a commercially viable movement of vessels in and out. I am sure my honourable colleague would not expect us to have prohibitions that would deny access to a market of those smaller quantities simply because of restrictions on the statutory authority.

I can assure Senator Perrault that there are discussions going on, indeed, and that the government wishes to maximize the utilization of the Port of Vancouver for, as I said at the beginning of my reply, "inbound and outbound traffic."

Senator Perrault: Honourable senators, as I said, Canadian taxpayers' funds should not be utilized for the purpose of supporting a system that would have such an adverse impact on the country's transportation system on the west coast or on the east coast, and which would be contrary to the historical intent of Parliament.

I urge honourable senators to oppose any such change.

Senator Olson: I shall take that into account, but I hope that Senator Perrault is also cognizant of the fact that, if there are some small quantities of specialty grains, we should not go to the extreme of denying Canadian producers access to those markets because of statutory prohibitions under the Canadian Transportation Act.

[*Translation*]

FOREIGN AFFAIRS

THE SHOOTING DOWN OF A SOUTH KOREAN AIRCRAFT—POSSIBILITY OF ADDITIONAL SANCTIONS AGAINST U.S.S.R.

Hon. Martial Asselin: Honourable senators, a short while ago, at the request of the Leader of the Government, the Senate passed a resolution condemning the Soviet Union for the incident involving a South Korean aircraft on August 31, 1983. I believe that the Leader of the Government was quite

justified in presenting this resolution, which was indeed passed unanimously.

However, I would like to point out to the Leader of the Government that the condemnation which we shall convey to the Soviet Authorities has already been voiced by the Secretary of State for External Affairs as well as by several government officials. The Secretary of State for External Affairs has already demanded a complete and full explanation of this brutal act from the Soviet government.

Afterwards, we saw Mr. Gromyko in Geneva, not only forego any excuses, but also trying to play down the consequences of this brutal act against the South Korean airplane. He accused the United States of being responsible for the incident and, in our opinion, he expressed no regret for the victims of this incident. As I understand the press report, Mr. Gromyko even said that if the same situation reoccurred, the same disastrous consequences could result.

At the United Nations, the Soviet Union used its veto to block a resolution requesting an impartial investigation.

In view of these facts, of which we are all aware and which we condemn in our resolution, is the government willing to impose further sanctions against the Soviet Union? Are economic sanctions being considered by the Canadian government? Is there any question of cancelling certain cultural treaties which we have with the Soviet Union? What shall we do if the government and even the Parliament of Canada receive no satisfactory answer from the Soviet Union?

● (1510)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, as I said several minutes ago, both the preamble and the operative portions of the motion are self-explanatory. I think they are stated in such plain language that no one can misunderstand the meaning. If there are any additional actions to be undertaken by the government, they will be announced by the Secretary of State for External Affairs. That may not be entirely satisfactory to my honourable friend, but he is an experienced politician, having been a member of the House of Commons and of the cabinet, and he knows that that is the proper route for that announcement.

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question for the Leader of the Government. Could he clarify the federal government's position regarding landings of aircraft of the U.S.S.R. or any of its satellite countries at Gander, Newfoundland?

Senator Olson: I can get a report on that but perhaps Senator Haidasz could send me a note indicating what he means by "clarify", because that question has been raised a number of times and the Minister of External Affairs has replied to it. I am not quite sure what, in addition to what already has been said, needs to be clarified.

[Senator Asselin.]

TREASURY BOARD

EVALUATION OF CERTAIN GOVERNMENT PROGRAMS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a number of delayed answers and—

Hon. Jack Marshall: After four months you should have.

Senator Olson: I beg your pardon?

Senator Marshall: I said, "After four months you should have."

Senator Olson: I like to hear these jewels that Senator Marshall interjects, because sometimes I do not hear them. They do show up very accurately in *Hansard*, but at times their meaning becomes different from what was intended. He knows he can do that rather skilfully.

I should like to respond to a question raised by Senator Roblin on March 15, 1983, concerning evaluation studies prepared by the Treasury Board. It is a fairly long answer. May I have permission for this answer to be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> Neither the Treasury Board Secretariat nor the office of the Comptroller General normally carry out evaluations of government programs. The government policy on evaluation states that departments are to carry out evaluations of their programs and the studies that Senator Roblin referred to are, I assume, such evaluations. The Office of the Comptroller General which implements and monitors the policy on program evaluation, keeps records on what evaluations have been produced and are currently ongoing, and provides advice and assistance to departments in carrying out the evaluations. They do not, however, carry out evaluations themselves nor normally have copies of the completed studies. Almost every major government department now has a program evaluation unit reporting to the deputy head who is responsible for the conduct of evaluations of the departmental programs.
>
> Therefore, the Treasury Board has not carried out the evaluation referred to and does not have the studies in its possession. In order to obtain the evaluation studies, Senator Roblin should redirect his request to the minister responsible for each specific study.
>
> The President of the Treasury Board has agreed to forward a copy of the question to his colleagues to make them aware of Senator Roblin's interest in their evaluation studies.

THE BUDGET, 1983

WESTERN DEVELOPMENT FUND—STATUS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on April 20, 1983, concerning the Western Development Fund. That answer is rather lengthy and I ask

the permission of the Senate to have it taken as read. I note that Senator Nurgitz is not present at the moment, but I would be pleased to answer any questions about this answer at a later date.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

As you know, the Western Development Fund was established in the October 1980 budget at a level of $4 billion, with $2 billion allocated to the period ending in 1983-84 to cover initiatives in such areas as western grain handling and transportation systems and prairie water development.

Given the large sums of money flowing to producing provinces as a result of energy agreements and the need for increased fiscal restraint a review of the original plans led to a reprofiling and reallocation of the fund at the time of the November 1981 budget. That same budget also set aside $345 million from the Western Development Fund to establish the Native Economic Development Fund for programs directed toward the housing needs and economic development objectives of native peoples.

As you know, both western transportation and native economic development involved substantial consultations with various interested parties. With the June 1982 budget it appeared that there would not be a critical immediate demand for all the funds allocated, thus it was decided to defer some of the 1982-83 funds to subsequent years so money freed up could be used for immediate employment priorities.

The Finance Minister's Economic Statement of October 1982 identified an amount of up to $400 million to be added to the commitment of $1,355 million of the Western Transportation Fund to facilitate an early resolution of the Crow Rate issue. Other commitments from the Fund are:

—$82 million to compensate Western farmers for the Soviet Grain Embargo

—$60 million to the Vancouver Rapid Transit System

—$173 million for the purchase of 2,660 hopper cars to move western grain

—$313 million in interim rail payments for losses incurred by the railways in moving western grain.

Also of interest to you and supportive of the government's continued commitment to economic development in western Canada is the Special Recovery Capital Projects Program announced in the April 1983 budget.

Projects specifically directed towards western Canada total more than $300 million and include such initiatives as the Institute for Manufacturing Technology in Winnipeg ($41.4 million), the Winnipeg Core Area Development ($20 million) and the improvements to the Brandon Airport ($6.6 million) just to mention a few projects in your own region. I have attached the list of projects targeted to provinces in western Canada; this list would have to be revised in the likely event that any of the western provinces participate in any of the "national" procurement projects announced.

I hope this information is useful and I appreciate your interest and support for the government's efforts in promoting economic development in western Canada.

FARM CREDIT CORPORATION

ASSISTANCE TO FARMERS—AVAILABILITY OF ADDITIONAL FUNDS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Sherwood on June 2, 1983, concerning activities under the Special Farm Financial Assistance Program. That answer is also fairly lengthy, and perhaps Senator Sherwood will ask for some details, if need be, after he has read it. I ask that this answer be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Special Farm Financial Assistance Program, administered by the Farm Credit Corporation to assist farmers in financial difficulty was introduced in the November 1981 budget for the 1981-82 fiscal year. Under the program, farmers in financial distress are required to provide a plan of recovery demonstrating that with a debt consolidation loan from the FCC plus an interest rebate for two years, their farming operation will survive. The $50 million allocated to the program resulted in 382 loans for $45 million with the remaining $5 million being made available to pay a five percentage point rebate over two years. The interest on FCC loans on that time was sixteen and three-quarters per cent with the rebate reducing the interest cost to the farmer to eleven and three-quarters per cent for two years.

In the June 1982 budget, another $100 million was made available to the FCC under the program and the FCC diverted another $100 million of its regular loan funds so that $100 million in approvals could be made to farmers in financial difficulties in each of the two years following the June 1982 budget. Under this program the interest rebate was reduced to four percentage points.

Following the June budget, demand for debt consolidation loans by farmers in financial distress was so high that FCC received authority to increase loan approvals under the program in 1982-83 to $150 million rather than the $100 million initially authorized. In 1982-83, 966 loans were approved for $145.3 million leaving $54.7 million for approval under the program in 1983-84.

In the April 1983 budget, authority was given to the FCC to approve another $100 million under the program. This $100 million in approvals was diverted from the

FCC regular lending program making $154.7 million available for approval in 1983-84. Since the start of the 1983-84 fiscal year, FCC's lending rate has been twelve and three-quarters per cent. The four percentage point rebate reduces the interest cost to farmers to eight and three-quarters for two years.

Demand for loans under the program was high at the start of the 1983-84 fiscal year as many farmers required debt consolidation loans before operating credit could be obtained. Addressing the needs of these farmers early in the year allowed them to go ahead with their 1983 cropping plans and enhanced their chance of recovery.

Although the funds available under the program were committed early in the year, it is unlikely that additional funds will be made available under the program. However, it must be recognized that interest rates are substantially below the high levels when the program was initiated. With the FCC lending rate on regular loans at twelve and three-quarters per cent and the chartered bank prime lending rate at eleven per cent, farmers in financial difficulty can be assisted with debt consolidation loans through either FCC regular loans and in some instances, through chartered banks' farm lending programs, as well as the Small Business Bond Program administered by the chartered banks.

In summary, the Special Farm Financial Assistance Program will result in $345 million of loan approvals to about 2,400 farmers in financial difficulty.

PARLIAMENT HILL

ROYAL VISIT—INQUIRY RE DISPLAY OF BRITISH FLAG ON COURTESY STAFF

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Macquarrie on June 21, 1983, relative to the flying of the Royal Union Flag. May this answer be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Royal Union Flag, generally known as the Union Jack, was approved by Parliament on December 18, 1964 for continued use as a symbol of Canada's membership in the Commonwealth of Nations and of her allegiance to the Crown.

It is to conform to this decision of Parliament that the Union Jack was flown on Parliament Hill on the occasion of the visit of Their Royal Highnesses The Prince and Princess of Wales, as was done in April 1982 when Her Majesty the Queen visited Ottawa for the Proclamation of the Constitution.

• (1520)

CANADA POST CORPORATION

SUBMISSION OF ANNUAL REPORTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Roblin on June 22, 1983, concerning the tabling of the Canada Post Corporation Annual Report. May I have permission for that answer to be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The simple answer is that changing a very large government department with 62,000 people and assets of $1.5 billion to a crown corporation has proved a lot more complex than anyone expected.

There are major accounting issues that have still to be resolved among the government, the Auditor General and Canada Post.

In fact, the Auditor General himself said before the Public Accounts Committee this spring that when the law was passed a number of issues were not anticipated and these have proved extremely difficult to resolve.

Nevertheless, I would like to say that some progress has now been made. Some problems over accountability and the transfer of assets still exist, but Canada Post expects these will be resolved this summer. Reports for the stub year of October 16, 1981 to March 1982, and the full year ending in March 1983, will follow.

HEALTH AND WELFARE

ACQUIRED IMMUNITY DEFICIENCY SYNDROME—CONTROL MEASURES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to respond to a question raised by Senator Haidasz on June 29, 1983, concerning measures taken by the federal government to control acquired immunity deficiency syndrome. The reply is rather lengthy and technical and I ask the permission of the Senate to have it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

Acquired Immunity Deficiency Syndrome (AIDS) is a new illness usually occurring in previously healthy young adults, but more recently has been described in the spouses, the regular sexual partners and children of persons with or at high risk of developing the disease. It was first reported in the United States in June 1981. Up to September 6 of this year, the Laboratory Centre for Disease Control (LCDC) Ottawa, has received documentary reports of 37 cases in Canada (males 33, females 4).

Surveillance of cases by the Bureau of Epidemiology, LCDC, is an ongoing activity.

The cause of AIDS has not yet been discovered despite two years of studies but is believed to be a virus transmissible by body fluids such as semen and blood. High risk groups include male homosexuals, Haitians, haemophiliacs and intravenous drug abusers.

Physicians in three main urban centres, Montreal, Toronto and Vancouver who have an ongoing interest in AIDS because of local population risks have formed groups or committees for the purpose of providing information and advice and conducting research. Preliminary studies have been undertaken and applications have been forwarded to national funding agencies. In order to coordinate national activities, the Health Protection Branch called together representatives of certain groups in order to determine the direction and guidance that should be afforded this serious problem in Canada in the light of national and international knowledge of AIDS. Subsequently, a national advisory committee was formed by the department with broad geographic representation and the addition of specialists in immunology, infectious diseases and microbiology. The mandate of this committee is to review the status of AIDS in Canada and in other countries and to make recommendations to the Minister of Health and Welfare and other appropriate agencies which would lead to implementation of medical care, research and other strategies with regard to diagnosis and treatment, control and prevention of AIDS in Canada. This committee will be meeting on a regular basis.

JUSTICE

LAW FIRMS RETAINED BY GOVERNMENT, 1978-83—REPLY TABLED

Question No. 105 on the Order Paper—*By Hon. Jack Marshall:*

What is the list of law firms hired by the Canadian Government in localities where there is no regional office of the Justice Department and what is (i) the name of the firm (ii) the amount paid in the last five years?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a response to Order Paper Question No. 105. Due to the length of the reply, I ask leave to table it. The question is asked by Senator Marshall, and I hope he will agree to this procedure.

Hon. Jack Marshall: Agreed.

Senator Olson: Then, honourable senators, with leave of the Senate and notwithstanding rule 20(a)(2), I table:

Reply to Question No. 105.

REGIONAL ECONOMIC EXPANSION

NEWFOUNDLAND—FISHERIES COLLEGE, ST. JOHN'S—COST

Question No. 108 on the Order Paper—*By Hon. Jack Marshall:*

With regard to the site on which it is intended to construct the Fisheries College at St. John's Newfoundland, what was (i) the cost and (ii) the area of the site?

Reply by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion:

The Department of Regional Economic Expansion advises:

i) Land acquisition was a provincial responsibility and cost $381,400. There was no cost to the Federal Government.

ii) The area of the site is 17.15 hectares.

ECONOMIC DEVELOPMENT

BREAKDOWN OF SPECIAL RECOVERY CAPITAL PROJECTS—VESSEL PROCUREMENT

Question No. 110 on the Order Paper—*By Hon. Jack Marshall:*

What is the breakdown under Special Recovery Capital Projects—Vessel Procurement, of $630 million, with regard to (i) Navy (ii) Coast Guard (iii) Fisheries and Oceans and (iv) Public Works?

Reply by the Minister of State for Economic Development:

Insofar as the Ministry of State for Economic Development is concerned: Special Recovery Capital

Projects Program: Ship Construction

Shipbuilding projects approved under the Special Recovery Capital Projects Program (SRCPP) total $638.3 million.

The approved projects include the following:

$630.0 million Coast Guard Vessels: Construction of:

(Transport Canada)

1 Type 1200 Heavy Icebreaker

6 Type 1100 Tenders for supply of navigation aids and icebreaking

2 Type 1050 Tenders for navaid supply and icebreaking

2 Type 800 small navaid tenders and a number of small shore-based craft

Refitting of:

3 Existing icebreakers

$5.6 million Electronic Survey Vessel

(Fisheries & Oceans)

Construction of a state-of-the-art survey vessel to chart Atlantic seasonal ports.

$2.7 million "Tsekoa" Vessel Replacement

(Fisheries & Oceans)

Construction of a new vessel to serve as coastal workboat on the British Columbia Coast.

There are no projects approved under the SRCPP for the construction or refit of vessels for the Navy.

CANADA-NEWFOUNDLAND GENERAL DEVELOPMENT AGREEMENT

RURAL DEVELOPMENT—STATUS OF SUBSIDIARY AGREEMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I received a letter from Senator Marshall concerning some questions that he had asked which he figured had become dépassé by the passage of time, but I looked into them, and it turns out that the question he asked about the Canada-Newfoundland agreement apparently is still very much alive. It has been an ongoing process and only recently has there been any indication of an end result and some development that I think we both would be satisfied with.

At the end of March the term of the agreement was extended for six months. The agreement is due to expire at the end of this month—on September 30, 1983—so the urgency is revived also. There have been some serious ongoing and highly sensitive negotiations between the federal government and the Province of Newfoundland-Labrador. We have been advised that some sort of answer will materialize within the next few days. Senator Marshall pays sufficiently close attention to what is happening in Newfoundland that he will probably hear the news before I do, but I will put it on the record when I find out about it, if he does not do so first.

The other question referring to the satellite receiving station also seemed to be obsolete, but I asked for at least the additional information that was requested. I received it shortly before we began the sitting today, but I was not satisfied that it was sufficiently additional to what we already knew. Therefore, I am asking for further information on that also.

THE BUDGET SPEECH, 1983

PROPOSALS BY MINISTER OF FINANCE—ORDER STANDS

On the order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 19th April, 1983.—(Honourable Senator Murray).

Hon. Lowell Murray: Honourable senators, I spoke to this item when it was before the Senate and moved the adjournment simply because the possibility that another honourable senator may have wished to participate in the debate.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, rather than consider this matter as having been debated on the spot, senators will have an opportunity to read today's *Debates of the Senate* and decide, say between now and Thursday, whether they wish to make an intervention.

Order stands.

FRESHWATER FISH MARKETING

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO EXAMINE THE SUBJECT MATTER OF BILL C-149 – MOTION STANDS

On the motion:

By the Honourable Senator Frith:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-149, intituled: "An Act to amend the Freshwater Fish Marketing Act", in advance of the said Bill coming before the Senate or any matter relating thereto.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this motion was placed on the Order Paper before we adjourned because it seemed there would be a good chance of our getting the bill from the other place before the adjournment. However, that bill is now, if I can use the term, back "in play" in the other place.

I would, therefore, ask that the motion be left as it stands because we may shortly receive the bill and at that time we can refer it to the Standing Senate Committee on Banking, Trade and Commerce.

Motion stands.

The Senate adjourned until Thursday, September 22, 1983, at 2 p.m.

THE SENATE

Thursday, September 22, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

TABLED DOCUMENTS

DISTRIBUTION TO SENATORS

On the tabling of documents:

Hon. Jack Marshall: Honourable senators, earlier this week the Leader of the Government tabled a long list of reports and other documents, two or three of which particularly interested me since they had to do with veterans affairs. One document was the report of the Army Benevolent Fund Board, and another was the statement of operations under the Returned Soldiers' Insurance Act.

I would ask the Leader of the Government to take the necessary steps to ensure that I do get copies of these documents.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will do that. I am sure that, as a result of Senator Marshall's question, some of my staff members will make sure that he will not only receive the documents he has mentioned immediately, but, since he has raised this matter a number of times previously, will be on a mailing list to ensure that the documents are sent to his office either on the day they are tabled or immediately afterwards.

If Senator Marshall does wish to be on a mailing list in order to receive any other documents, my office will try to be helpful and make sure that happens.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, September 27, 1983, at 2 o'clock in the afternoon.

Motion agreed to.

CANADIAN SECURITY INTELLIGENCE SERVICE

POWER OF SPECIAL COMMITTEE TO ENGAGE SERVICES

Honorable Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move that the Special Committee of the Senate on the Canadian Security Intelligence Service have power to engage the services of such technical, clerical and other personnel as may be necessary for the purpose of the Committee.

[*English*]

Senator Frith: I shall explain why the motion is necessary once leave is granted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, through an oversight, when the terms of reference for this committee were established and adopted by the Senate, we did not include a clause authorizing the hiring of support personnel as thought necessary. The committee is, in fact, using Parliamentary Library staff for almost all its research, but it also needs other staff. This remedies the oversight.

Motion agreed to.

QUESTION PERIOD

[*English*]

FITNESS AND AMATEUR SPORT

ORAL QUESTIONS—REQUEST FOR ANSWERS

Hon. Martial Asselin: Honourable senators, before the summer recess I asked some questions of Senator Perrault in his capacity as Minister of State for Fitness and Amateur Sport. In spite of the fact that I repeated my questions to the minister on one other occasion, these questions remain unanswered. He is no longer the Minister of State for Fitness and Amateur Sport. Who will answer my questions now?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall attempt to obtain answers to all the questions that remain unanswered. Perhaps Senator Asselin would be helpful and tell us the pages in *Hansard* where his questions appear, otherwise our people will have to plough through all the back *Hansards*. I can give him an undertaking that I will be as helpful as I can under the circumstances, but perhaps he will be a little generous—

Senator Asselin: As always.

Senator Olson: You don't want to be generous?

Senator Asselin: I said, "As always."

Senator Olson: That pleases me because we have a very competent but very new minister in the Honourable Céline Hervieux-Payette.

Hon. Jacques Flynn (Leader of the Oposition): She is very specialized in that field.

Senator Asselin: I prefer Senator Perrault.

Hon. Royce Frith (Deputy Leader of the Government): Everyone is entitled to his own sexual preferences.

Senator Olson: With the help of Senator Asselin in identifying the pages in *Hansard* where the questions are located and with the competent help of the minister, once she has become familiar with her department, I am sure that we will have complete and satisfactory answers to all the questions.

Senator Asselin: I will do that.

TRANSPORT

RUMORED RESUMPTION OF PASSENGER RAIL SERVICE FROM HALIFAX TO MONTREAL VIA MONCTON AND SAINT JOHN

Hon. Daniel Riley: Honourable senators, as you know, the Standing Senate Committee on Transport and Communications studied a reference with respect to the abolition of VIA Rail service from Halifax to Montreal via Moncton and Saint John. It held a number of hearings and heard many witnesses. It formulated a preliminary report in which it made certain recommendations. There is now a persistent rumour that VIA Rail is considering reinstating the Atlantic service from Halifax to Montreal via Moncton and Saint John on a basis of two days per week. Would the Leader of the Opposition, as soon as possible, confirm or deny—

Some Hon. Senators: Oh, oh!

Senator Riley: I mean the Leader of the Government.

Hon. Jacques Flynn (Leader of the Opposition): I may be authorized to answer you next year.

Hon. H. A. Olson (Leader of the Government): He was not speaking in the future tense but the past tense.

Senator Riley: I may be somewhat anticipatory.

Senator Olson: It is regressive.

● (1410)

Hon. Royce Frith (Deputy Leader of the Government): You would not be prepared to wait that long, in any event.

Senator Olson: It is retrogressive.

Senator Riley: I would like to have an answer to that question as soon as possible.

Senator Olson: Honourable senators, perhaps I should know better than to comment on rumours, whether they are described as persistent, intermittent or whatever. I am aware of what Senator Riley is talking about. I want both him and the Senate committee members to know that the recommendations they made were taken very seriously by the Minister of Transport and—

Senator Flynn: The present minister?

[Senator Olson.]

Senator Olson: Yes. The former minister worked on it as long as he was there and the present minister is working diligently on it now.

I shall make inquiries to establish the validity of the persistent rumours and, when I have an answer for Senator Riley, I shall report it to him.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Robert Muir: Honourable senators, I would like to pose a question to the Leader of the Government in the Senate on the Cape Breton Development Corporation, with specific reference to the number of members on the board. I understand there are some vacancies on that board and that there have been for a very long time. Could the Leader of the Government report back to this house on how many vacancies exist under the federal arrangement, how long they have existed, and how soon they will be filled?

I also ask the leader to advise this house if discussions are continuing between the Province of Nova Scotia and the federal government regarding the appointment made by that province. I am wondering if the provinces lagged in this situation also.

Perhaps the Leader of the Government would say what is on his mind and not what he has been told by the deputy leader.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I was consulting with the deputy leader, which I find useful to do from time to time because I usually get good advice from him. In this case I was looking for a word that would describe the manifold question which Senator Muir has posed. What was the term you suggested, Senator Frith?

Hon. Royce Frith (Deputy Leader of the Government): "Hydra- headed."

Senator Olson: That is not a word I would use very often, but it is a multiple question and I undertake to make inquiries on all its facets

With respect to parts of it—for instance, an answer as to when someone other than myself is going to make a decision—I know better than to give an undertaking to get a positive answer to such a question. However, with respect to the factual information that Senator Muir has inquired about, I shall attempt to get it as soon as possible.

FOREIGN AFFAIRS

INDUSTRIAL ESPIONAGE—EXPULSION OF U. S. S. R. DIPLOMATS

Hon. Stanley Haidasz: Honourable senators, I would like to ask the Leader of the Government whether he would kindly furnish this house with particulars of the industrial espionage activities of the U. S. S. R. diplomats recently expelled from Canada.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall refer that question to the Secretary of State

for External Affairs and rely on his discretion as to the degree of detail in which he will answer a question involving security matters, since that is within his jurisdiction.

Hon. Jacques Flynn (Leader of the Opposition): The way the question was put, it does not involve security.

Senator Olson: In response to the Leader of the Opposition, I am sure that I heard Senator Haidasz use the word "espionage".

Senator Flynn: Yes, he said "industrial espionage".

LANDING RIGHTS FOR RUSSIAN AIRCRAFT AT GANDER

Hon. Stanely Haidasz: I have a supplementary question. Will the Leader of the Government in the Senate be prepared this afternoon to inform this house of any formal or informal request from the Government of the U.S.S.R. to grant landing rights at Gander to any Russian aircraft carrying Mr. Gromyko or any other government officials from the Eastern European bloc countries to attend the United Nations special meeting in New York?

Senator Olson: I shall also take that question as notice and secure a reply from the Secretary of State for External Affairs.

Hon. Jacques Flynn (Leader of the Opposition): He only goes to New York; he doesn't have to stop in Gander.

THE CABINET

LEADER OF THE GOVERNMENT IN THE SENATE—COMMITTEE MEMBERSHIPS

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege which relates to the answers that the Leader of the Government in the Senate gave to Senator Muir and Senator Haidasz. I am wondering why he takes all these questions as notice when he is on the following cabinet committees: Communications, Government Operations, Special Committee of Council, Treasury Board, Western Affairs, and his colleagues, Senator Austin and Senator Argue, who are not present in the chamber, are also on those committees, in addition to a Special Committee of the Senate on a Canadian Security Intelligence Service and the Committee on Economic and Regional Development. We should be able to get all the answers without his taking the questions as notice and reporting the answers in a week's time when they are out of date.

Hon. Jacques Flynn (Leader of the Opposition): You are asking a lot.

Senator Marshall: If he attends these meetings, which take in a broad umbrella of the government's operations, why can't he give us the answers without taking them as notice, since he should have most of the information, particularly on the said subjects?

Hon. H.A. Olson (Leader of the Government): Honourable senators, there is a very clear, succinct answer to that question, and I am sure that Senator Marshall could have it from his own leader who also has been on numerous cabinet committees from time to time. One of the most difficult problems any human being has—I am not saying everyone is like me—is to compartmentalize his mind so that he knows what he has learned in a certain place is ready for public announcement. Quite frankly, I have said in this chamber many times that I am not going to run, or appear to be running, any other minister's department, even when I was the chairman of one of the large cabinet committees, that on economic development. Quite often we have some information that has been discussed, but normally, and I think it is a good practice that every government has followed, the minister responsible for the subject matter that is under consideration makes the announcement. Therefore, at times we have to wait until it is appropriate for him or her to do so. A lot of things are recalled that we have learned in cabinet committees in filling in the details. I am sure Senator Marshall will understand that.

TREASURY BOARD

EVALUATION OF CERTAIN GOVERNMENT PROGRAMS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I thank the Leader of the Government for his reply on Tuesday to my question of March 15 of this year about evaluation studies undertaken by the Treasury Board. In his reply he told me that the studies were not done by the Treasury Board but by the departments directly. He also told me that the President of the Treasury Board had agreed to forward a copy of the question to his colleagues in order to make them aware of my interest in their evaluation studies. I want to make it clear that my interest even extends to reading the evaluations. I have had no intimation from any of these ministers approached by the President of the Treasury Board that they have any evaluation studies that they would like me to read, but I would ask my honourable friend if he could ask them, if they got the proposal of the President of the Treasury Board, what their reaction is, and whether they will , in fact, allow me to read these evaluation studies.

Hon. H.A. Olson (Leader of the Government): I hesitate slightly in giving an affirmative reply to that question because I am not quite sure what it involves exactly, but I can give Senator Roblin the assurance that I will read very carefully what he has said, and that I will ask the President of the Treasury Board to supply him with as much material as he possibly can on the evaluations. The reason I say that is because I know that those evaluations are going on in one department or another, or several departments, almost on a continuing basis and not always in the same department, and at some stage memos are passing between officials in those departments. However, we will certainly try to make as much available as possible.

Senator Roblin: I want to be quite clear about this because I am not interested in interfering with normal departmental practice, but the point has been made that evaluations are made by the departments presumably on a formal basis. I hope that my honourable friend is not raising false hopes in my

breast, because his answer clearly indicates that the President of the Treasury Board has agreed to forward a copy of my question to his colleagues to make them aware of my interest in the evaluations. It follows from that, if it just falls to the ground at that point, that I am going to be disappointed. I do want my honourable friend to tell me what the ministers intend to do about the suggestion of the President of the Treasury Board.

● (1420)

Senator Olson: Honourable senators, I want to give Senator Roblin the assurance that I will do everything in my power to lessen the level of his disappointment. I say that a bit facetiously, but, seriously, I say that we will follow through with further communications to the President of the Treasury Board requesting him to respond to the questions that have just been asked.

Hon. Douglas D. Everett: Honourable senators, I have a supplementary question for the Leader of the Government. I, like Senator Roblin, was mystified by the answer that was given to the question about evaluation reports. I wonder if, indeed, I could be added to the list of senators who will receive those reports when they are made available.

I must say that I am surprised that the Treasury Board is not aware of which departments are being evaluated.

Senator Olson: Honourable senators, I would not want to leave the wrong impression. I think that the Treasury Board is aware of evaluations that are going on at the present time. Although I only read the reply once, I was left with the impression that the Treasury Board was doing all of these evaluations. It was my understanding that some of the evaluations were being carried out according to a formula that was being developed by the departments themselves. I do not think that the Treasury Board is unaware of evaluations that are going on in the various departments at this time.

In any event, I will put those questions. More specifically, in answer to Senator Everett's question, I will endeavour to make sure that he, too, will be supplied with the material that we get regarding those evaluations.

Senator Everett: I am delighted to hear that the Treasury Board is aware of the evaluations that are being made. I wonder if the Leader of the Government in the Senate could provide me— and perhaps Senator Roblin, too—with a list of the evaluations that are now being made.

Senator Roblin: I should like to second the request of my honourable friend opposite. I would also like to ask the Leader of the Government to unravel another little mystery for us.

Hon. Royce Frith (Deputy Leader of the Government): This is a rather ecumenical performance.

Senator Roblin: If two minds agree, that cannot be all bad. We occasionally speak to one another outside the Senate, although not on this particular topic.

I want to point out to the Leader of the Government in the Senate that there has been a new development in the Treasury Board. A certain Mr. Edmund Clark has been recalled from his sojourn in Paris to become the Associate Secretary of the Treasury Board. If I read the news report correctly, he is specifically charged with the question of the efficiency of the civil service, which bears precisely on the point that my honourable friend from Winnipeg and I have been discussing.

When my honourable friend looks into this matter, then, would he clarify the position respecting the Treasury Board and the departments in this whole area of efficiency reviews? That ought to be clarified so that we know who is doing what and where we can press our points for information.

Senator Olson: Honourable senators, I will take those comments and requests into consideration as well.

ENERGY

TAR SANDS AND HEAVY OIL UPGRADING—CAPITAL INVESTMENT

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. I wonder if the leader would inform the Senate as to any new developments that are taking place in the development of the oil sands in Alberta.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I would be very happy to respond.

Hon. Martial Asselin: Did you receive notice of this question?

Senator Olson: No, I did not receive notice of it.

Hon. Jacques Flynn (Leader of the Opposition): Were you warned?

Senator Olson: I hardly need receive notice on a question that deals with a number of things in which I am intensely interested.

Senator Asselin: Very often you take questions as notice. Why do you not take this question as notice?

Senator Olson: I do not take this question as notice because I believe that, because of my interest in the matter over the last few weeks, I carry with me the answer.

Honourable senators, I believe that an official announcement has been made on four major capital investments in tar sands and heavy oil upgrading in western Canada. That is extremely important. There are a number of others on a smaller scale than those originally planned some years ago.

A few weeks ago there was an announcement of a $1.5 billion expansion to Syncrude to be completed in a number of stages. That work is already under way. There has been an announcement of a $200 million enhanced oil recovery unit to be established at Wolf Lake. That will be the first of several stages that will be forthcoming. We have also made an important announcement regarding a medium and heavy oil upgrader in Regina, Saskatchewan, which will enhance the quality and marketability of a good deal of oil produced in that area. Furthermore, the day before yesterday the federal Minister of Energy, Mines and Resources and his counterpart in Alberta

announced a figure of $300 million for what is described as the second phase of the Cold Lake oil deposit enhanced recovery. That capital investment project will go ahead immediately and will provide 700 new jobs almost immediately. That is the second stage of a six-stage program in the Cold Lake area.

If we add all that together, it is clear that many of those projects which two or three years ago were massive mega-projects are now going ahead but on a scaled-down level and in stages, in order that those enormous resources can be brought on stream progressively in higher and higher quantities as we need them.

It is extremely important from another point of view. Senator Bosa no doubt realizes that our flow of conventional oil from those fields into Canadian production is decreasing year by year, and we have almost reached the point where those projects, when completed, will provide an alternative source of supply of crude oil of a grade that can be used in this country to at least substitute—if that is the correct word—for the decrease in flow from conventional oil fields.

I could say a good deal more about the drilling program in western Canada, particularly Alberta, in connection with the conventional oil fields. I am not referring to gas wells; we have to separate the two, because that activity has declined somewhat due to the fact that market demand is less than supply. However, for crude oil we are reaching a record number of completed oil wells in 1983. That is a record for the year.

That is positive news for our oil self-sufficiency and all the economic activities that go with it.

Senator Bosa: As a supplementary, it is the government's objective to reach oil self-sufficiency by the late 1980s or early 1990s.

Hon. Lowell Murray: What?

Senator Bosa: Can the Leader of the Government inform us as to whether we are proceeding on target?

Senator Olson: Honourable senators, there is, of course, more than one way of calculating what is considered to be "on target". In some months we have almost reached self-sufficiency a long way in advance of the targets that were set out two or two-and-a-half years ago.

Senator Murray: Seasonally adjusted self-sufficiency.

• (1430)

Senator Olson: One of the reasons, of course, has been a downturn on the demand side from what was anticipated at that time. I see Senator Murray trying to—

Senator Murray: I am laughing.

Senator Olson: —throw in some facetious comments with respect to this.

We did suffer an economic downturn in Canada, as did all the countries in the western world.

To get back to Senator Bosa's question, depending on when you identify the target, on both the supply and demand sides, we are probably ahead of the target date that was projected prior to the economic downturn in the western world.

[*Translation*]

Hon. Martial Asselin: I am glad to see that the Minister is announcing these projects with a big smile on his face. We realize that the Government side is uncomfortable about the serious economic situation that exists in Canada today. If these projects can help bring down unemployment in Alberta, we shall be delighted. Since the Minister seems to know about all the projects the Government has ready to improve the economic situation, does he have any on his list today that would improve the unemployment situation in Quebec? Does the Government intend to develop any mega-projects in Quebec in order to bring down unemployment? We all know that unemployment in Quebec is now up to 12 per cent, and in the Maritimes it is up 16 or 17 per cent. Is the Minister in a position to announce further capital projects that could bring down unemployment in the regions I have just mentioned?

[*English*]

Senator Olson: Yes, I can. If my honourable friend would allow me to go through—

Senator Asselin: You have done this before.

Senator Olson: Yes. However, my honourable friend cannot ask me to list all the projects which are going forward and then object when I do it.

Senator Asselin: No. You have done it before.

Senator Olson: Yes. However, I have an updated list with me, which I bring from day to day and which lists so many good projects—

Senator Flynn (Leader of the Opposition): Are they mega-projects?

Senator Olson: There are so many good projects listed in there concerning various parts of Canada, and also indicators of improving economic news, that I would be glad to comply with my honourable friend's request. As soon as I start doing that, however, my honourable friend objects.

Senator Asselin: You have done it already.

Senator Olson: If my honourable friend wants me to be precise, then I will get him a list of a very large number of projects in Quebec, including a substantial—

Senator Asselin: Where are they?

Senator Olson: —undertaking for the economic enhancement of the Gaspé. That is just one example, and there are several others. I would be happy to supply my honourable friend with that list. Perhaps he would spend a few days digesting it. It is a very impressive list of projects.

Senator Asselin: Go to Quebec and speak to the people that way.

Senator Olson: We are not satisfied this is the only solution to the unemployment problem in Quebec or, for that matter, anywhere else in Canada. I can tell my honourable friend without reservation that there is a large number of projects going ahead. Perhaps I should circulate the list of projects

concerning the Department of Agriculture, DREE, the Department of Fisheries and Oceans, and several others.

Some hon. Senators: Hear, hear.

Senator Olson: If my honourable friend will wait until the next sitting I will provide him with a clear and succinct list; otherwise I could ramble on for a long time listing the number of projects which are going ahead.

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question arising out of the reply given by the Leader of the Government to Senator Bosa's question.

I point out to the Leader of the Government that if the $300 million project to which he refers replaces two projects totaling $26 billion, about which we have heard a great deal in the past, then the project has shrunk considerably. This leaves me somewhat skeptical of the forecast projections provided by the Leader of the Government. I wonder if the National Energy Program and its tax draft have been altered in any way to allow for the project referred to to proceed, and whether Petro-Canada has participated in any way in the project.

Senator Olson: I would be very happy to. The way Senator Phillips phrased his question indicates to me that he clearly did not understand what I just said, and that is unfortunate because I will have to tell him again.

The expansion of the Syncrude plant at Fort McMurray is under way. I am not exactly sure what amount was projected for 1983 and into 1984, but it seems to me that it was something in the neighbourhood of $400 million. There is going to be a $1.5 billion expansion of that plant. I made it quite clear that that is not a complete substitute for the Alsands project, which was $14 billion or $16 billion, but what I am talking about is under way.

As far as Cold Lake is concerned, the entire development of that field by Esso Resources was projected as high as $12 billion, which included all six phases plus an oil upgrader for the bitumen. With the oil upgrader, that oil will be brought up to what is considered to be a high quality synthetic oil, as good as the highest quality oil found anywhere in the world.

The upgrader is not included in what was announced on Tuesday by the Minister of Energy, Mines and Resources, but the second phase that was announced amounts to $300 million.

Phases 4 through 6 are also projected, but the minister did not announce that they were under way because the second phase has to be completed before they enter into the third, fourth, fifth and sixth phases. What is important, though, is that it is under way and the objective is for the entire project to be built over a longer period of time than was projected some time ago.

The same set of circumstances also holds true for the Wolfe Lake project. It is being done by BP, and Petro-Canada is a partial shareholder in the Syncrude consortium.

I can also say that that holds true for a number of other projects. I hope Senator Phillips understands that most of those projects are now under way, but not with the massive undertaking of capital investment that is involved with mega-projects.

I am confident that over a reasonable time span they will be completed, and perhaps up to the full size the mega-projects were projected to be two years ago.

Senator Phillips: Honourable senators, there used to be a list of the mega-projects. I wonder if the Leader of the Government still has a copy of that list and, if so, whether he would care to table it.

I should also like to know whether there have been any changes made to the tax arrangement. Could the leader tell us whether any of the taxes were reduced to a reasonable level to enable those projects to proceed?

Senator Olson: I can answer that question specifically. I have the list and I will have it updated as a result of the intense interest shown by honourable senators opposite.

I should advise Senator Phillips, in case he has forgotten, that a mega-project has been described by the committee comprised of representatives from business, labour and other areas as a project involving $100 million or more. That is how they have described a mega-project.

• (1440)

You can also have super-mega projects and mini-mega projects. If it is a $100 million-or-more project, I call it a mega project. They can be many multiples of $100 million. Most of those I described this afternoon are in that category. Some are twice as much, three times as much, and even more.

I do not have an old list with me because I do keep my book current. However, I will undertake to provide that to Senator Phillips.

Senator Phillips: Did you cancel the old lists with the projects?

Senator Olson: No, I did not. I tried to explain to the honourable senator that most of these projects are going ahead on a scaled-down, bought and phased-in process that will, over a reasonable time frame, perhaps lead to super-mega projects of the type we talked about some time ago.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, it is nostalgic to hear the "Minister of Mega-Projects," as he was a couple of years ago, conduct us through this exercise of down-sizing in which he is now obviously engaged. I have much sympathy for him.

Hon. D. G. Steuart: Small is beautiful.

Senator Roblin: My honourable friend is very small and he is very beautiful.

We have to be grateful that the oil industry is beginning to recover from the wounds inflicted upon it by this administration, which, when combined with the declining economy, were, indeed, catastrophic. However, I do not want to get into that with my friend.

My question has to do with Cold Lake. It is true that it was a multi-billion-dollar project, and it is true that this phase is worth $300 million—still a lot of money, but nothing like the

original estimate—but what bothers me is that we are going to proceed with Cold Lake to produce heavy oil and what are we going to do with it? We are going to ship it to the United States.

It seems to me important to know what plans are in place to put in an upgrader to make this heavy oil suitable for use in Canada. I am rather surprised that that is not part of the present project because I did not know it was any part of the policy of the government to provide subsidies or taxation considerations in order to export oil to the United States or anywhere else.

I thought our aim was to zero in on self-sufficiency. We cannot be self-sufficient by using heavy oil unless we have an upgrader to convert it for use in this country.

I have explained my concern and would ask my honourable friend to tell us what he can about the addition of an upgrading facility to convert not only Cold Lake heavy oil but heavy oil from other projects in the same state.

Senator Olson: Honourable senators, I shall be glad to answer that question or, at least, partly answer it, and, I hope, to the complete satisfaction of Senator Roblin.

However, with his indulgence, I would answer a part of Senator Phillips' question having to do with tax concessions respecting these projects. Yes, there have been tax concessions. In the April 22 budget the Minister of Finance announced that there would be a relief from the PGRT until the approved capital costs had been amortized from these projects. Of course, that, I think, has been involved in all of those projects that have been announced.

As far as Senator Roblin's question is concerned, I do understand the point of it and I, too, am concerned. However, I would remind him that very recently there has been a significant change in the demand for the product of asphaltic crude which is heavy oil and, in some cases, medium oil, and certainly the bitumen that comes from tar sands products. This has happened for a number of reasons. More particularly, there has been a very significant increase in demand for asphalt in the United States because of a highway improvement program resulting from the special financial arrangements made a few months ago in that country for that purpose.

One of the consequences which stems from that is that there has been a significant narrowing in the price or value of heavy oil or asphaltic crude vis-à-vis light, sweet oil. This changes the economics with respect to whether or not all of it should be diverted through an upgrader for the purpose of upgrading the oil to a synthetic crude quality.

Of course, the commercial companies involved, whether they be Petro-Canada, Esso Resources or any other company, have taken that into consideration. It was announced by Esso Resources that they are now moving on the enhanced recovery at Cold Lake because it is now economically feasible, in their view, to do at least the second phase and perhaps further phases even without an upgrader to bring the oil up to a quality that could be put into the gathering and transportation system to the refineries all across Canada. That is very important, and I think we should take advantage of that enhanced value of the asphalt produced from that oil.

Certainly, we can make exchanges by exporting heavy oil—and we do. We have done that for a long time in connection with our export to the northern tier refineries in the United States and, particularly, into the Minneapolis area. Indeed, we have imported oil into some areas where the transportation cost factors were such that it was an advantage to do so.

There will, no doubt, come a day when larger volumes of heavy oil are brought on by the enhanced recovery projects where it would be highly desirable to have an upgrader at not only Regina, but at Cold Lake and Lloydminster. There are one or two other massive deposits of heavy oil in Canada, other than the three I have mentioned, where it would be desirable to have upgraders.

We know from past experience that, when considering upgrading, it is prudent for not only commercial companies involved but for the government to look at these things in terms of economic viability which depends on the value of the various grades of oil. However, if we are going to take the production from those enhanced heavy oil tar sand recovery projects and put it into the regular refining system in all of Canada, several more upgraders will be required in the west.

Senator Roblin: My honourable friend raises a number of interesting points which give rise to further questions on my part. I would like him to find out whether there is, in fact, an exchange trade-off with respect to this heavy oil which is being shipped to the United States; whether we are, in fact, being compensated by the importation of American sweet crude so that there is the balancing factor of which he spoke. I know that this has taken place in the past, but I would ask whether that is actually the case in this particular instance.

The other question I would ask him to look into is that of price because, while there can be local, commercial reasons for the movement of heavy oil to the United States—in fact, in a former activity I took some part in those sales, so that I understand something about them— if we do not upgrade this oil in Canada for use in our own refineries, then we have to import foreign oil at whatever the world price happens to be.

One of the prized policies of my friends opposite is the so-called Canadian price for oil which we know is pretty well an exploded myth at the present time. However, I would be interested to know the trade-offs with respect to buying foreign oil which we will now need because we are not upgrading that crude. I am not convinced that the government has no responsibility to balance out the pluses and minuses.

If my honourable friend has a good case to present on that and can give me the particulars and figures, I would be delighted to hear them.

Senator Olson: Honourable senators, I do not have those figures with me to make the case. I am certain that Senator Roblin does not expect them either. My reply a few minutes ago was in general terms because it is only very recently that the value of heavy oil or the refining to the stage where the asphalt for highway construction can be produced has gone up

rather significantly in terms of market demand, volume and price.

● (1450)

As to the other part of the question dealing with whether or not there have been recent formal agreements entered into with respect to an exchange, I am not entirely sure that that is the case. I shall make some inquiries. Senator Roblin will know that included in the announcement by the Minister of Energy Mines and Resources on July 7 was the subject of certain classes of oil falling within a certain time factor being upgraded to what we call the NORP. Certainly all the oil coming out of the projects I mentioned will earn the new oil reference price which is higher than that of some other classifications. I shall take the rest of the honourable senator's question as notice and obtain a more detailed answer for him.

What I have been attempting to do is outline in a very general way the fact that the Cold Lake project and other investments for enhanced recovery projects are now viable without an upgrader. That was not the case very long ago.

Senator Roblin: I am sure that my friend knows that the new oil reference price is the world price. That makes a devil of a difference.

I have to tell my honourable friend — and I shall conclude on this note — that, although he was undoubtedly trying to explain the situation to me, he has confused me. If he would give me a written statement exemplifying the facts, I would be pleased to have it.

Senator Olson: I am sorry if I have confused the honourable senator. It is clear to me that the situation is better than it was, and I wanted to give my honourable friends and Senator Phillips the reasons why it is better.

Hon. Royce Frith (Deputy Leader of the Government): Some reason to celebrate.

Senator Olson: Yes.

INDUSTRY

CAPE BRETON, NOVA SCOTIA -COAL DONKIN MINE AND PRINCE MINE

Hon. Robert Muir: Honourable senators, I would like to pose a question to the Leader of the Government in the Senate. I would like to ask: As a minister of the Crown, does his interest lie in only one region of this country or is he interested in other parts of the country? Frankly, I was overwhelmed by his wealth of information on the subject on which he was just speaking—or verbage or whatever it is—

Hon. Duff Roblin (Deputy Leader of the Oppostion): A little of both.

Senator Muir: —and his poverty of knowledge or information regarding the Cape Breton Development Corporation, which is a very important corporation that is trying to do a good job.

[Senator Olson.]

The minister does not seem to know a great deal about the corporation. He has been at cabinet committee meetings and he should have heard something about it. While he is obtaining some information for me on my previous question, will he find out—perhaps, he can tell me now— what progress is being made on the opening of the Donkin Mine which has been announced and re-announced on a number of occasions?

Would the minister also obtain any information he can on the future of the Prince Mine, which many of us, including Senator Graham, have been very concerned about, regarding safety and the possibilities of expansion? Is the development work underground improving; are the deeps coming along okay; and are they still bothered with bad roofs? Is the pavement soft; are the machines working well; and has anything developed to cause any real alarm for the future of the Prince Mine, particularly with regard to safety?

Hon. H.A. Olson (Leader of the Government): Honourable senators, I think Senator Muir was a little unfair at the beginning of his question in accusing me of knowing certain things about some parts of the country and not other parts of the country, and asserting that it was because of a lack of interest. I can tell him that that is not the case. Senator Muir then proceeded to ask detailed technical questions which, perhaps, even the minister would not know about.

Senator Muir: You did extremely well on the previous subject and answered in detail.

Senator Olson: I did not give that kind of detail in the previous question. I am keenly interested in the economic well-being and development of other parts of the country. When I was the chairman of the Cabinet Committee on Economic Development, I spent more hours than I do now looking at economic proposals because it was my responsibility to at least appear as though I knew what I was talking about when I went to the meetings. Whether or not I did know what I was talking about is another issue, but at least I had to try, and that required many hours of background studying.

Senator Roblin: You did all right.

Senator Olson: I am not spending that kind of time now in dealing with specific subject matter, and I think that Senator Muir will understand that to answer such technical questions I have to make a reference to obtain the correct information. He would not want me to answer his questions inadequately or inappropriately. Even if that type of question were asked with regard to my home province, Alberta, I would have to make a reference to get up-to-date information.

Senator Muir: You will get the details.

AIR CANADA

FREDERICTON-OTTAWA FLIGHT—COMPLAINT

Hon. H.A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Riley on June 20 with respect to the Fredericton-Ottawa flight. Two parliamentarians travelling on the same flight were

the Honourable Robert Howie and Senator Riley. The agent confused the request for space by the former with the confirmed reservation of the latter. Senator Riley, who had boarded, was advised of the confusion and was requested by the agent to return with his companion to the desk to confirm his reservation. With the aid of the record locater number, the senator's reservation was found. The agent apologized and asked him to reboard the flight.

Air Canada reiterates the apology for any personal inconvenience, and hastens to add that no slight or disrespect was intended.

NEWFOUNDLAND—UNITED KINGDOM—FARE STRUCTURE

Hon H.A. Olson (Leader of the Government): Honourable senators, I have an answer to a question put by Senator Marshall on June 22 respecting the fare structure between Newfoundland and the United Kingdom. It is a fairly long answer and I ask that it be taken as read.

The Hon. The Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Air Canada's original fares to London from Gander and Halifax reflected the difference in mileage and produced a reasonable return on investment. A foreign tour operator, British Air Tours (BAT), offered the following return fares to London from Halifax only, due to the market potential it saw in that area:

Before July 1	$599
July 2	$659
July 30	$699
August 6	$719
August 27	$699
September 2	$599

This placed Air Canada in the position of either matching the fare and accepting an unsatisfactory return on investment or abandoning the market to a seasonal carrier. Air Canada chose to match the fare and maintain the service. Subsequently, BAT withdrew from the market and left Air Canada to carry abandoned passengers as well as those who had purchased Air Canada tickets at the low fare. Air fares from Gander remain at the original level of $698 before June 24, $798 from June 25, and $698 as of August 8.

VETERANS AFFAIRS

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE ENTITLED "THEY SERVED—WE CARE"—ADVISABILITY OF IMPLEMENTATION OF RECOMMENDATION NO. 7—ORDER STANDS

On the order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the motion moved in the other place on 27th April, 1983, requesting the government to consider the advisability of implementing Recommendation Number 7 of the Standing Senate Committee on Health Welfare and Science's Report entitled: "They Served—We Care", and to certain observations regarding the proceedings of the Standing Committee of the House of Commons on Veterans Affairs as they pertain to the aforementioned report. — (*Honourable Senator Frith*).

Hon. Royce Frith (Deptuy Leader of the Government): Honourable senators, as I recall I stood this matter with the view to giving other honourable senators an opportunity to speak on the report. Without wishing to be hidebound about it, I suggest that if no one else wants to speak on it by next week we consider it debated.

Hon. Duff Roblin (Deputy Leader of the Oppostion): We will take a look at it over the weekend.

• (1500)

THE BUDGET SPEECH, 1983

PROPOSALS BY MINISTER OF FINANCE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P. C., calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 19th April, 1983—(*Honourable Senator Murray*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, at our last sitting Senator Murray pointed out that he had adjourned this debate for the sake of giving an opportunity to other senators to speak on the proposals in the budget that was presented last spring.

We had thought, honourable senators, that we might consider this inquiry debated. There would certainly be no problem in reintroducing the subject if someone wants to speak on the budget, but rather than have this order stand, may the inquiry be considered debated?

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to participate, this inquiry is considered debated.

WESTERN GRAIN TRANSPORTATION

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-155

Hon. Royce Frith (Deputy Leader of the Government), Pursuant to notice of Tuesday, September 20, 1983, moved:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the subject matter of the Bill C-155, intituled: "An Act to facilitate the transportation, shipping and handling of western grain and to amend certain Acts in conse-

quence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto.

He said: Honourable senators, the information I have as of 30 minutes ago is that it is hoped that this bill will be reported to the house tomorrow, Friday, September 23, 1983. I know that the intention was to have an all-night, clause-by-clause session last night to finish the debate, and I understand that was concluded at 10.30. The other place expects that bill to be reported tomorrow and returned to the house for report stage on Tuesday.

We in the Senate had discussed the possibility of a pre-study of this bill, which is the famous Crow bill, but the feeling among the leadership here in the chamber, as I remember it, was that it would not be a good idea for us to study this bill while the other committee was studying it, particularly in view of the fact that they were travelling and hearing witnesses.

In view of the fact that debate on this bill has been concluded and the bill is now ready for the report stage, we are asking honourable senators to authorize the Standing Senate Committee on Transport and Communications, headed by Senator Langlois, to engage in a pre-study which, depending on the length of debate in the other place, may be mostly preparatory, but it will enable them at least to have an organizational meeting and to discuss how it should be handled. I know that Senator Roblin has some definite views as to some aspects of this committee's activity. I have so advised Senator Langlois, and he will be getting in touch with Senator Roblin to discuss that issue. Of course, other senators will also be in a position to attend at the meeting of the committee and give their views as to how it should proceed. This motion merely allows the committee to organize themselves for a pre-study of the bill.

Hon. Duff Roblin (Deputy Leader of the Opposition): I wonder if my friend could supply some further information about the progress of the bill in the other place. I gather from him that it will be in the committee stage early next week. Was Tuesday the day he stated?

Senator Frith: The bill will be in the report stage on Tuesday.

Senator Roblin: Yes, the report stage. There is a possibility of amending the bill at the report stage and there is a possibility, although not a probability, of amending it on third reading. Has my honourable friend any information as to what amendments the government is likely to introduce or to accept at the report stage?

This bill has been amended approximately 80 times so far; the amendments are many, important and involved, and it would be expedient for us to know whether we can expect any further amendments before we proceed with our pre-study on the bill.

There is another point that I would like some information on— and this is, perhaps, hard to answer. How much time will the Senate have to consider this piece of legislation? From the time we receive it from the House of Commons, how far are we then from the prorogation of the session and the start of a new session? Do we have a week, or ten days? What is the program of other business in the other place, because it is important for me, at any rate, to have some idea of how long this committee will have to look at this bill?

Senator Frith: As my honourable friend has pointed out, there have already been a number of amendments made to the bill. We can see some useful work being done for a pre-study in simply catching up with those amendments, and that is one of the reasons for this motion at this time.

I will pass the second part of my friend's question, regarding the attitude of the government respecting further amendments, over to Senator Olson.

With reference to the amount of time, I can only say that the government house leader in the other place has stated that this bill and the government organizational bill are the two major bills that the government would like to have passed before prorogation. Therefore, there is a direct relationship between prorogation and passage of this bill. The government organizational bill, I believe, is still in committee, and I do not know how soon it might be reported.

That is all the information I have at present. As the Leader of the Government in the Senate said on Tuesday, there are other bills that the government would like to have passed but, subject to his correction, those are the two which the government very much wants passed before prorogation.

Hon. H. A. Olson (Leader of the Government): To answer the part of Senator Roblin's question which was referred to me by the house leader, I am not sure of the exact number of amendments that were accepted by the Transport Committee of the other place up to the end of their hearings, which I understand lasted until late last evening. The government will have to look at those amendments because any amendments that have a significant financial consequence obviously have to be approved and moved by a minister. I think it is fair to prognosticate that the Minister of Transport will probably give an indication of the amendments, and particularly those with significant financial implications, that will be accepted when the house begins its consideration of the bill next Tuesday. I am not absolutely certain about that, but I think that is probably when the Minister of Transport will give an indication of those amendments that the government, for financial reasons, can accept.

Senator Roblin: In that case, I will just have to wait and hear on that subject. My concern, however, arises from the fact that, if this house has any pretensions to represent regional opinion, this is the bill on which regional opinions are important and I would very much regret it if we were forced to curtail our discussions in committee because of the need to meet the government's timetable in the House of Commons. That is the reason I am raising the point now.

In order to illustrate the nature of the matters with which I would propose the committee concern itself, I will mention three matters. I do not propose that we should go travelling. There have been enough people who have testified recently. However, there are three outstanding issues which have not

been well resolved in the House of Commons so far. One has to do with the Crow benefit; how much is it? I have had conflicting technical evidence about it from two people whom I know personally and whose opinions I respect, but they are 25 per cent apart, and when you are considering the impact of the Crow and all of its ramifications, it would be interesting to have an idea in your head of what the figure is. I am interested in what the real size of the Crow benefit is.

• (1510)

The second thing that I think our committee ought to discuss is what we mean by a contribution to constant costs. That is a concept which does not readily explain itself. It is a very significant aspect of the whole Crow arithmetic. If I am allowed to, I propose to ask for expert testimony on that point.

The final point that I think the Senate could well take an interest in has to do with who gets the Crow benefit. As we know, that is one of the main points of contention. I am of the view that the proposal made by the Manitoba Farm Bureau was the most sensible compromise that has been heard in connection with this problem. I would like the Senate to form an opinion as to the validity of that proposal.

Those are the three points I would like our committee to look at, and I hope that we would have time to enter into those discussions appropriately. I am giving notice now because if it is necessary for the committee to meet next week to line up some of these people in advance. I should like to let the chairman know that I hope he will consider favourably an examination along these lines.

Senator Olson: Honourable senators, I think what Senator Roblin has asked is reasonable. I am sure that there are going to be several days, at least, during which the Senate committee will be able to hold hearings.

Senator Roblin wants a definitive reply in which he can have confidence as to the interpretation of what is a contribution to variable costs or constant costs. Sometimes it may be described as a contribution to capital costs. Then, of course, the next question is whether it is a contribution to profit and that sort of thing. I cannot give him any assurance that he will be any more satisfied after he has heard from the expert and competent witnesses that have been called.

We have both been involved in these hearings—at times involved directly and at other times only on the fringe—but there has always been a great debate when we get into railway cost accounting, or are providing for variable costs, and then arbitrary decisions have to be made. I have to say to Senator Roblin that he will have to rely on his own judgment in the past because the experts often do not agree. There was some evidence taken before the Commons committee in which some of the most highly recognized experts in railway cost accounting disagreed. I cannot give him any comfort that that is going to happen. I hope he is not asking for another complete in-depth, or whatever you want to call it, study of railway cost accounting for the purpose of establishing the variable costs and the contributions to capital in railway accounting. I think we will have to rely on the studies that have been done in the past.

I am glad that he gave notice now as to what his interrogation will involve. I am sure that the chairman of the committee will take that into consideration.

Senator Roblin: Without wishing to be rude to my honourable friend, I really did not expect him to satisfy me with respect to contributions to costs or capital costs.

Senator Olson: You did ask me the question.

Senator Roblin: I did not ask him the question. I simply said I hoped the committee would have a chance to look into these matters and they can make the best of it they can. He is quite right that I cut my teeth on the Crow as a member of an executive government many years ago, and I wish I could say I am that much wiser now than I was then. I really think it is up to the Senate to ensure that the important salient issues still in the realm of debate are examined with all convenient speed and not under undue pressure.

Hon. Douglas D. Everett: Honourable senators, respecting this discussion of the Crow and what is to come before the Senate, it is fairly clear that a fair amount of committee time is going to be involved in the next short while to deal with these important matters such as Bill C-154 and the constitutional amendment.

I should like to ask the Leader of the Government why we are sitting at 2 o'clock next Tuesday afternoon. The indication is that we shall be sitting at 2 o'clock on Tuesday afternoons for the rest of the year.

I preface my remarks by saying it does not make any difference to me personally because the direct flight from Winnipeg arrives in Ottawa at 11 o'clock in the morning. I am in my office by 12.30 and certainly would be present for a sitting at 2 o'clock. That period on Tuesday afternoon has been very useful to the National Finance Committee and many other committees. If we are sitting in the chamber, we cannot use Tuesday afternoon as a time for our committees to meet unless we get permission to meet while the Senate is sitting, which I know the opposition does not like to agree to because they are short of numbers. It has not been the practice for committees to meet in the evenings, although there is nothing to prevent them from doing so, but it is often difficult to schedule witnesses for evening meetings.

I noted the deputy leader's reason for sitting on Tuesday afternoon rather than Tuesday evening, and I should like to read it to you. He said:

> —I have a request to make of honourable senators. At least until the end of this year, there are no evening sittings in the other place. There are often activities which parliamentarians—members of both the House of Commons and the Senate—must do together, either by means of joint committees or parliamentary association work. Therefore, I would ask honourable senators to arrange to be present on Tuesday at 2 p.m. for the rest of this year so that evening sittings will be exceptions.

I accept the fact that there are many activities in which members of both houses have to engage. Surely, what is more important in the context of what we face now is that the committees of the Senate meet. It is far more efficient for the committees of the Senate to meet on Tuesday afternoons and for the Senate to sit on Tuesday evenings. I am wondering whether you really have considered this fact, because if the idea is to get more legislation through, and the committees are the instruments by which we move forward, it would seem to me to make more sense to sit at 8 o'clock in the evening and have the committees meet in the afternoon.

Senator Olson: Honourable senators, I respect Senator Everett's opinion and the difference that he has expressed relevant to the convenience of afternoon sittings versus evening sittings. I have to say that I do not share that opinion. I think it is possible for the committees to meet in the evening as well as in the afternoon.

However, there are a couple of other factors involved in addition to what the deputy leader stated, and what Senator Everett quoted, because that is valid. There are also some cost factors in having staff and other arrangements in a standby position with respect to evening sittings that were partly in place to deal with both houses sitting in the evening. The House of Commons does not sit on Tuesday evenings; I am not saying that it is the major and only factor, but it is an important one. I believe that we should at least try to continue what is an experiment in the other place, and here as well, and that is to have Senate committee meetings held on Tuesday mornings, to sit for what is usually something less than two hours on Tuesday afternoons, and go from there to Senate committee meetings for the balance of the afternoons and, indeed, into the evenings, if the workload is such that that is the appropriate procedure to follow. In a few moments of explanation here, I do not suppose that I can convince Senator Everett that it does work better that way.

● (1520)

We are now trying to sit Tuesday afternoon, instead of the traditional Tuesday evening sitting. I am sure that Senator Everett would agree with me that more honourable senators are present because of the 2 o'clock requirement than used to be the case with the 8 o'clock requirement, although I make no complaint about that.

After the Tuesday afternoon sitting, we can adjourn until Thursday afternoon, as we have done this week. In that way, all of Wednesday afternoon and, if necessary, Wednesday evening, can be exclusively devoted to Senate committee meetings.

Those are some of the reasons for this proposal. As I have said, I do not expect Senator Everett to accept all of them. We have, however, examined some of these aspects of the matter. I am of the opinion that the arrangements we are now following are the least costly, and, for a large number of senators, the most convenient.

Senator Everett: Honourable senators, I can only refer to my own experience as a chairman. The National Finance Committee had no trouble getting a good turnout on Tuesday afternoons, but I do not know how good the turnout would have been on Tuesday evenings. Quite frankly, we never tried to sit in the evenings. I have gone on record as being in favour of the committees sitting on Wednesday evenings, but I have not been able to get that idea across. It makes me wonder, therefore—even acknowledging that the Leader of the Government has more power than I have—whether one could get that idea across with respect to Tuesday evenings. The argument against sitting on Wednesday evenings is based on our having things to do—making merry— with the House of Commons, so the same argument could be used in this case.

Hon. Royce Frith (Deputy Leader of the Government): Did you say "make merry" with the Commons?

Senator Roblin: That is a good expression.

Senator Frith: I want to make it clear that it is your expression, not mine.

Senator Everett: It is a rough parody of what was said. Perhaps I should quote from what was said last Tuesday:

> There are often activities which parliamentarians—members of both the House of Commons and the Senate—must do together—

I suppose they could do it "happily" as opposed to "making merry."

In any event, we have never been able to get across the idea of committees sitting on Wednesday evening. That has always been turned down. Therefore, I cannot be very sanguine about the idea that committees will sit on Tuesday evenings. I think that, should we agree with this proposal, we will be losing an invaluable afternoon. Tuesday afternoon has been used successfully by many committees over the years. Furthermore, I do not think that our sitting on Tuesday evening or on Tuesday afternoon precludes any committee from sitting on Tuesday mornings. Indeed, that has been done by many committees.

I am not optimistic about changing the mind of the Leader of the Government, but I do want to go on record as saying that I think his experiment is going to fail.

Senator Roblin: Before my honourable friend replies, might I just say that I think Senator Everett is right. I think that committees can conveniently meet on Tuesday afternoons—can, do and should—and that the Senate's formal sitting, which, in many cases, will probably not be very pressing, should be conducted on Tuesday evenings. I am on his side of this argument.

Senator Olson: Honourable senators, I merely want to say that I and a number of other senators have looked at this situation. We propose an experiment, in terms of our schedule, to be followed until the end of this year, because that is when the experiment in the other place will also end, unless it is decided that it be extended in some modified form.

I am grateful, however, for the comments of both Senator Everett and Senator Roblin with respect to this matter. They add to the body of knowledge regarding opinions as to which is the most appropriate time.

Senator Roblin: Nicely done.

Motion agreed to.

BUSINESS OF THE SENATE

Honourable Royce Frith (Deputy Leader of the Government): Before moving the adjournment, I remind honourable senators that there is a joint sitting of the Senate and the House of Commons, to be held in the Commons chamber, on Monday at 4 o'clock to hear an address by Prime Minister Thatcher. Senator Petten, the government whip, in consultation with Senator Macdonald, has received information as to who intends to attend that sitting. Seats will be available for honourable senators on the floor of the chamber of the House of Commons. Details as to attendance, including attendance of guests, can be obtained through Senator Petten's office.

Honourable Duff Roblin (Deputy Leader of the Opposition): Before my honourable friend moves the adjournment, might I ask a question? Now that the Transport and Communications Committee is authorized to study the Crow, has my honourable friend any word as to when that first committee meeting will be called?

Senator Frith: I thank Senator Roblin for his reminder. My advice is that there will be a meeting next Wednesday afternoon. I will see that that information is confirmed.

The Senate adjourned until Tuesday, September 27, 1983, at 2 p.m.

THE SENATE

Tuesday, September 27, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

STANDING RULES AND ORDERS

FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Hartland de M. Molson, Chairman of the Standing Senate Committee on Standing Rules and Orders, presented the following report:

Tuesday, September 27, 1983.

The Standing Committee on Standing Rules and Orders has the honour to present its Fourth Report as follows:

Your Committee, pursuant to Rule 67(1)(e), having examined the Rules of the Senate, recommends as follows:

1. That Rule 67(1) be amended

(a) by deleting, in paragraphs (*e*) to (*l*), the words "twenty" and "five", respectively, and substituting therefor the words "twelve" and "four";

(b) by deleting subparagraph (*g*) (v) and renumbering the remaining subparagraph accordingly;

(c) by deleting subparagraph (*i*) (iv) and renumbering the remaining subparagraph accordingly;

(d) by deleting, in subparagraph (*k*) (v), the words "and consumer";

(e) by deleting subparagraph (*k*) (vii); and

(f) by deleting paragraph (*m*) and substituting therefor the following:

"(*m*) The Senate Committee on Agriculture, Fisheries and Forestry, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to agriculture, fisheries and forestry generally, and the Canadian Wheat Board."

2. That Rule 68 be deleted and the following substituted therefor:

"68. The Leader of the Government in the Senate, or, in his absence, the Deputy Leader of the Government, and the Leader of the Opposition in the Senate, or, in his absence, the Deputy Leader of the Opposition, are members, *ex officio*, in addition to the number of appointed senators, of all select committees of the Senate and of the Committee of Selection."

3. That Rule 5 be amended

(a) by adding thereto, immediately after paragraph (*c*), the following new paragraph:

"(*d*) "Deputy Leader of the Government in the Senate" and "Deputy Leader of the Opposition in the Senate" mean the senators occupying, respectively, the recognized positions of Deputy Leader of the Government in the Senate and Deputy Leader of the Opposition in the Senate;" and

(b) by re-lettering the remaining paragraphs accordingly.

4. That Rule 70 be deleted and Rule 70A be renumbered accordingly.

5. That Rule 77 be amended

(a) by adding thereto, immediately after subsection (4), the following new subsection:

"(5) Subcommittees shall be composed of not more than half the number of members of a Select Committee, three of whom shall constitute a quorum."; and

(b) by renumbering the remaining subsections accordingly.

6. That Rule 67(1), as amended pursuant to the report of your Committee, dated December 8, 1982, and adopted by the Senate on December 9, 1982, be further amended

(a) by adding to paragraph (*l*), the following new subparagraphs:

"(viii) fitness and amateur sports;

(ix) employment and immigration;

(x) consumer affairs;

(xi) youth affairs."; and

(b) by deleting paragraph (*n*) and substituting therefor the following:

"(*n*) The Senate Committee on Energy and Natural Resources, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to energy and natural resources generally, including:

(i) natural resources, other than fisheries and forestry, and mines;

(ii) pipelines, transmission lines and energy transportation;

(iii) environmental affairs;

(iv) other energy-related matters."

Your Committee further recommends that the amendments proposed herein come into force at the commencement of the next session of Parliament.

Respectfully submitted,

H. DE M. MOLSON,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Molson: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

THE RIGHT HONOURABLE MARGARET THATCHER PRIME MINISTER OF GREAT BRITAIN

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Petten, that the address of the Prime Minister of Great Britain, the Right Honourable Margaret Thatcher, to members of both Houses of Parliament, delivered on September 26, 1983, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches delivered by the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

Motion agreed to.

(*For text of address and introductory speeches see appendix, p. 5984*)

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Thursday, September 29, 1983, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Frith: That is, according to our recent practice, the Senate will adjourn until Thursday at 2 o'clock.

Hon. Jacques Flynn (Leader of the Opposition): Based on the fact that the Senate has nothing before it.

Senator Frith: Based on the fact that we have no legislation to consider, and, therefore, our activities in the chamber are few, but the committees are very busy and this motion enables them to hold meetings on Wednesday.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bielish be substituted for that of the Honourable Senator Phillips on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

QUESTION PERIOD

[*English*]

FISHERIES AND OCEANS

NEWFOUNDLAND—FEDERAL-PROVINCIAL AGREEMENT—INVOLVEMENT OF CANADA DEVELOPMENT INVESTMENT CORPORATION

Hon. C. William Doody: Honourable senators, I have a question for Senator Austin in his capacity—

Hon. Nathan Nurgitz: He is the only minister here.

Senator Doody: Then I have a question for all the cabinet ministers present in the chamber. I am interested in the new fisheries deal and the amalgam that has been put together to try to rescue the industry in Newfoundland. I wonder if the minister can tell me whether CDIC is going to hold the federal shares in the company that is to be created.

• (1410)

Hon. Jack Austin (Minister of State for Social Development): Senator Doody, there is no decision of that kind by the government.

Senator Doody: Fishery Products Limited is one of the three local companies from the private sector which are being amalgamated. CDC owns 49 per cent of Fishery Products. What I am asking is how the CDC involvement in Fishery Products will affect the CDIC or Canadian government involvement in the new company which will be formed? Will the directors be changed or will the shares be exchanged or sold? It looks like a very interesting crossword puzzle.

Senator Austin: Senator Doody, the question is hypothetical in that the government has taken no decision with respect to the holding of shares in the new fishing company which may be established. Therefore, I cannot speculate at the moment as to what the characteristics of that future might be.

Hon. Jacques Flynn (Leader of the Opposition): Doesn't the agreement say anything about that?

Senator Doody: Surely the government must have had some idea of what it was doing before it amalgamated these three companies and meted out the proportionate shares to the federal government, the provincial government, the Bank of Nova Scotia, the private sector and whomever. Someone must

know who is going to control what and who is going to direct which.

Hon D. G. Steuart: Why?

Senator Austin: Senator Doody, clearly an entity of the Government of Canada will be the holder of shares on behalf of the Government of Canada, but the decision as to which entity has not yet been taken.

Senator Doody: Can the minister tell me what the disposition of the CDC's interest in Fishery Products will be? Fishery Products were looking for further financing through CDC, or through other possible means. Will these shares be transferred to CDIC, or will CDC continue to hold shares in the company once again under the corporate shell of the new company? As the minister responsible for these government agencies I am sure the minister has some idea how these government holdings will be protected.

Senator Austin: Inasmuch as I have often said in this house that the holding by the Government of Canada of Canada Development Corporation shares is essentially of a portfolio character, and that that company is a private company, much as Canadian Pacific or Noranda are private companies, I cannot report for it and its decisions in this house. It is not a company which is an agent of Her Majesty.

Senator Doody: Can the minister follow on his line of reasoning? If Her Majesty is the principal shareholder in that corporation and the minister represents Her Majesty's interests on the corporate board, surely he must have some interest or some say in the decisions that the board takes.

Senator Austin: It has been the policy of the government, which I have previously announced in this house, that we do not interfere in the business decisions of Canada Development Corporation. Its business is decided by its board of directors whose responsibility is to its shareholders as a whole. I have also said that the Government of Canada is seeking to divest itself of its investment in Canada Development Corporation in accordance with the agreement I announced on May 27, 1982.

Senator Doody: I know I am straying from my original interest with respect to the restructured fishing industry in Newfoundland, but on that point is there not some conflict between the minister's responsibilities to the people of Canada as a minister of the crown responsible for this agency vis-à-vis the 49 per cent, or whatever the total is, of the shares in that company? Is that company allowed to operate entirely on its own without any government supervision or direction? Does the government just supply taxpayers' money and the corporate entity goes on its own merry way? Is that what the minister is telling us?

Senator Austin: It has been, and is, the policy of the government to ensure that the investment in Canada Development Corporation is a safe and secure one. In other words, through officials and advisers I make myself aware of the nature of the business of Canada Development Corporation. However, I do not make representations to that company in a way that would be different from any representations I might make to any company in the private sector. In other words, I do not seek to interfere in its business decisions.

Fishery Products Limited, representing some tens of millions of assets of Canada Development Corporation in a portfolio of more than $7 billion of assets, is a matter that is entirely the business of the directors of CDC, and is not the subject, in my view, of an appropriate representation on behalf of the Government of Canada, qua shareholder. So far as I am concerned, it is fully appropriate for the Government of Canada to deal with any business corporation in terms of the policy of the Government of Canada but again—and I wish to repeat this—in my view, it is not appropriate for the government, qua shareholder, to seek to influence CDC's business judgments.

Senator Doody: Can the minister answer this question: As a 49 per cent shareholder in Fishery Products Limited, did CDC involve itself in the decision-making process of that company and, if so, did it do so in isolation from the other government agencies that would be involved? For instance, at one time the federal shares in that company were held by the Canadian Development Investment Corporation. On the other hand, in view of the proliferation of crown corporations and public companies, perhaps the government is planning to set up another corporation in competition with CDIC. Whether the government does or does not do so, would that entity be operating in isolation from the 49 per cent shareholding in CDC?

The minister tells us that he is kept informed of the operations of CDC through officials and others but that he does not in any way influence their decisions, despite the fact that the people of Canada are the major shareholder. Is there not some conflict there?

Senator Austin: Senator Doody, answering your question would compel me, in part, to discuss in this chamber the internal business of the Canada Development Corporation, which I am not prepared to do.

First, I have no direct knowledge of what goes on in that corporation's boardroom or in its management committees. Secondly, as Senator Roblin has so aptly reminded me during earlier discussions on Canada Development Corporation, my right is that of a shareholder, and, while entitled to information as a shareholder, the government is not entitled to the kind of information which would normally be unavailable to shareholders as a class.

With respect to the second part of your question, I can only repeat that the Government of Canada has not taken a decision as to which entity will hold any investment which may come to it as a result of the re-organization of the Newfoundland fishing industry. When such a decision is made I will be pleased to respond to your questions on the why's and wherefore's of the situation.

Senator Doody: I have one further supplementary question to ask the minister. I do not want to monopolize Question Period. I thank the minister for offering to provide us with a picture of the new structure of the industry. However, I am surprised that that is not already in place. It escapes me

completely how a decision of that magnitude and importance to a part of Canada can be made without knowing what the corporate structure and control is going to be. But then, many of the policies and programs of the honourable minister's government have escaped me from time to time.

In answering the latter part of my question, the honourable minister put forward to me the shareholder information thesis; that the minister is not privileged to allow that information to be set out before the people of Canada, whose money it is that he is using. I would certainly go along with his theory if, as a shareholder, he was using his own personal funds to invest in CDC. Certainly, in that instance, that information would be his and his alone. However, it is not his money; it is money of the people of Canada that is invested in CDC and I submit that they do, indeed, have reason to ask for an accounting and should, indeed, be informed of the disposition of that money and the decisions that are made to spend it, lose it or whatever.

Senator Austin: Senator Doody, I shall certainly take your comments as a representation for a larger role on the part of the Government of Canada in terms of its portfolio of investments in the private sector.

● (1420)

I doubt very much whether the kind of power that the government could bring to bear, should it so act, would be desirable in terms of the development of the private sector. The government has a large financial capacity and could take an interest in a number of companies. It could act, for example, through the CN pension fund if it wished to have legislation and if that were approved by Parliament to direct the policies of any number of companies in the private sector.

However, let me say that I would oppose the government using its roll as a shareholder in non-crown corporations as a way of directing the activities of the business community.

If you are arguing to the contrary, I shall certainly take your remarks as being representations and will look at your comments carefully.

Hon. Jacques Flynn (Leader of the Opposition): I did not understand that. Does the agreement between the federal government and the Province of Newfoundland create a new corporate entity to operate this, and if so, will this new corporate entity be established by legislation or simply by obtaining letters patent under the companies law?

Senator Austin: My understanding—and it is not a perfect one because the matter of Atlantic fisheries is not within my ministry—is that this will involve a business corporation.

Senator Flynn: It will involve one, but it has not.

Senator Austin: It will probably be incorporated under the laws of Newfoundland. The federal government may become a shareholder in that corporation and may hold a majority of the shares, but until I have seen the details of the arrangement, I cannot give you any further information. I have only seen the same reports as Senator Doody has seen, I presume.

Senator Doody: That's a great way for cabinet to make its decisions.

Senator Flynn: It was reported on television that the federal government will be represented on the board of directors by five directors, Newfoundland by three directors, the fisheries companies by one director and the Bank of Nova Scotia by one director. So, I suppose there has already been a corporate entity created, since this was made known.

Senator Austin: Apparently, there is agreement to create a corporate entity, but I am not aware that a corporate entity has been struck yet.

CANADA DEVELOPMENT CORPORATION

RELATIONSHIP BETWEEN GOVERNMENT AND BOARD OF DIRECTORS

Hon. Duff Roblin (Deputy Leader of the Opposition): I wonder if the minister could elucidate on some of the connections between these various companies. Although he made a kind reference to me a minute or so ago, he has now confused me.

As I understand it, CDC is an important shareholder in one of the three fishery companies that will comprise this new consortium. That brings up the question in my mind as to the relations between the CDC and the government, as Senator Doody has referred to it, because while I admit the minister's reference with respect to shareholders, I do not admit the reference with respect to directors.

Is it not a fact that the government is represented on the board of directors of the CDC by its nominees? Are not Mr. Maurice Strong and Mr. Joel Bell directors of the CDC?

Perhaps the minister could let me know whether I am correct on that point, and then he can tell us the relationship between the government and its appointed directors.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, the government, under the Canada Development Corporation Act, is represented by two *ex officio*, directors, and they are the Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce. The remaining directors are proposed by the management of the Canada Development Corporation.

Hon. Lowell Murray: Smile!

Senator Austin: It is true that from time to time the government has been consulted informally about directors, but as Senator Roblin and others are aware, every director of the Canada Development Corporation is responsible to the shareholders. The government does not have directors who are responsible only to the government.

Senator Roblin: I think my honourable friend is gifted with a delightful sense of humour because of the way he refers to the appointments of Mr. Maurice Strong and Mr. Joel Bell as being made at the spontaneous desire, I gather, of the shareholders of the company. That will come as news to many people, because I have to take it for granted that the minister is telling us the relationship as he sees it, but, to my mind, he still leaves a nagging question. Here we have two deputy

ministers on the board of this company, and here we have two other directors whose associations with the government are well known. We are unable to establish any link between those gentlemen and the government, which is a 49 per cent shareholder. We are unable to establish any responsibility link between the minister and what goes on there.

It reminds me very much of the situation in Canadair, because that situation was somewhat similar to the one we are discussing now. We had a so-called independent company, which was not a crown corporation in the usual sense, that benefited from the appearance at their directors' meeting of representatives of government and yet got into very bad trouble.

I wonder whether there should not be some thought given to this question of how the government is going to interrelate with these commercial corporations in which it is associated. I think that question has double importance because the minister is going to introduce in this chamber, one of these days, a bill covering the CDIC which will give the blessing of Parliament to this idea that the government should have a free hand, largely speaking, to go into areas where it thinks its influence would be useful in what are normally thought to be private sector operations.

Leaving aside that principle as to whether the government is doing the right thing in becoming involved—the exact expression that is popular today eludes me, but the minister will probably know what I am thinking about, the intrusive nature of the government's activities—the question is: How do we establish this link of responsibility between Parliament, which provides the money and which in some vague constitutional way is related to these people, and the ministers and the company? The way the minister tells the story now there is no link. I think that is a questionable situation. I want to ask him whether he has given any thought to this matter and how he intends to resolve what appears to be a serious gap in our system of responsibility to Parliament.

Senator Austin: I have given a good deal of thought, as I think Senator Roblin knows, to the question of crown corporations and the Crown as an investor in commercial activity. Let me sort out the two categories, because his question seems to indicate a commonality between the Canada Development Corporation and Canadair which does not exist.

Canada Development Corporation was created by Parliament and exists by virtue of an act of Parliament. Its statute declares that it shall be operated "in contemplation of profit." The intent of Parliament, under the Canada Development Corporation Act, was that it would act as a private sector corporation, although initially sponsored in its creation by Parliament, and provision was made for equity shares in Canada Development Corporation to be sold to the public, which, indeed, they have been. That company is clearly planted in the private sector, and I do not think that Senator Roblin would represent to me that the Government of Canada should treat it as if it were a crown corporation and in a way in which the Government of Canada would be, in the ordinary course, sitting in judgment on Canada Development Corporation's directors and management. That corporation has made decisions with respect to fisheries products, to go back to a question asked by Senator Doody. I have not been a party to those decisions as the shareholder in Canada Development Corporation nor do I believe I should have been a party to them. The responsibility is that of its board of directors and its management, and they will take that responsibility and be judged by the shareholders in accordance with their general management and the improvement of the affairs of Canada Development Corporation in the way that investors make judgments.

[Senator Roblin.]

• (1430)

Canadair is wholly owned by the Government of Canada, and in that particular case there is none but the government to direct its affairs. As I have said in answer to previous questions by Senator Roblin, there was a time when the government took the position that it was a responsible but passive shareholder in interfering with the decisions of the directors and its management. As a result of losses occasioned by Canadair, the government has asserted itself as a controlling shareholder. In the case of Canadair, all of the directors are appointed by the Government of Canada as the single shareholder of Canadair.

In the case of Canada Development Corporation, its shareholders, as a group, vote for its directors. The Government of Canada is a 47 per cent voting shareholder and, at every annual meeting, the Government of Canada has cast its ballot for the management's proxy. I have not denied—and I said earlier—that the government has been informally consulted by management, by the board, and by an appropriate committee of the board of directors of CDC with respect to consideration of the election of new directors.

From time to time the board and management of Canada Development Corporation have included in their management circular some names which were suggested to them. Mr. Maurice Strong is vice-chairman of Canada Development Corporation and chairman of the board of Canada Development Investment Corporation. Mr. Joel Bell is a director of Canada Development Corporation and is, of course, president and chief executive officer of Canada Development Investment Corporation.

Senator Roblin: The minister has given us his version of the history surrounding these various organizations, and I will not argue with him on that subject. However, the mere recital of the connections that he has given us makes my point. Mr. Strong and Mr. Bell are officers of his own 100 per cent government owned company, CDIC, and to ask one to believe that there is no connection between all these different organizations is really asking a great deal.

There is one common thread that runs through these various organizations, and that is the investment of public funds. A lot of government money is involved; it may be 100 per cent in some instances or a substantial 47 per cent share originally in others. What machinery do you establish to secure the proper degree of public control when public funds are involved?

I suggest that the minister has not given us a satisfactory answer to the question. He will not even agree, unless he has changed his mind, that the Auditor General of Canada, who at least would have the opportunity of reporting his views to Parliament, should be involved. Maybe he and Jack Horner have got together on this point.

I am realistic enough to understand that the minister will not find it possible to give me an answer to this philosophical question I am posing. If he cannot do that now, I hope that he will think about how to solve the problem, because I want to tell him that, when his CDIC bill is being debated, I think that is one of the points on which he ought to satisfy the house.

Senator Austin: Honourable senators, I do not intend to extend the debate, but simply wish to say that Canada Development Investment Corporation is my thoughtful way of dealing with the question of the crown as a shareholder—either as a controlling shareholder or as a portfolio holder of certain investments. As Senator Roblin and other senators know, Bill C-158 is being debated in the other place, and I hope it will be brought forward soon. The questions Senator Roblin raises will be properly dealt with during the course of that debate.

Senator Roblin: At least dealt with.

Senator Austin: I hope that I can give to this house every ounce of my ability in terms of clarifying the CDIC. Simply put, its purpose is to manage these investments according to commercial standards and requirements. That is a novel idea within the management system of the Government of Canada, and it is one which the government has endorsed. Secondly, its purpose is to resell to the private sector holdings that are assigned by the government to the CDIC as quickly as reasonable market conditions will allow. Those are essential parts of the concept of the Canada Development Investment Corporation.

On the question of the Auditor General, I will demur from adding to the history of questions and answers between Senator Roblin and me, except to say that I am not an objector to the Auditor General's being the auditor of the Canada Development Investment Corporation. Through officials, discussions are being held—and, I hope, concluded shortly—that will lead to an arrangement between the Canada Development Investment Corporation and the Auditor General with respect to the audits of that corporation. As always, the concern is with issues relating to the comprehensive audit which the Auditor General is seeking to introduce in the Government of Canada for commercial activities and which has not been accepted by the Institute of Chartered Accountants of Canada with respect to commercial activity outside the Government of Canada.

Finally, with respect to the Auditor General, the question that concerns me is the duality of his responsibilities to Parliament, on the one hand, and to the directors of a corporation, on the other. It is a point raised by Mr. Horner in an address made last week, and it is one that deserves to be considered in the conceptual way that Senator Roblin referred to in another context.

Senator Roblin: Honourable senators, I was tempted, for a moment, to think that my honourable friend was actually going to weaken on this question of the Auditor General and consider it. I am not quite sure that he is.

He is going to have the CDIC looked at by the Auditor General, but when it comes to a comprehensive examination of these other corporations, for the erroneous reasons he has stated, I do not think he is going to take that step. I do not think the opinion of the Institute of Chartered Accountants matters in this case. It is not that I have no respect for that institute, because I do. However, in this instance, I think that what matters is the opinion of Parliament. After all, Parliament is the body which needs to be satisfied. That is the point I want my honourable friend to keep in his mind.

Senator Austin: I agree with Senator Roblin that Parliament is the body to be satisfied, but these are the issues in the parliamentary debate that will come before us.

[*Translation*]

OFFICIAL LANGUAGES

MANITOBA—POSSIBLE JOINT RESOLUTION RESPECTING BILINGUALISM

Hon. Martial Asselin: Honourable senators, my question is directed to the Deputy Leader of the Government.

It seems that despite the advice he received from the Premier of Manitoba, Mr. Pawley, the Prime Minister may decide to table a resolution in the other place on the issue of bilingualism in Manitoba. Since the resolution will probably not be executory but merely a demonstration of moral support for the stand being taken by the Government of Manitoba on the bilingualism issue, will the Senate be asked to consider the same resolution?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have no information on the subject, but I think the question is very appropriate. I shall make inquiries to find out whether the Prime Minister primarily intends to have a declaration or a resolution adopted by Parliament, not just by the House of Commons. I have the impression that his intention at this time is to have a resolution supported by all parties, so as to make it unanimous.

Would it be satisfactory to Senator Asselin if I made inquiries and we could then consider the role of the Senate?

Senator Asselin: If this intention does not lead to a resolution, will the Senate no longer have to consider the matter? That is what we would like to know. If the only purpose of this resolution is to give moral support to a government in the process of passing language legislation, clearly, we ought to know whether the Senate will also be called upon to decide for or against such support. In that case, if the resolution were tabled in the Senate, I would like to know whether we would have a free vote.

Senator Frith: I feel that perhaps Senator Flynn, Senator Roblin and I could discuss the feasibility of a Senate resolution, the alterative being that the other place would ask us to support their resolution. I am going to look into this to see which procedure would be most acceptable to the Senate.

● (1440)

[*English*]

FOREIGN AFFAIRS

INDUSTRIAL ESPIONAGE—EXPULSION OF U.S.S.R. DIPLOMATS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have two delayed answers to give on behalf of the Leader of the Government in the Senate. The first is to a question by Senator Haidasz on September 22, 1983, concerning particulars of the industrial espionage activities of the U.S.S.R. diplomats recently expelled from Canada.

Honourable senators, the Secretary of State for External Affairs informs me that there has been no injury to the national interest because of this incident, but that the particulars cannot be revealed for reasons of national security.

LANDING RIGHTS FOR RUSSIAN AIRCRAFT AT GANDER

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, the second delayed answer is to a question asked by Senator Haidasz on September 22, 1983, concerning landing rights for Russian aircraft at Gander, Newfoundland.

Honourable senators, the Secretary of State for External Affairs informs me that since the decision was made terminating Aeroflot flights to Montreal, there have been no flights at Gander or stop-downs at Gander with the exception of the flight which returned the circus to Moscow. Soviet authorities have not formally requested permission to come down in Gander for any flight.

Each flight will be dealt with on its own merits. Since the number of flights is so limited, that would not materially add to the action Canada has taken at the present time.

PRONOUNCEMENT OF ROYAL ASSENT TO BILLS

ADVISABILITY OF ESTABLISHING ALTERNATIVE PROCEDURES—DEBATE CONTINUED

The Senate resumed from Tuesday, May 24, 1983, the debate on the inquiry of Senator Frith calling the attention of the Senate to the advisability of establishing alternative procedures for the pronouncement of Royal Assent to bills.

Hon. John M. Macdonald: Honourable senators, the procedure by which Royal Assent is given to bills passed by the House of Commons and the Senate has been discussed and criticized for some considerable time. It has been criticized as an awkward, old fashioned and time consuming method which is a relic, as it were, of the past; a ritual which is out of place in the modern legislative process.

[Senator Asselin.]

Noting such criticism, Senator Frith gave a Notice of Inquiry which reads:

> That he will call the attention of the Senate to the advisability of establishing alternative procedures for the pronouncement of Royal Assent to bills.

When he spoke to his inquiry he gave a very comprehensive and scholarly review of the history of Royal Assent in the United Kingdom and its evolution there, over the years, to its current form which is quite different from ours. Indeed, it is interesting to note that while the practice was changed in the United Kingdom, we in Canada did not do likewise—at least, we have not done so to now. In his speech, Senator Frith gave the history of the procedure of Royal Assent in the United Kingdom. In brief, it divided itself into three periods. These were: before 1541; from 1541 to 1967; and from 1967 to the present. Until 1541, Royal Assent was given by the sovereign in person; until 1967 it was given by commissioners appointed by the sovereign, though in the traditional manner of the House of Commons being summoned, as is our practice; then, since 1967, by commissioners appointed by the sovereign, but not in the traditional manner.

I understand from Senator Frith's speech it is usually given at Buckingham Palace. I do not recall from his speech who brings the bills to the commissioners—whether it is the Clerks or someone else.

Apparently, care was taken to show that the method used between 1541 and 1967 is still valid, if used. So, as I understand it, Royal Assent in the United Kingdom can be given in three ways: by the sovereign in person; by commissioners summoning the members of the House of Commons to the House of Lords; and the giving of Royal Assent by the commissioners apart from the House of Commons and the House of Lords. Of course, notice that Royal Assent has been given to certain bills must be given in both houses.

Honourable senators, Senator Frith emphasized that any change in our procedure would be in addition to our present procedure. It would be an alternative procedure, and would in no way eliminate our traditional method, although I expect he feels it would, in practice, in time replace it.

He also outlined the method adopted in Australia whereby the practice is for the Clerk of the House which initiated the bill to bring it to the residence of the Governor General where, in an informal setting, the Governor General affixes his signature. I think it is fair to say that Senator Frith approves of the Australian method for us, with some modifications.

Honourable senators, if I may digress for a moment, I feel that the visit made by the parliamentary delegation to Australia must have been quite an adventure. Indeed, certain senators in that delegation came back convinced we should have an elected Senate, and others that our method of Royal Assent should be changed. I do not know what other ideas and convictions they acquired while there, and, indeed, I am afraid to ask.

Honourable senators, we then heard Senator LeMoyne make his first speech in the chamber. He spoke on Senator

Frith's inquiry and made a very impressive speech in a very eloquent manner. He expressed in beautiful and moving language the meaning of our traditional ritual regarding Royal Assent and the value of retaining it. At the same time, he acknowledged the validity of reasons for at least a partial relaxation of the present procedure. His words regarding the retention, at least for special occasions, deserve mention, and I should like to quote them, in part:

> However, it would be disastrous if the proposed innovation were to jeopardize the traditional ceremony in any way: it has a meaning of irreplaceable richness, its scope is such that it could not possibly be changed without being reduced, limited, diminished, belittled and robbed of its originality.

Honourable senators, for my own part, I find I agree more or less with both Senator Frith and Senator LeMoyne. I do not think procedures or rituals should be changed just for the sake of change, and if a traditional ritual such as the method of Royal Assent is to be changed, it should be for good reason, and, if a change is made, I think some pomp and ceremony should be retained or a new ritual used for a new method.

Personally, I think there are good, substantial reasons for a change in our present method of having Royal Assent. I think we must remember that sometimes a custom is retained and continued long after its value has disappeared. I think something like that has happened with our present Royal Assent procedure. I expect originally it was all that Senator LeMoyne would wish for. I imagine it was like the House of Commons coming to the Senate at the beginning of a new Parliament or a new session to hear the Speech from the Throne. As a monarchist, I like the words "Royal Assent" and "Speech from the Throne".

● (1450)

However, we must be realistic in these matters. I believe the present method has outlived its usefulness. It no longer has the importance or the mystical meaning it once had. Indeed, I doubt if any of the few participants in the ceremony give a thought to its meaning or origin. It has become just another ceremony—a minor hardship—something to be endured. Attendance at the ceremony by members of the Senate and of the House of Commons proves my point. During the few years I have been a senator, I have noticed a marked decline in the attendance from both houses when Royal Assent is to take place. There are usually 20 to 25 senators and 10 to 15 members of the House of Commons present, and at times even less. Therefore, honourable senators, I think we should recognize that the present system needs to be changed.

In my opinion, the question is how it can be changed without degrading the whole procedure. I do not agree that it should be the procedure suggested by Senator Frith as one alternative. That, to my mind, would be an unnecessary break with our tradition. I do not like the idea of the Clerks being entrusted to act as messengers to find the Governor General or his deputy and have either one affix his signature to the bills. As Senator Frith emphasized, whatever is decided should be an alternative method, and our present system could be used if desired on special occasions. At the same time, we should realize that a new method will, in practice, replace the present system.

Honourable senators, in order to retain the ceremonial method of Royal Assent, I have the following suggestion to make: That an alternative method be introduced which would have the Speakers of both houses with their Clerks, all attired in their robes of office, wait upon the Governor General in his official residence, or his deputy here or in the Supreme Court Building, and have him or her affix his or her signature to the bill signifying Royal Assent. By so doing, I think we would modernize the procedure and, at the same time, give it the pomp, the formality and the dignity it should have.

In putting forward this suggestion as an acceptable procedure, I am flexible on the matter. Another procedure may be suggested which is more acceptable and more in keeping with our tradition. I believe a change should be made, but Royal Assent should continue to be recognized as an important and necessary part of our law-making procedure and it should not be treated as a matter of little importance or in a casual fashion. Personally, I would be satisfied with any new procedure or ritual which retains the dignity and the formality which this part of our law-making procedure deserves.

Hon. Jack Marshall: Honourable senators, several references have been made to Senator Frith's association with Australia. I am wondering if he has sent a message of congratulation to the Australians on their winning the America's Cup.

Senator Frith: Yes, something is on the way.

On motion of Senator Roblin, debate adjourned.

The Senate adjourned until Thursday, September 29, 1983, at 2 p.m.

APPENDIX

(*See p. 5977*)

ADDRESS

OF

THE RIGHT HONOURABLE MARGARET THATCHER
PRIME MINISTER OF GREAT BRITAIN

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTTAWA

ON

MONDAY, SEPTEMBER 26, 1983

The Right Hon. Prime Minister was welcomed by the Right Hon. P. E. Trudeau, Prime Minister of Canada, and thanked by the Hon. Jean Marchand, Speaker of the Senate and the Hon. Jeanne Sauvé, Speaker of the House of Commons.

[*Translation*]

Hon. Jeanne Sauvé (Speaker of the House of Commons): May I call this session to order?

Prime Minister, it is a great honour for us to have you address this joint session of the Senate and the House of Commons. I would ask the Right Hon. Prime Minister to introduce our distinguished guest.

[*English*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker of the Senate, Madam Speaker of the House of Commons, Madam Prime Minister and Mr. Thatcher, Hon. Members of the Senate and House of Commons: Rarely in the history of the Parliament of Canada have its Members issued an invitation to a visitor to address a joint session of the Senate and the House of Commons. Never have we had a more welcome and distinguished visitor than the Prime Minister of the United Kingdom, the Right Hon. Margaret Thatcher.

Some Hon. Members: Hear, hear!

Mr. Trudeau: Her visit honours this institution and all of us. It calls to mind the two separate threads which have gone into the weaving of the relationship of our two countries in modern times. I am referring to Great Britain's role in the evolution of Canada as an independent parliamentary democracy, and to the growth of a partnership as strong friends and allies.

Centuries of British parliamentary achievement have fundamentally influenced the quality of Canadian life and liberty. We owe an eternal debt to those whose monumental struggles ended in victories for the British common people, victories which redounded to the advantage of Canadians with much less effort.

One need only recall that when representative Government first appeared in Nova Scotia in 1758, and responsible self-government there in 1848, it was as a direct result of parliamentary freedoms won with great difficulty by the mother of Parliaments at Westminster. Thus it was that the doctrines of parliamentary supremacy and independence took root in eastern Canada and spread across the land, and now constitute the unspoken first statement of every speech in this Parliament and in our provincial legislatures.

The symbols and the reality of Britain's influence upon the Parliament of Canada are everywhere around us. They include the rights and privileges of Members, the very design of this Chamber and the fact, as you know, Madam Speaker, that your chair was a gift to this institution from the Parliament of the United Kingdom.

It is most appropriate to pay public tribute in this place to Prime Minister Thatcher for the crucial role she played in the final achievement of Canada's complete constitutional independence.

Some Hon. Members: Hear, hear!

Mr. Trudeau: The people of Canada owe her a very heavy debt of gratitude. We presented her with an extremely difficult problem, a political and diplomatic minefield. But despite an avalanche of contrary advice from Canadian and British sources, she stood resolute in her determination that Westminster would do what this Parliament requested. Thus did she demonstrate her deep and constant respect for the Parliament of Canada as the legitimate voice of the people of Canada.

In a spirit of generosity, understanding and true friendship, she cleared the agenda at Westminster and made sure that Canada's Constitution Act passed through all legislative stages with dispatch. To the long list of the Fathers of Confederation, Madam Speaker, we must certainly now add the name of one Mother.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Trudeau: The respect and admiration enjoyed by Prime Minister Thatcher in Canada and the rest of the world is essentially due to the strength of character and leadership she

has shown in the course of governing her country and in conducting international affairs.

Beyond party or ideological differences, she is universally recognized as a leader whose courage and integrity are equalled only by the strength of her convictions.

Forty-two years ago, her famous predecessor, Sir Winston Churchill, spoke in this House words that inspired Canada and the free world in wartime. Today, now we are about to listen to Prime Minister Thatcher, the real challenge is to inspire the world to support the cause of peace. This, together with the need to guarantee economic recovery, is the most formidable challenge of our time. The external and defence policies of East and West will either lead us to a durable peace or a devastating war. There is no alternative.

The North Atlantic Treaty Organization has been the basis on which successive governments in this country have built our defence policy.

The performance of Canada and of the Atlantic Alliance as a whole has proved beyond a doubt that NATO is a sound, united and extremely effective organization, and Canada is proud to have been one of the founding members, together with Great Britain. Thanks to NATO, Europe has enjoyed 34 years of peace. Indeed, this organization offers the West the best guarantees for avoiding a terrible war and creating a durable peace.

This morning, Prime Minister Thatcher and I discussed ways of utilizing this force and solidarity, not only to safeguard our present security but also to increase future security through arms reduction.

Confident in our strength and in the enduring ties of friendship we have created in war and peace time, we must find the energy and the courage to work even harder at reducing tensions in the world and thus diminish the threat of nuclear war that haunts our nations. There is no other alternative.

Madam Prime Minister, at the Williamsburg Summit, you and I declared, together with our colleagues. And I quote:

> We undertake to devote all our political resources to reducing the threat of war. Our vision is that of a world from which the spectre of war will have disappeared for all mankind, and we are determined to see this objective become a reality.

Today, this vision seems even less attainable than it was three months ago. The threat of a nuclear holocaust which hovers over the entire world has taken increasingly frightening forms. Our nations are therefore demanding that we, their governments and leaders, honour our commitment to the cause of peace.

As far as I am concerned, no personal enterprise and no priority other than the pursuit of peace is important enough to take up all my time and energy.

Today, more than ever before in the history of mankind, the survival of our species depends on the courage and wisdom of nations and their leaders.

• (1610)

[*English*]

At such a time, the peoples of the NATO countries expect more than familiar nostrums from their leaders. They demand vision, resolve and greatness of spirit. It is at such a time, such a time of critical global challenges, that our most distinguished guest has honoured us with her presence. Madam Speaker, I am pleased and proud to present to the Parliament of Canada the Prime Minister of the United Kingdom, the Right Hon. Margaret Thatcher.

Some Hon. Members: Hear, hear!

Right Hon. Margaret Thatcher (Prime Minister of Great Britain): Madam Speaker, Mr. Speaker of the Senate, Mr. Prime Minister, Hon. Members of the Senate, Members of the House of Commons:

[*Translation*]

On this first day of my visit to Canada, it is a great honour for me to speak to you, and especially to do so in this historic Chamber.

Madam Speaker, you and my host, the Prime Minister, are both members of the Francophone community that has contributed so much towards making Canada the great country it has become today.

[*English*]

Half your title, Madam Speaker, has a familiar ring. If the other half does not, that is because Canada has set a trend of emancipation in Speakers which we have now established with Prime Ministers.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mrs. Thatcher: The last time we met was when, as Minister of Science and Technology in Canada, you came to see me as Minister of Education and Science in Britain. That was 11 years ago. Who would have predicted then that together we would achieve this double first?

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mrs. Thatcher: I know that some of your parliamentary practices differ from ours. Question time is clearly a different experience for the Prime Minister of Canada if, as I believe, he can pass any question he likes to another Minister for answer.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mrs. Thatcher: That must keep the Cabinet up to the mark. My colleagues do not even have to be in the Chamber. Last year in the British Parliament we had Canada very much on our mind and, I heard, vice versa.

Some Hon. Members: Oh, oh!

Mrs. Thatcher: You referred to this very generously, Prime Minister. And I am proud that my administration was so closely associated with a successful outcome to the process of

patriation of the Canadian Constitution. Together we have successfully stored our last piece of colonial furniture in the museum of history.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: A constitutional link has, quite properly, been severed. The effect of that is not to weaken but to strengthen our common heritage. We can look freely to the future. For there will be much for Canada and Britain to do together. We are linked in so many important ways. We believe in the same high and honourable ideals. We stand ready to defend our free and independent way of life. We agree on the great purposes which we must pursue in the wider world.

If I may say something about each of these three things, first I will speak about our common ideals. Madam Speaker, people of my generation lived through a period when the fundamental values of western civilization were questioned. The doubters sought to portray them as moribund. They claimed to find more vigorous, more progressive ideas in the communist world. Constantly seeking utopia, they fastened on one false creed after another, avoiding always that least fashionable solution, the reassertion of traditional values.

We have been told that the West has no ideology, that Britain, in a famous phrase, has lost an empire and failed to find a role, that the young lack a sense of purpose and the old cannot provide them with one.

Madam Speaker, it is not true. The ideals which our two countries share are the answer to all the doubters. For centuries we have striven first to win, then to preserve, that freedom and justice without which life has neither dignity nor meaning.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: We have learned by experience that the only political system which protects and perpetuates these values is parliamentary democracy. It does so because it allows thought and expression to flower and because the good sense of a mature people is brought to bear on the excesses of governments and of individuals.

These are not the panaceas of political theorists. They are ideas that have worked. Overwhelmingly, our electorates wish to preserve them. Wherever people have been free to choose, they have chosen the path of freedom. The crowded island of Britain and the wide open spaces of Canada are traditional havens for refugees from political persecution and for those seeking a new start in a land of liberty. The number of Canadians from central Europe bear witness to Canada's generosity toward the oppressed.

The western democracies are not short of ideals. We have values and a way of life which are the envy of those who have never known them. I wonder whether we take them too much for granted. For the preservation of freedom and justice needs constant unremitting effort. As Goethe wrote in "Faust":

> He only earns his freedom and existence who daily conquers them anew.

There is a battle of ideas to be won, a battle in which we are better equipped than our adversaries, for our ideas are better. The propaganda campaign to sap the morale of the democracies is relentless. We must meet it by puncturing each spurious argument and by destroying every myth that emerges. We must constantly proclaim our ideals, to our own people at home, to young countries who have yet to choose, to those who live in the shadow of tyranny. It is time for freedom to take the offensive.

Some Hon. Members: Hear, hear!

• (1620)

Mrs. Thatcher: Canada and Britain, Madam Speaker, share not only common ideals but also, as you have said, Prime Minister, the will and capacity to defend them. At home we recall with gratitude the valour and sacrifice of Canadian troops in two world wars; we remember their achievements and their courage with thanksgiving and admiration. We stood together. We prevailed.

Last year, during the Falkland's crisis, Canada was staunch in her support. We were deeply grateful for your resolve to uphold the rule of law, for the good wishes and encouragement which we received from so many individual Canadians, for the wonderful generosity you showed to our wounded servicemen, widows and families in your many contributions to the South Atlantic Fund.

Canada realized, as we did, that there was a fundamental principle at stake, with application far wider than the South Atlantic—that aggression must never be allowed to pay.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: It did not. And today I thank you for helping to ensure that it did not. Democracies by their nature long for peace, for a world free from conflict and threats. But the reality is that our way of life is threatened. As fellow members of NATO our clear duty is to assess that threat accurately and to ensure that we are able, if necessary, to resist it.

The threat is not one of superior ideas. We have nothing to fear from the bankrupt ideology of the Soviet Union. The combination of political repression and economic failure is plain for all the world to see. The threat comes from the proclaimed goal of Soviet communism to spread its system throughout the world, from the fact that the Soviet Union is engaged in a remorseless military build-up going far beyond the needs of defence, and from the evidence that that country is prepared to advance its aim by the use of force or by the threat of force beyond its borders, as in East Germany in 1953, in Hungary in 1956, in Czechoslovakia in 1968, and recently in Afghanistan and in Poland. More widely, it is seeking by proxy to further its aims in Africa, in the Middle East, in Asia and in Central America.

For anyone who doubted the nature of the Soviet system, its willingness to resort to force careless of the human consequences, the shooting down of the Korean airliner has come as

a most terrible and tragic reminder. Our policy must be based on a clear understanding of the people we are dealing with and the system they have shaped. Otherwise, we shall get it wrong. That system was founded and sustained by force. It is structured to resist all political change. We have to live with it not as we would wish it to be but as it is. The task of members of NATO is to ensure that our way of life is never compromised.

That means that we must be strong. Strong in capacity—there must never be an imbalance in any range of armament that leads to the conclusion that aggression against us might succeed—and strong in will—the other side must never be tempted to believe that it could win a war against the West. We in NATO threaten no one. We come together not to attack others but to defend our own. We shall engage in the battle of ideas. We intend freedom and justice to conquer. Yes, we do have a creed and we wish others to share it. But it is no part of our policy to impose our beliefs by force or the threat of force. That, Madam Speaker, is the great distinction. And that is where the facile comparisons which we sometimes hear made between the two superpowers founder. There is no comparison between the United States, that great citadel of freedom and justice, and the Soviet Union.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: The United States long possessed overwhelming military superiority over its rival. History will show that no country in that position has ever used power so responsibly. Democracy itself curbs the irresponsible use of power. But, when democracy is absent, when an unfettered executive lives in isolation from the free world and from most of its own people, when this is combined with enormous military strength, there is the real danger to peace.

But, Madam Speaker, we must constantly seek ways of making the world a better and a safer place. The task of reaching genuine agreements on arms control and disarmament is long and painstaking. Nevertheless we must persevere in the hope that we can secure reductions which are balanced and can be verified. Then our defence would still be secure but at a lower level of armaments and expenditure.

In this task in which Canada and Britain are honestly engaged with our NATO allies, we are constantly faced with misleading Soviet propaganda. In the last year to two we have seen a massive attempt to bend the will of western governments by working on the minds of our electorates with bogus arguments. In country after country that attempt has failed. Yet the propaganda continues. Every few weeks there is a further statement from Moscow designed to give an appearance of flexibility. But so far, when these public statements are checked at the negotiating table—the real test of truth—flexibility disappears.

The question, Madam Speaker, is: Are the current generation of Soviet leaders ready to negotiate as earnestly as NATO to make the world a safer place? Or, are they so much the prisoners of their system and their history, so wedded to military might that they are unable to rise to the opportunity? Even now, as the moment for Cruise and Pershing deployment in Europe draws near, it is in Moscow's power to ensure, by accepting the zero option, that not a single missile of this kind is put in place. Otherwise, to restore the balance on which our security depends, deployment will begin at the end of this year. Our nerve is being tested. To falter now would be fatal.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: But that is not the end of the story. NATO has made other radical proposals for reducing the number of these weapons. We await a serious Soviet response. Now, and for as far as we can see, it must be plain to Moscow that the western democracies will not be seduced by propaganda and will not be cowed by threats.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: Our desire for disarmament is profound. But it is matched by the unshakeable resolve that our way of life shall be secure.

In the wider world there are other great tasks for Canada and Britain in the years to come. Our shared values and traditions and the close and living links between us promise continued co-operation for our own benefit and the benefit of others.

Those living links are strong. Tens of thousands of British families have close relatives in Canada. Around a million British and Canadian visitors cross the Atlantic each year. There are Canadian assets in Britain of over a billion dollars, and Britain is the second largest investor in Canada. Canada has provided a host of distinguished names in British public life and commerce. It has sometimes seemed that half our press is run by Canadians and the other half by Australians.

• (1630)

I head a Government which is deeply interested in Canada. We are both open societies with a world vision born of a special historical experience. The keen interest Canada has taken in the problems of the Third World and the United Nations is proof of a nation with wide horizons.

One of the most valuable legacies of Empire to Britain has been a world-wide network of interests and of human links so that we could not, even if we wished, become an inward-looking nation preoccupied with our own problems.

At home Britain is changing. Five years ago there was a widespread feeling that our problems were insoluble. That was before we tackled them so vigourously. Now, there is a spreading sense of realism. People are beginning to lose their fear of change. British industry is more confident, more efficient and more productive. The new technologies are flourishing. Jobs have been created in industries which did not exist ten years ago. We have reason to hope that our inventive genius will increasingly be turned to industrial profit. With greater robustness, vigour and enterprise in our society we shall be an even stronger friend and ally.

As you reminded us, Prime Minister, it is over 40 years since another British Prime Minister—and I do not have to tell

you which one—stood here and spoke about a chicken which refused to have its neck wrung. I am happy to report that that same chicken is alive and well and as resolved as ever to preserve inviolate that selfsame area of its anatomy.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: In 1983 we are better able than we were to work with you to pursue our common aims in the wider world. As founder members of the Commonwealth we have a special opportunity to join with that unique gathering of nations to preserve and extend the heritage of ideals which are the essence of the Commonwealth—freedom based on the rule of law, always under assault somewhere, even in the Commonwealth, but essential to the survival of the civilized world.

As members of the economic Summit, to which you referred, Mr. Prime Minister, Canada and Britain again share a distinctive responsibility to apply the energy and experience of the world's most advanced and successful economies to the serious economic and financial problems which face so many countries, to preserve and extend the world's free trading system, to bring to the developing countries aid, advice and help as they tackle their own formidable difficulties.

As founder members of the United Nations—that organization which has so often disappointed expectation but without which the world would be a worse place—we shall both continue to take a special interest in world security, and in peacekeeping and the work of its specialized agencies.

You on this side of the Atlantic, we in Europe, each have our own special relationships. Just as we rejoice in and welcome the strength of the friendship between Canada and the United States, so we ask you to see the vital importance of the European Community. The process of making a community causes problems not just to its members but to its friends like Canada, and some of its policies have led to sharp disputes. But the community has an enormous contribution to make to the maintenance of international free trade and to the promotion of our common ideals. In a dangerous world it is a vital area of democracy and stability which Britain is firmly committed to maintain and extend.

Madam Speaker, Canada and Britain seek a better, safer, freer and more prosperous world. We do so because we are protagonists of the timeless values of freedom and justice, because we are both great western democracies, because we are the privileged beneficiaries of a political, social and economic system which is the best man has ever devised and which has incomparably more to offer to the human spirit than the false idealogies of the unfree world.

But let us then proclaim that truth together. Let us tell the world that freedom is on the march. The democracies have the duty to lead. We are strong in belief. We glory in our freedom. We hear the voices of the oppressed and seek for them the justice and the liberty which are our own.

Should future generations have cause to remember us, let it be not only because we helped to stop the spread of tyranny, but also because we left the human race one step closer to its greatest hope—that one day men the world over shall be free.

Some Hon. Members: Hear, hear!

Hon. Jean Marchand (Speaker of the Senate): Prime Minister Thatcher, Prime Minister Trudeau, Madam Speaker: When you were first elected Prime Minister of Great Britain, I was very impressed. A mighty, powerful country like Great Britain electing a woman as Prime Minister is something which is quite new. However, I was much more impressed when you were reelected.

Some Hon. Members: Hear, hear!

Senator Marchand: After watching you on television this morning, after reading an interview which you gave to a Toronto newspaper and after listening to your words this afternoon, I understand why you are Prime Minister of Great Britain.

Some Hon. Members: Hear, hear!

Senator Marchand: If I were a woman sitting in this Parliament, I would be very optimistic about my future because you know how closely we follow the British tradition.

Thank you for coming to our country and our Parliament. Thank you for your enlighting address and the wisdom and warmth contained therein. I am confident that your words will not quickly fade from the minds of all here assembled. I hope that others during your continuing visit will have even a brief opportunity to share our appreciation of your experience and the depth of your personality.

[*Translation*]

We have not forgotten that Great Britain is the world power that made it possible for us to achieve autonomy and subsequently full independence without bloodshed and without suffering the aftermath of forced or violent secession.

Some people believe that the latest step taken has isolated us once and for all from your great country. They are wrong. The heritage we have received from your country, and I am thinking of the parliamentary and legal system, and our social and even our cultural heritage, are among the values we cherish most and which are an integral part of our national fabric.

• (1640)

[*English*]

Few nations can wear the mantle of Mother Country as comfortably as yours. It has nurtured this nation through more than two centuries of infancy, often painful adolescence and maturity. If Canada has reached adulthood, it is because it has been given its lead by an understanding, not suffocating, parent. Even our minorities will be hard pressed to point to another nation, another system of government, which grants so much freedom to progress, freedom to dissent, and freedom to be unique.

There is no doubt in my mind that there will always be a special relationship between our two countries notwithstanding their distance and their necessary differences.

[*Translation*]

On behalf of the Senate of Canada, I wish to thank you, Right Hon. Lady, for accepting the invitation extended by our Prime Minister (Mr. Trudeau), and I hope that you will remember your visit here as one of the high points of your distinguished political career.

[*English*]

Some Hon. Members: Hear, hear!

Madam Speaker: Prime Minister, in expressing the appreciation of Members of the House of Commons and myself for the wisdom and eloquence of your words, I feel compelled to go beyond the traditional dictums in order to reflect with greater accuracy the depth of our admiration. We are greatly honoured by your presence here today, Prime Minister, and hope that our expressions of gratitude and esteem will convey to you in some small way the warmth and sincerity of our sentiments.

You have personified, Madam Prime Minister, as I sensed very strongly when I first met you, the ideal of the rigorous, dedicated, and resolute leader. In your determination to further the collective wellbeing of those you represent, you have demonstrated only the highest degree of commitment, conviction and tenacity in the face of all adversity. You have established a standard of leadership which no doubt serves as an inspiration and example to leaders of the democratic world.

[*Translation*]

History has created strong ties between Great Britain and Canada, and although various constitutional changes may have modified the nature of such ties, they have not weakened them. With you, we have learned about democracy and tolerance. Witness our institutions, which bear the imprint of the age-old wisdom of your own, which were the result of experience and not merely a philosophical creation. It has given them a pragmatic quality that is particularly suited to moderating the enthusiasm of inexperience. Our law, for instance, at tuned to custom and usage, has in the course of time been able to adapt to the conditions created by our constantly evolving political, economic and social life.

It is part of our debt to your country, and we wish to emphasize that, since the traditions that were brought here by the two founding peoples are mutually enriching. Together with the values of our native peoples and those of our immigrants, they have created a very special attitude, philosophy and way of life. It is a heritage to which your country has contributed very generously, a heritage we cherish and of which we are proud.

[*English*]

We have learned many lessons from what you have told us today, Prime Minister, and we are reassured that your country is determined to safeguard the peace of all citizens who live in fear of the menaces which are upon us. It could not be otherwise since your country remains a beacon and a fortress of moral values in a world plagued by uncertainties. We stand here today with a consciousness heightened by the experiences of the past several decades, acutely aware of the need for a continued spirit of complicity among the free nations of the planet in their concern over the world's precarious balance of power.

As the prominent leader of one of the greatest of these nations, Prime Minister, with the utmost respect and the warmest affection and gratitude, we welcome you today and thank you for having addressed us.

Some Hon. Members: Hear, hear!

Madam Speaker: The session is now adjourned.

THE SENATE

Thursday, September 29, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-110, to amend the Export Development Act.

Bill read first time.

Hon. H. A. Olson (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

FOREIGN AFFAIRS

DESTRUCTION OF KOREAN AIRLINES PASSENGER AIRCRAFT BY U.S.S.R.—REFUSAL BY RUSSIAN CHARGÉ D'AFFAIRES TO ACCEPT SENATE MOTION

The Hon. the Speaker: Honourable senators, I have a report to make on the resolution that received the unanimous approval of the Senate, blaming the Soviet Union—to avoid using stronger terms—for the Boeing 007 incident.

As the Senate requested, I summoned the Soviet chargé d'affaires, to whom I intended to give the document, after the usual explanations. However, the chargé d'affaires, on the instructions of Moscow, refused to accept the document.

Hon. Jacques Flynn (Leader of the Opposition): I do not know whether the Leader of the Government agrees, but I think we should consider the problem created by the attitude of the Soviet Embassy in Ottawa, and perhaps look at other ways of approaching the problem.

I think we should not merely accept this refusal without finding out if something else can be done.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the Leader of the Opposition has expressed briefly but well the point of view that I would hold pending further consideration of what action might be taken. I am aware, as is the Leader of the Opposition, that the refusal to accept the message from the Senate applies also to the message that was sent from the other place. I appreciate the comment of the Leader of the Opposition that we should perhaps have a little time to consider the possibility of alternative action.

[*Translation*]

THE LATE HON. LIONEL CHOQUETTE

TRIBUTES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wish to inform the House of the death yesterday of our former colleague, the Honourable Senator Lionel Choquette.

When Senator Choquette retired in March 1981, we spoke in this chamber of the precious services he rendered to this institution and the senator's successful career, both professional and political.

Today, I merely wish to express, and I am sure I am doing so on behalf of all senators, our feelings of sincere sympathy to the members of his family. I would also like to inform our colleagues that Senator Choquette's funeral will be at 11 o'clock tomorrow morning, at the Sacred Heart Church in Ottawa, so that those who wish to attend will be able to do so.

• (1405)

[*English*]

Hon. H. A. Olson (Leader of the Government): I join with the Leader of the Opposition in his comments respecting Senator Choquette. We are aware that he was a distinguished member of the bar and an active and interested member of the Senate who played a particularly useful role while he was here. We join with the Leader of the Opposition in expressing our sorrow at his passing.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, October 4, 1983, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA POST CORPORATION

SUBMISSION OF ANNUAL REPORTS

Hon. Duff Roblin (Deputy Leader of the Opposition): I would like to refer the Leader of the Government to the reply

he was kind enough to give me recently with respect to a question I asked about the Canada Post Corporation. Last June, I drew the attention of my honourable friend to the fact that this corporation, in contravention of the Statutes of Canada, had not submitted an annual report for the last two periods, and the minister replied, giving me the reason.

He also said in his reply that the Canada Post Corporation expects that the difficulties with which they had been faced, which had prevented the tabling of these reports, would be resolved this summer. Summer is now over, and it is in order for me to ask my honourable friend if those problems have now been solved, and, if so, when this delinquent corporation will be brought to time.

Hon. H. A. Olson (Leader of the Government): I will make a further inquiry about that matter, but I do need a little time. Summer is over in some parts of Canada—as I witnessed when I was in Edmonton for the last two days or so—but it is not over in Ottawa—witness the weather. In western Canada, we always hope for what is traditionally called an Indian summer.

FISHERIES AND OCEANS

NEWFOUNDLAND—FEDERAL-PROVINCIAL AGREEMENT—REQUESTED TABLING

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. Does he intend to table the agreement made between the Government of Canada and the Government of Newfoundland respecting the new fisheries structure of that province? The agreement was signed several days ago. Some of us are anxious to see it. It was suggested that we send down to Newfoundland for a copy, but, the mails being what they are, it seems to me that that would be an unfortunate way to go about obtaining one. Would the minister undertake to get us a copy of that agreement?

Hon. H. A. Olson (Leader of the Government): I believe that something like 98 per cent of articles mailed from Newfoundland arrive in Ottawa the next day.

Hon. Jack Marshall: Don't believe it.

Senator Olson: Whatever the percentage, that is not the substance of the reply that I wanted to give. I think that the request is a perfectly reasonable one. A few more days might be required in order to put the agreement in its final order, but I will make some inquiries in that regard. I want to assure Senator Doody that he has a right to get a copy of the agreement and that I have an obligation to get it for him as soon as it is available.

Senator Doody: I thank the minister. It is my understanding from St. John's that it is a public document and that it is in distribution down there. As the minister has suggested, it might be fair to let the rest of Canada see the contents of it as well. We would certainly appreciate receipt of a copy of it. A few days ago I asked Senator Austin many questions on this subject and I may avoid having to ask him further questions, because the answers might very well be in the agreement.

Senator Olson: I appreciate that. All I am suggesting to Senator Doody is that he give me at least a few minutes, if not a few hours, to make inquiries. The rest of my reply will stand equally valid after I have received the result of those inquiries.

Senator Marshall: Honourable senators, I have a supplementary question. Many of the items contained in the agreement between the federal government and the Province of Newfoundland have been referred to vaguely in press releases emanating from both ends of the country. There are many questions concerning whether the agreement covers the inshore fishery, joint venture programs, over-the-side sales that have been going on for years and so forth. These are questions that will have to be resolved. I stress the importance of our seeing the agreement so that we can ask some pertinent questions regarding the future of the Newfoundland fishery.

Senator Olson: Honourable senators, I understand the point that Senator Marshall has raised. Perhaps he has answered a large part of Senator Doody's question. Perhaps the reason why the document has not been tabled in both houses has something to do with the kinds of items involved. Senator Doody has said that the agreement is already a public document in Newfoundland. I do not dispute that because I do not know whether it is. Usually we are aware that, at the time these documents are put out in great detail, we have to be prepared to deal with the sorts of issues which Senator Marshall has just drawn to my attention. Obviously, I am not going to respond to them off the top of my head; he knows that. What he also realizes, however, is that perhaps the officials, when they are writing what I suppose could be called administrative regulations, must attend to all of the other detail.

Honourable senators, I see that Senator Doody is nodding in an indication that he understands completely what I am saying. He has probably been involved in a situation where he has had to make very quick explanations. Usually one likes a few hours or days in which to work everything out.

Senator Doody: Honourable senators, for the sake of the record, may I say that I was nodding my head in absolute amazement at the comments that the honourable minister was making. In effect, he was saying that they have a document which has been approved by two governments, they are reluctant to pass it out because they are not familiar with its contents, yet they will have a look at it in an effort to familiarize themselves with it, after which they will make it available. I would hate to have those who read our *Hansard* think that I was nodding in complete agreement and understanding of what the minister was saying. That is not the case, although I am grateful for his offer to get the document for us after he studies it, reads it and familiarizes himself with it.

• (1410)

Senator Olson: The honourable senator is now twisting things a little, and I do not wish to pursue this argument. I know that he understands exactly what Senator Marshall has demonstrated, that there is a great deal more detail in the administration of the various sections that would come under

the overall agreement. It is usually a good practice to take enough time to consider all such matters so that we can answer with the kind of clarity that this government has a reputation for.

Senator Doody: Now you have provoked Senator Marshall.

Senator Marshall: You have not provoked me, but what you have said constitutes a perfect example of the hypocrisy in talking about the responsibility of the Senate for regional interests. We know nothing about this agreement. The Province of Newfoundland has not contacted those who are supposed to take up their regional interests, and the federal government has not brought the Senate up to date on the matter.

Senator Olson: I disagree with that comment completely.

Hon. Jacques Flynn (Leader of the Opposition): It is a good thing that you are not explaining why, because then it would be very confusing.

THE ECONOMY

REVISED FORECASTS—REQUESTED TABLING

Hon. Lowell Murray: May I ask the Honourable Leader of the Government in the Senate whether the government has received from the Department of Finance revised forecasts for the deficit, unemployment rate, rate of growth of the economy and so on for the current fiscal year, and whether he will let the Senate have those revised forecasts within the next few days?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot answer the second part of the question, for the reason that it may be that Senator Murray is asking for communications between ministers, which, as he knows, are not available even through the Access to Information Act. He ought to know, and if he does not I want him to know it now, that there is a constant updating of information on such matters for the ministers who are involved in those areas. I can inquire of the Minister of Finance—

Hon. Jacques Flynn (Leader of the Opposition): That's a good idea.

Senator Olson: —to find out whether or not there is a compilation of forecasts on unemployment levels, rate of growth of the economy and the other areas raised by Senator Murray. I believe that such assessments are probably put out by the Department of Finance. Honourable senators are probably aware of the forecasts by interested organizations such as the Conference Board of Canada. However, Senator Murray is asking specifically for assessments from the Department of Finance, and I will try to obtain them for him.

Senator Murray: While the Leader of the Government is obtaining that information, would he ask his colleague, the Minister of Finance, and advise the Senate whether the minister is standing by the forecasts he made in his April budget? I ask the question in view of the forecasts made within the past day or so by the Conference Board of Canada in particular reference to the budgetary deficit. The Leader of the Government will be aware that the Conference Board of Canada says, contrary to the Honourable Marc Lalonde's contention that the deficit will be reduced, that the deficit will remain in the range of 5 per cent of the gross national product for the next five years.

Senator Olson: Honourable senators, whether or not it is spelled out directly on the same page, it seems to me that the reply I gave Senator Murray a moment ago will answer this question also.

Senator Murray: We shall see.

[*Translation*]

OFFICIAL LANGUAGES

MANITOBA—POSSIBLE JOINT RESOLUTION RESPECTING BILINGUALISM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to the question put by the Honourable Senator Asselin at the last sitting of the Senate. It could, perhaps, be better described as a preliminary reply about Manitoba.

The Prime Minister raised the possibility of adopting a resolution in the House of Commons, supporting the efforts of the Government of Manitoba in fulfilling effectively its constitutional obligations under Section 23 of the Manitoba Act of 1870.

The Prime Minister is pursuing the matter with Mr. Mulroney and Mr. Broadbent, and has submitted to them a draft resolution for their consideration.

I understand that it is not to be a joint resolution of Parliament.

However, there is nothing to prevent the Senate from adopting its own resolution of support, if the Senate so decides. That is why I intend to consult some of our colleagues in order to get their impressions on whether it would be a good idea to adopt our own resolution for the same purpose.

● (1415)

[*English*]

PRONOUNCEMENT OF ROYAL ASSENT TO BILLS

ADVISABILITY OF ESTABLISHING ALTERNATIVE PROCEDURES—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the advisability of establishing alternative procedures for the pronouncement of Royal Assent to bills.—(*Honourable Senator Roblin P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, in my capacity as a co-operative federalist, I adjourned this motion the other day on behalf of members of the house who might be interested in continuing the debate. I have an idea that my colleague, the Leader of the Opposition, may have a word to say on this subject of Royal Assent,

although I stand to be corrected. If he does have something to say, I am glad to yield my place to him.

Hon. Royce Frith (Deputy Leader of the Government): Shall we stand it in Senator Flynn's name?

Hon. Jacques Flynn (Leader of the Opposition): Yes.

Order stands.

CANADA-KOREA FRIENDSHIP GROUP

MEETING IN KOREA—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Leblanc calling the attention of the Senate to the Meeting of the Canada-Korea Friendship Group, held in Korea from October 2 to 8, 1982.—(*Honourable Senator Charbonneau*).

Hon. John M. Macdonald: Honourable senators, I have been speaking to Senator Charbonneau who informs me that he does not propose to speak to this order. I suggest that, if no other senators wish to speak to it, it be considered debated.

The Hon. the Speaker: Does any other honourable senator wish to speak on the subject?

Hon. Senators: No.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered debated.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Before moving the adjournment, I would remind honourable senators that committees are meeting this afternoon and at the beginning of next week. The bill to amend the Export Development Act is on the Order Paper for second reading on Tuesday next. We are expecting a report from the Standing Senate Committee on Legal and Constitutional Affairs. Depending on whether consideration in the other place on the Crow is suspended, we may receive other legislation. We know of one bill and perhaps we will have another, but among those bills that we might receive next week I am not including that on the Crow rate.

• (1420)

Hon. Jacques Flynn (Leader of the Opposition): We shall have a very busy week.

Hon. Duff Roblin (Deputy Leader of the Opposition): Can my honourable friend be more specific about what other bills he expects if the procedures in the other place permit?

Senator Frith: The two bills that have been mentioned as high on the list and desirable to have are the bill concerning government organization—-

Hon. C. William Doody: Any sort of organization of the government is important.

Senator Frith: —and the bill respecting bankruptcy. I thank Senator Doody for those encouraging words.

Senator Flynn: You are badly in need of them.

The Senate adjourned until Tuesday, October 4, 1983, at 2 p.m.

THE SENATE

Tuesday, October 4, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Thursday, October 6, 1983, at two o'clock in the afternoon.

If leave is granted, honourable senators, I shall add a few comments regarding our schedule.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, you may have noticed that our schedule for this week follows our very recent custom of sitting at 2 p.m. on Tuesday, keeping Wednesday for committee meetings and then sitting Thursday afternoon, at two o'clock.

Since the system seems to be working satisfactorily, we intend to keep the same schedule next week as well, even though Monday will be a holiday, because committee chairmen are now accustomed to scheduling their committee meetings accordingly. For instance, one of the committees intends to sit Tuesday evening. Therefore, as far as next week is concerned, notwithstanding the holiday, we intend to continue the same system.

I may also draw your attention to the fact that the rules at the other place provide for a fall holiday, that is, the Remembrance Day week. This year, the other House will adjourn on November 4, until November 14.

It may be useful for honourable senators who wish to make travel arrangements in the weeks to come to remember that the Senate will probably not be sitting at all during the week of November 7.

Motion agreed to.

QUESTION PERIOD

[*English*]

FISHERIES AND OCEANS

NON-DISSEMINATION OF TIDAL INFORMATION TO NEWFOUNDLAND

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government in the Senate and has to do with the installation of a telephone service from the provinces to the Institute of Oceanography regarding tidal information. I understand that, alarmingly, the information is only available to the Provinces of Nova Scotia, New Brunswick and Prince Edward Island, and not to the Province of Newfoundland.

With the stormy weather fast approaching, I think this is of vital importance. I am wondering why, as expressed in the article that I have read, the service to Newfoundland will not go into operation for many months to come.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not know off the top of my head the answer to that question because I have not been briefed on it.

If Senator Marshall agrees, I will make immediate inquiries to determine why that information is not being made available to Newfoundland.

I agree that that information ought to be made available as quickly as possible, yet I realize that there may be some technical reason why there is some validity to his preamble or the comments he made surrounding the question.

• (1410)

Senator Marshall: The tidal information service is naturally for tourists, fishermen and the general public and there have been many serious incidents that occurred. The communications director of the Department of Fisheries and Oceans indicated that the plan is to have the telephone service implemented in St. John's, Newfoundland, probably by next summer. I cannot understand why they can implement it in two provinces on this side of the water and they cannot implement it on the other. I would appreciate it if the Leader of the Government would impress upon the minister responsible the need to have the service updated.

AIR CANADA

REFUSAL TO PUBLISH AUDIT REPORT

Hon. Jack Marshall: Honourable senators, it is never my inclination to praise Air Canada, but I understand that an independent audit of Air Canada indicated that they had never seen a better airline. The thing that surprises me is that the President of Air Canada has indicated that they are not going to make the report public. I can understand their withholding

a bad report, but I cannot understand their withholding a good one. Could the minister ascertain whether this article is exact or whether the President of Air Canada will live up to his responsibility and provide a copy of the report in order that it can be publicly examined?

Hon. H. A. Olson (Leader of the Government): Honourable senators, first I should like to revert to the question that Senator Marshall raised respecting the telephone service. He said that he could not understand why that telephone service could not be made available quickly to the people in the province of Newfoundland and Labrador. It is unusual for him and I to agree, but I cannot understand why it is not available either. Perhaps some technical things need to be worked out, but I will try to get him a reply to that question.

Insofar as the Air Canada report is concerned, as he knows, it has never been the policy or the practice of this government to withhold reports because they may be unfavourable. The only reason I can see for their refraining to make the report available is that it may contain information that is commercially valuable and, therefore, it may change the competitive position, or that it may reveal details of the structure and other operations of the company that the competitors may wish to know about. Even though it is a highly favourable report, perhaps for those reasons they may not want to make it public.

• (1415)

EMPLOYMENT AND IMMIGRATION

REPORT OF SKILL DEVELOPMENT LEAVE TASK FORCE

Hon. Jack Marshall: Honourable senators, my last question deals with the report of the Skill Development Leave Task Force which studied the need for retraining on a continuing basis. The task force was asked to examine skill development leave as a mechanism for the retraining, upgrading and updating of all working Canadians to promote widespread discussion about the necessity for life-long learning. The report pretty concisely analyzes the current economic situation and the need for retraining in new technological methods.

It is my understanding that a seven-member national advisory board is to be appointed to study the report. I would impress upon the Leader of the Government the importance of all regions of the country being represented on that board.

Would the Leader of the Government ascertain from the minister whether all provinces will be represented? I would draw particular attention to Newfoundland, Nova Scotia and the other eastern provinces where unemployment is particularly high.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I agree that all regions of the country ought to be represented on that board. However, I will look into the matter further.

I am not quite sure whether Senator Marshall indicated that some action had already been taken and that, as far as he was concerned, some parts of the country had been left out, or whether he was promoting some parts of the country in advance. I see that he is nodding his head. I will convey his views to the appropriate minister.

CROWN CORPORATIONS

THE DE HAVILLAND AIRCRAFT OF CANADA LIMITED AND CANADAIR LIMITED—REPORTS

Hon. David Walker: Honourable senators, I notice that the Leader of the Government said that, in the ordinary course, the government does not withhold any reports. What about the report on de Havilland, which took seven years, and the report on Canadair, which took seven years?

Hon. H. A. Olson (Leader of the Government): Honourable senators, perhaps the minister, Senator Austin, who has direct responsibility in that area, would wish to comment on that.

Quite frankly, I am not quite sure of the accuracy of the question and whether they did take seven years. In any event, Senator Walker completely missed what I said. I said that this government does not have a tradition of withholding reports simply because they are perceived to be unfavourable.

Senator Walker: You did not mention the word "tradition" at any time. The Leader of the Government, in his usual way, is just trying to pat himself on the back and praise his government. The reports on de Havilland and Canadair uncovered two of the greatest tragedies Canada has ever experienced. The government is already covering that up and is trying to make out that they are wonderful people doing a good job.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, the only reply I would make is that the government to which Senator Walker belonged destroyed the Avro Arrow and was very quick to destroy every copy of it.

Senator Walker: That is one of the cheapest comments I have ever heard. We came into office and found a bankrupt, down-and-out outfit. It had been recommended to Louis St. Laurent that it should be gotten rid of, but he did not get around to doing that because it would raise a great furore. That is one of the things that Mr. Diefenbaker took upon himself to do, and it was the proper thing to do at the proper time.

Senator Olson: In retrospect, it was an improper thing.

Senator Walker: In retrospect, it was the finest thing that ever happened, and no one has ever suggested, except those who are trying to make political capital out of it, that it would have been a good thing to have proceeded with the Avro Arrow.

• (1420)

Senator Olson: Honourable senators, Senator Walker is, as usual, misinformed, and his comments are highly partisan.

FISHERIES AND OCEANS

NOVA SCOTIA—FEDERAL-PROVINCIAL AGREEMENT—REQUESTED TABLING

Hon. John M. Macdonald: I have one question of the Leader of the Government in the Senate. I understand that an agreement has been signed between the federal government and the Government of Nova Scotia in regard to the reconstruction and redevelopment of the fishing industry in that province. Would it be possible to have a copy of that agreement tabled?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have a copy of that agreement with me today but I assure Senator Macdonald that I will determine whether it is immediately available and, if so, he will have it.

As a matter of fact, on my way into the chamber this afternoon, Senator Marshall indicated to me that he had a copy of that report, so perhaps I could ask him to expedite matters.

NEWFOUNDLAND—FEDERAL-PROVINCIAL AGREEMENT TABLED

Hon. H. A. Olson (Leader of the Government): Honourable senators, in answer to a question by Senator Doody on September 29 last, I wish to table the following:

> Agreement between the Government of Canada and the Government of Newfoundland and Labrador concerning the restructuring of the Newfoundland fishery dated September 26, 1983 (*English text*).

Hon. Jack Marshall: The Standing Senate Committee on Standing Rules and Orders recently proposed the establishment of an Agriculture, Fisheries and Forestry Committee. This restructuring agreement between Newfoundland and the federal government, and also the agreement between Nova Scotia and the federal government, would be good subjects for reference to that committee for careful analysis.

Senator Olson: Honourable senators, I would like to respond to that question by saying that I concur, support and expand upon the comments made by Senator Marshall respecting the good work done by the Standing Senate Committee on Standing Rules and Orders. As a matter of fact, as soon as Question Period is over today, we will be commencing a debate on that committee's report and, should the Senate adopt this new and significantly improved committee structure, it will come into effect at the beginning of the next session. However, I would not like to leave Senator Marshall with the impression that the new structure will be effective this session.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES—REQUEST FOR ANSWER

Hon. Robert Muir: I would like to ask the Leader of the Government in the Senate if he has, as yet, an answer to the question I posed to him some days ago regarding the composition of the Board of Directors of the Cape Breton Development Corporation.

[Senator Olson.]

Hon. H. A. Olson (Leader of the Government): The answer is: No, I do not have that reply today. However, now that it has been brought to my attention, I shall make a special effort to see if I can obtain an answer to that question for the next sitting.

• (1425)

EXPORT DEVELOPMENT ACT

BILL TO AMEND—SECOND READING

Hon. Peter A. Stollery moved the second reading of Bill C-110, to amend the Export Development Act.

He said: Honourable senators, this bill could briefly be described as a bill which updates and improves the ability of the Export Development Corporation to function. There are, therefore, three points: It increases the capitalization; it changes and improves the composition of the board and it improves the services that the corporation is able to make to the export community.

The Export Development Corporation (EDC) was established in 1969 with the passage of the Export Development Act. This crown corporation, successor to the Export Credits Insurance Corporation, was created to meet the export financing and risk management needs of the many Canadian companies endeavouring to compete in foreign markets.

Under the Export Development Act, the EDC is mandated to provide export support services for the purpose of facilitating and developing Canada's export trade. Within the constraints of its legislative authority, EDC provides internationally competitive export financing, insurance and guarantee services and it does so following commercial disciplines which results, hopefully, in minimum costs to Canadian taxpayers. As the supplier of export financing and export credits insurance, the corporation plays a key role in the Canadian economy and the ability of Canadians to export.

From time to time, Parliament is called upon to review the EDC's legislative authority in light of its mandate. As the need for the EDC's financial services grows, and as the nature of the services required by Canadian business in order to remain competitive in the international market place evolve, the EDC normally returns to Parliament on a three-to-four year cycle for necessary revisions to its act. Parliament last amended the Export Development Act in 1978. Now, five years later, Parliament has again been approached for further worthwhile amendments to the act.

This bill is before the Senate today because of the EDC's strong commitment to the concept of service to exporters and responsiveness to the needs of the exporting community. The EDC strives to keep in close touch with the exporting community. Through regular dialogues with individual exporters and export interest groups and the membership of its President and Chairman on the Export Trade Development Board, the EDC maintains a sensitivity to exporter needs. This sensitivity and awareness has enabled the corporation to design programs and

delivery mechanisms which are extremely responsive to the reasonable needs of the export community.

The amendments to the Export Development Act adopted by the House of Commons are required by the EDC so that it can continue to provide the volume of export support sought by Canadian companies; so that it can maintain the quality of service that it has established; and so that it can respond to the needs of exporters for new services and for refinements and improvements to existing programs in a very competitive world.

● (1430)

Honourable senators, a review of EDC's programs and their recent development clearly demonstrates the corporation's commitment to responsiveness. Therefore, I should like to provide a brief overview of the excellent services provided to exporters by EDC and to highlight how the services have been modified over the past few years in response to the expressed needs of Canadian exporters. I am sure that an appreciation of this background will assist you and clarify how the passage of the bill will facilitate further developments in this regard.

As you are undoubtedly already aware, the EDC offers a wide range of export support services under the three broad categories of export financing, insurance and guarantees. Under its financing program, the EDC assists exporters by making financial arrangements so that foreign buyers are able to purchase Canadian goods and services. EDC export financing services include direct credits to individual foreign buyers, lines of credits arranged with foreign banks, and the discounting of commercial notes received by exporters in payment for their foreign sales.

Under its insurance program, the EDC offers exporters a range of services suited to various types of business activity. The EDC provides global policies which cover an exporter's entire portfolio of foreign sales and specific contract insurance for large individual transactions. The EDC foreign investment insurance policies are available to investors wishing to make direct investments abroad. The corporation also provides performance-related insurance in the form of performance security insurance, consortium insurance and surety bond insurance.

Export Development Corporation guarantees—the corporation's third category of service—are available to exporters for performance and bid security, and to banks and other financial institutions purchasing export trade notes or extending export credits to foreign buyers.

The EDC seeks to maintain an awareness of exporter needs for the design of appropriate and responsive services. As a result, the export financing services provided by EDC have undergone many changes since Parliament last reviewed the corporation in 1978. Since 1978, the EDC has worked within the limits of its current legislative framework to develop the most responsive and complete export financing services possible.

The EDC has made great strides in establishing lines of credit as a means of providing a ready financing vehicle for Canadian goods and services in markets with high export potential. From its modest beginnings in 1978, this EDC facility has grown to the point where, at the end of 1982, 28 active lines of credit were in place in 16 different countries around the world, while 26 other lines of credit were under development.

The EDC lines of credit give foreign buyers quick and easy access to financing for their purchases of Canadian goods and services. Since the borrower is already accepted by EDC and loan documentation is in place, allocations for sales under these lines of credit can be speedily approved and the export transactions successfully concluded.

In January of 1980, the EDC announced that it would provide export financing for engineering services, project feasibility studies and management or other consulting services. These services were previously eligible for insurance cover only. This well publicized extension to the corporation's services was designed to encourage Canadian participation in this growing field of international trade.

The EDC has also concentrated on meeting exporters' needs to receive export financing committments early in commercial contract negotiation stages. To this end, the corporation recently established a framework of standardized management letters designed to let its clients know the exact status of their financial applications. Very early in the negotiation process, the EDC issues a letter of general interest so that a potential buyer is aware that financial assistance is available for his purchase of Canadian goods and services. Subsequent letters outline details of loan terms in conjunction with progression of commercial negotiations.

Another change designed to facilitate contract negotiations was the introduction of the exposure fee in January 1983. The exposure fee addressed the complaints of exporters regarding the variability of F&S charges and the difficulties posed in factoring these charges into the price. The exposure fee has been designed so that it is simple, fair, certain and competitive. It has been well received by the exporting community.

Finally, in August 1983, the corporation streamlined and expanded the forfeiting and note purchase programs to meet exporters' needs for a quick and easy short and medium term financing program. It was recognized that, although the forfeiting facility initiated in 1981 had the right ingredients for a simple and efficient mechanism, it lacked the competitiveness sought after by Canadian companies in times of high interest rates. It was further recognized that the note purchase program in its early format required detailed documentation and the fulfillment of long predisbursement conditions which were not justified, given the quality and size of some transactions.

The revised forfeiting and simplified note purchase facility, differing only in terms of security required, will feature simple documentation, non-recourse to exporters and extensive exporter pricing control. This program is aimed at the small export transaction and through this facility many Canadian companies, which are unable to bear the cost and risk of

financing export sales on their own, will be able to develop their export capabilities with effective EDC support.

EDC insurance services have also been modified to be equally responsive to exporter needs. The corporation has adjusted its programs and their delivery mechanisms over the past five years to provide exporters with a wider range of services and to improve the turnaround time for credit approvals.

The EDC responded to exporters' requests for a political risk only insurance policy by introducing global and selective political insurance services. Under global political policies, EDC covers all export sales undertaken by the exporter, while under a selective political policy only, those exports to countries selected by the exporters are covered. These new policies provide exporters with flexibility in choosing the policy most suited to their particular needs and capabilities.

To facilitate exporters' domestic banking arrangements, EDC also introduced an insurance scheme for banks. EDC global comprehensive insurance protection for exporters can now be assigned by an exporter directly to the bank or financial institution which agrees to purchase his insured foreign receivables. This new program enables exporters to receive immediate cash for foreign sales, freeing up their bank lines of credit for future export endeavours.

Not only has EDC introduced new insurance programs for exporters, the corporation has also significantly reduced the turnaround time on credit approvals. In as little as three to seven days, and at times within 24 hours, the EDC is able to provide the necessary credit approval allowing exporters to proceed with shipments of goods virtually without delay.

This excellent service is the result of several refinements EDC has made to the delivery of its insurance programs.

For instance, the corporation has increased delegated authority to its four regional offices for policy liability and credit approval limits so that 90 per cent of the global policy liabilities and 80 per cent of the global credit approval activity takes place in the regional offices. The corporation's Atlantic office has also been upgraded to full regional status so that it can provide this same level of service to companies in Eastern Canada.

In addition, EDC has compiled files on over 20,000 foreign individuals, firms and governments so that it has ready access to credit information. Whenever the corporation has adequate credit information on hand, credit approvals can be given in very short order.

The EDC also enables exporters to pursue export opportunities with full insurance coverage on a timely basis through the provision of discretionary credit limits. The EDC limits are among the highest and most flexible provided by any export credits insurance institution around the world. Exporters are able to proceed with export shipments without obtaining advance approval from EDC as long as they have on hand the credit information required for coverage under their EDC policy.

[Senator Stollery]

• (1440)

To familiarize exporters with its excellent new services, EDC publishes a monthly newsletter highlighting its new programs, improved services, available lines of credits, as well as potential export opportunities. With a wide circulation among the export community, *EDC Today*, which replaced *EDC News* in May of 1983, is an outstanding example of the corporation's commitment to service delivery.

To provide exporters with the details of its services, the scope of their coverage and how they can be assessed, EDC provides information circulars on each of its services. In addition, circulars are available on more generalized topics. Also, a new publication, entitled *EDC At Your Service*, was introduced in May 1983, a publication which provides information on how to better use EDC services as well as a broader spectrum of hard-working information relevant to export activities. These different publications are intended to bring EDC services within easy reach of any company interested in pursuing export opportunities.

EDC is also responsive to exporters' needs in the way it administers its programs. The competitiveness of its export support programs is also of prime concern to EDC. The corporation strives to provide highly competitive support for Canadian exporters by tailoring its financing packages to suit the unique features of each transaction considered. At the same time, EDC strives to avoid providing unnecessary subsidies which, ultimately, would be a burden on the Canadian taxpayer.

Competitiveness of financing packages is not uni-dimensional. It depends on more than just the interest rate offered. By providing realistic repayment terms accommodated to the cash flow requirements of the borrower, tailoring appropriate security arrangements and providing down-payment financing, EDC is able to put together attractive financing packages. These custom-made packages have proven to be competitive with the less flexible terms offered by foreign export credit agencies even though the EDC package sometimes carries an interest rate somewhat higher than the foreign package. Recently, EDC has also introduced optional loan currencies so that borrowers may choose the currency most attractive to their needs.

EDC's recent record-setting business volumes speak clearly of the corporation's excellent record of service and responsiveness to Canadian exporters. Despite the tough economic conditions of the past few years, EDC, as a result of its determined support of exporters through the timely and effective provision of its services, has achieved record-level business volumes both in dollar amounts and number of transactions supported. I am sure that in the years ahead EDC will strive to continue this outstanding service.

Bill C-110, to amend the Export Development Act, which we have before us for consideration, is very important to the export community of Canada and to the people who work in industries that are involved in exporting Canadian goods. The bill represents another step in EDC's ongoing maximization of service and responsiveness to exporters in the fulfillment of its

mandate. The amendments proposed and adopted by the House of Commons increase EDC's legislative ceilings so that the corporation can maintain beyond 1983 continued and uninterrupted support of exports through its financial services. They also allow EDC to develop a broader range of services and to further improve existing services in its ongoing response to the needs of Canadian exporters. This has been done while providing for continued accountability to Parliament.

I think the corporation should be commended in its efforts to upgrade the services it provides to Canadian exporters in these difficult times, and for the significant successes it has achieved in facilitating Canadian trade. Canadian exporting success is one of the bright spots in the Canadian economy. It is one this government is justifiably proud of. EDC certainly deserves the full support of all honourable senators, and I ask for speedy passage of Bill C-110.

Hon. Guy Charbonneau: Honourable senators, first of all, I should like to commend Senator Stollery for making such a lucid and interesting presentation of the services that the EDC provides. Due to the fact that he has already mentioned them, I will not repeat them.

When I undertook to speak to this bill, the first thing I had to do was refresh my memory on the purpose or goal of the Export Development Corporation. In short, the purpose, as Senator Stollery says, is to facilitate and develop Canada's export trade within the framework of the Export Development Act. What does that mean in practice?

[*Translation*]

This means, honourable senators, that the Export Development Corporation provides insurance, and guarantee and loan services which, together with specialized financial and financial consulting services, help Canadian exporters of goods and services to face foreign competition.

Within the limits of its financial capabilities, the Corporation provides services at the international level in such a way that individual operations, enterprises that are competitive with respect to price, quality, delivery and service, are also able to compete favourably as far as financial services are concerned.

The objective is to enhance the economic impact of our exports and to promote Canada's interests by helping to improve its balance of payments and by maximizing and complementing this country's trade policy.

[*English*]

Canada is a trading nation. Thirty per cent of our GNP is earned through trade, and that figure would be much higher if Canada were still getting its former share of world trade. You must remember that in 1968 Canada's share of world trade was 5.74 per cent. By 1981, this figure had fallen to 3.8 per cent. In 1968, Canadians exported more than the Japanese; yet, today Japan's share of world trade is twice that of Canada's. Between 1970 and 1980, the average annual growth rate of Canadian exports was 4.4 per cent, the lowest of any major industrialized nation and less than half the 10 per cent growth rate that prevailed between 1960 and 1970. In contrast, during the same 1970-80 period, exports grew by an annual average of 6.7 per cent in Italy, 7.5 per cent in the United Kingdom, and 8.9 per cent in Japan.

What all this boils down to is that for a nation that depends as heavily as we do on exports for our economic survival, we are not doing that well. When one considers the link between increased trade and increased productivity, and what that means in terms of increased employment opportunities, it is, indeed, sad to contemplate all that wasted potential. Were we to be more successful in marketing Canadian goods abroad, wondrous would be the effects on our economy. For example, were we only to succeed in eliminating the $13 billion in fully-manufactured goods that we suffered last year in our trade balance, we would end up creating 250,000 new jobs.

● (1450)

The Canadian Manufacturers' Association estimates that 2.7 million jobs could be created by simply regaining our 1970 share of world trade. The importance of trade to the economic welfare of our country is manifest. It is as manifest today as it was when the EDC was created. That is why the EDC was created—to help us secure new markets for our products and services. However, that is not what has happened over the years. Instead of growing, our share of world trade has diminished.

[*Translation*]

Honourable senators, the fact is that our share of international trade has diminished steadily since 1970, and that about half of our present unemployment is due to the fact that we have lost our fair share of world markets. So, what kind of remedy should we be looking for? We must do everything in our power to help Canadian enterprises generally, and especially small businesses, to get their fair share of world markets. The very basic question arises whether the Export Development Corporation provides a satisfactory response to the needs of Canadians, of our businessmen and owners of small businesses, and whether it is able to help them find international export markets.

We must also ask ourselves whether Parliament has the means to examine the measures taken by the Corporation, to make suggestions and especially to find out whether results have been satisfactory. The EDC must not only do its work well, it must also be fair and strive towards one objective in particular: to recover our position on world markets.

[*English*]

Bill C-110, as originally introduced, had two major thrusts. The first was to expand the operational capacity of the EDC. In doing so, the government sought to expand the borrowing capacity of the corporation without further reference to Parliament and without need for further pay-in capital. The government sought as well to increase the amount of high-risk or bad business transactions that the cabinet might approve from $3.5 billion to $10 billion in the case of insurance, and from $2.5 billion to $10 billion in the case of loans and loan guarantees. Any losses made under such circumstances were to be paid

from the Consolidated Revenue Fund, without future reference to Parliament.

The second major thrust of the bill was to alter the current structure and powers of the board of directors. The number of directors increases from 12 to 15, with the requirement being dropped that six of these directors be public servants.

The amendment on accountability was the subject of protracted debate. On this score, the opposition was successful in having a specific clause included in the bill, which would require the annual report and financial statements of the EDC to be referred to the House of Commons Standing Committee on Finance, Trade and Economic Affairs annually for examination.

[*Translation*]

In addition, the official Opposition succeeded in having the Corporation's borrowing authority restricted to ten times its paid-in capital instead of authorized capital. In addition, the authorized capital requested was cut back to $1.5 billion from $2 billion, which means that the Corporation's loan capability has been reduced to $15 billion from $20 billion.

Furthermore, the amount provided to enable the Government to grant loans and guarantees the Corporation is unwilling to provide was cut back from $20 billion to $13 billion.

In brief, these amendments, will cost us $44.5 billion, that is, $17.5 billion less than the $62 billion ceiling originally requested in the Bill.

[*English*]

If we were successful in bringing about major amendments to the first thrust, we were not as fortunate in the area of the restructuring of the board. So, as it comes to us, the bill, though it does change the make-up of the board, does not do enough to ensure proper and efficient participation of the private sector.

The government amendment removes the requirement that six directors be public servants. It does not, however, guarantee a certain minimum representation from the private sector. As a matter of fact, the government has indicated that there will continue to be at least six public servants on the board.

We would agree that there should probably be someone on the board from the Department of Industry, Trade and Commerce; someone from the Department of Finance; one or two officials of the Export Development Corporation; but, other than that, in our view, the board should be composed of representatives of the private sector. It is essential that this corporation be directed by hard-nosed businessmen in addition to the public servants mentioned.

Hon. Royce Frith (Deputy Leader of the Government): Also hard-nosed.

Senator Charbonneau: That is the subject of another debate.

Senator Frith: We will discuss that in committee.

[*Translation*]

Senator Charbonneau: In its report entitled "Intervention and Efficiency", the Economic Council of Canada had the following to say on page 51:

[Senator Charbonneau.]

> Canada is perhaps the country with the least private-sector participation in export financing decisions. The governments of most other industrial nations encourage bank participation in this area, more so than does the government of Canada. In six of the industrialized countries examined, the supply of primary financing is left completely in the hands of the private sector, which may, however, resort to public rediscounting facilities (Table D-1). In most of the 17 countries studied, the negotiations for granting export credit are also left to the private sector. This is not the case in Canada, where direct negotiations take place between the EDC and the foreign buyer. When the banks are invited to participate jointly with the EDC in long-term financing, they often complain of being denied access to all the information and to the negotiations, and of being presented with ready-made proposals.

[*English*]

In short, the private sector must participate more fully in the decision-making process of the EDC.

Many operating expenses of the corporation could be absorbed by the private sector and a lot of duplication avoided. I know from personal experience that this certainly applies to insurance coverage. The corporation's profit of $1 million on capital of $691 million, representing a note of one-tenth of 1 per cent, would no doubt be increased, thus ensuring a better return on capital invested by the government.

[*Translation*]

At one time, the Corporation's role consisted mainly in insuring exporters with accounts receivable involving a foreign country or purchasers of or agents for Canadian merchandise in foreign countries. The exporter would purchase an insurance policy from the EDC to cover all export contracts concluded with various countries and agents. So until 1970, the EDC had been basically acting as an insurance company. Only subsequently did it start lending money.

It is my view that perhaps the Corporation should be mainly concerned with providing insurance. According to the Economic Council of Canada, which has looked into this side of the question, the Corporation should concentrate more on insurance and re-insurance of export credit, which was its original role.

It should insure and re-insure exporters, so that after selling goods and services on credit, they need not fear a situation where their purchasers would prove to be insolvent.

Once merchandise has been shipped abroad, it is very difficult to recover. There is also the possibility of having to sue in a foreign court. Finally, the business is obliged to seek investment capital elsewhere.

There are risks involved in selling to a foreign purchaser that are totally different from those involved in sales in one's own country. That is why exporters and financial institutions are demanding insurance policies, and thus the Corporation should be more active in this area.

The ECC recommends making more frequent use of the private sector to insure exporters and re-insure insurers, so that exporters can be certain their shipments will be paid for.

[*English*]

This bill indicates that the government, by giving it the proper power to do so, would like to see the EDC take to heart the recommendations of the Economic Council of Canada with regard to insurance and re-insurance. It does not, however, constitute a directive to the EDC and there is, therefore, no guarantee that the EDC will get out of the area of direct insurance and leave that and much of the reinsurance to the private sector.

• (1500)

That is what we would have preferred to see because that is what we are convinced would have been better over the long haul. But time will tell whether the EDC is properly disposed to move gradually towards providing export credit reinsurance, leaving the field of insurance proper to the private sector. It may also choose to serve as insurance of last resort to close any gaps left by the private sector in the supply of export credit insurance.

As one who has for many years earned his living in the field of corporate insurance, I feel I can assert, without fear of contradiction, that the private sector can more efficiently tend to the insurance needs of exporters than the government. I would, therefore, view it as wise of the EDC to move over and let the private sector occupy this field.

This bill will not solve our trade problem, but it can serve to make the EDC a more effective tool in the recapturing of our proper share of international trade. Too many exporters have accused the EDC of being too slow and fussy, of not checking credits properly, of giving too small coverage on insurance and of being generally too difficult to get along with.

I am not sure that is going to change, but, at least, with annual accountability having been exacted from the government, Parliament will have a chance to oversee the corporation's performance.

Professor André Raynauld, a former member of the Economic Coucil of Canada, has said of the EDC that it is:

> —rapidly becoming a bureaucratic monster, borrowing and lending money, making unsound loans to foreign countries, extending its empire, and involving Canada in transactions and negotiations that are both costly and inefficient.

We on this side hope that these criticisms, if valid, will be heard and corrected. We, too, want to see exports increased. We want that because we firmly believe it is the only way out of our present unemployment problem.

[*Translation*]

Honourable senators, the Government is wrong when it claims that this bill, even in its amended form, is a panacea. Far more will be needed to make any visible improvement in our trade position. The essential thing, in my view, is that the Government will have to change its philosophy if it wants to improve our trading situation, or better still, a new Government will have to realize that the private sector is capable of creating jobs through its exports, and that no permanent jobs will be created unless Canada once more becomes a safe place to invest, to work and to do business.

Each and every one of us, whoever we are and whatever our business, must change our outlook. We must seek excellence. We must start today to conquer our markets, with the conviction that time is of the essence. Our business leaders must realize that now is the time to act.

Canadians must watch for any opportunities that come their way. Our businessmen are too patient in this respect. We must convince them that it is time to act.

[*English*]

Once having convinced the government of the urgency to act, it will then behoove it and all its agencies, the EDC included, to step back and allow the private sector to seek markets agressively. The government must free enterprise and where it insists upon lending a hand, it must make very sure that the bureaucratic vehicle it uses to achieve this purpose does not become a hindrance.

Senator Marshall: No truer words were ever spoken.

Senator Charbonneau: Thank you. Except for the increase in borrowing authority, and a change in the number of board members, this bill does not address itself to the fundamental role of the EDC.

Honourable senators, it would have been more useful for the government to direct its attention to the new role which the EDC has, over the years, ascribed to itself. The EDC would be a lot more useful, in my opinion, were it to restrict its operation to those which it was originally intended to carry out, namely those having to deal with reinsurance.

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, I would like to join Senator Charbonneau in congratulating Senator Stollery on his presentation, which was very clear and precise.

Senator Charbonneau, in referring to Mr. André Raynauld, identified him as a former chairman of the Economic Council of Canada. I would like to add that he was also a member of the Legislature of Quebec. I think this fact is important enough to be mentioned here.

I now have a question for Senator Stollery concerning Clause 10 of the Bill, where it says that Section 21 of the said Act is repealed and the following substituted therefor:

> The accounts of the Corporation shall be audited by the Auditor General of Canada.

My question is: Who was auditing the Corporation if it was not the Auditor General of Canada?

Senator Stollery: Senator Leblanc, would you perhaps repeat the question?

Senator Leblanc: I am referring to Clause 10 of Bill C-110 which refers to the appointment of an auditor. It says in Clause 10 that Article 21 of the said Act is repealed and the following substituted therefor:

The accounts of the Corporation shall be audited by the Auditor General of Canada.

The question was: Who was doing the auditing before? If it was the Auditor General, I do not see why an amendment is necessary.

Senator Stollery: My answer to that is that I suppose it was the Auditor General of Canada. But this is the kind of question that can be asked in committee, because I intend to move that the bill be referred to the Committee on Banking, Trade and Commerce.

[*English*]

It is quite possible that there is something that I am not aware of; therefore the question of who was the auditor of the EDC is an appropriate matter to be explored.

[*Translation*]

Senator Leblanc: Yes, I understand the situation, but unfortunately, not being on the committee, I will not be there to hear the reply.

In any case, I have another question: Will there be any statistics indicating who is benefiting from the Export Development Corporation? Which Canadians are benefiting? Is it businesses or individuals? Are small and medium-sized businesses benefiting as well? Do we have any statitistics by province, to establish which provinces are benefiting the most? Is Quebec getting any benefits out of this? Quebec has a Department of External Trade, and there is another one that overlaps, both being oriented towards external trade. I wonder whether Quebec is really benefiting from our Export Development Corporation.

Senator Stollery: Senator Leblanc, I also assume we have statistics and that they will be transmitted to the Committee on Banking, Trade and Commerce. I think that is the best place to table them. I am sure the province of Quebec, which has many exporters, benefits a great deal from the corporation but as I said before, honourable senators, I think the best place to discuss the matter is at a meeting of the Senate Committee on Banking, Trade and Commerce.

Senator Charbonneau: With your leave, honourable senators, without knowing the exact figures, I think that Quebec has used the Export Development Corporation a great deal. You mentioned small and medium-sized businesses. I can say that, for instance, when you get a project that involves many different products and services and so on, even if the project is set up by an agency, as you will probably see in the statistics, the fact remains that although a fairly strong national corporation will set up the contract, with the help of the EDC, you will then find that there are still a lot of sub-contracts that are directed towards small and medium-sized businesses. Unfortunately, I do not have enough statistics in my notes to give you further information, but I can certainly state that small and medium-sized businesses do benefit to a considerable extent.

Senator Leblanc: I think the best answer was given by Senator Stollery, which is that full and detailed answers to any questions we might wish to raise here this afternoon will be given in committee. It is probably useless to pursue the matter further, since we will be able to do so in committee.

• (1510)

[*English*]

Hon. H. A. Olson (Leader of the Government): I have a brief question for Senator Charbonneau. He invited me to ask my question at the conclusion of his speech. My intervention during that part of his speech was that he was complaining about Canada's performance in world trade, and about the fact that Canada has lost some share of the market to which he referred generally, but not precisely.

In keeping with Senator Charbonneau's reputation, if you wish, or image of being fair in these situations, I wonder if he would like to assert or at least acknowledge that since the recession began, Canada's international trade has held up better than any other country in the western world as a percentage, however you want to measure it, and that indeed our balance of payments have increased rather significantly throughout that period.

Senator Charbonneau: In answer to the Leader of the Government, first of all, I was not complaining; I was stating facts, and was trying to say that perhaps the EDC is a tool that could help us recapture the world markets, or at least the percentage of the total overall world trade that we have lost.

Senator Olson did not quote any statistics except in general terms, but I would be happy to receive those figures if he has them. I have not seen them recently.

Senator Stollery: Honourable Senators—

The Hon. the Speaker: I must inform the house that if the Honourable Senator Stollery speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Stollery: I simply wish to thank Senator Charbonneau for his informed remarks.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Stollery moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FOURTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on Standing Rules and Orders which was presented on Tuesday, September 27, 1983.

Hon. Hartland de M. Molson moved that the report be adopted.

He said: Honourable Senators, I am afraid that once again I have a rather dull subject to bring to the attention of the

Senate, but it has become necessary to carry out considerable revision of the Rules of the Senate. The Standing Senate Committee on Standing Rules and Orders has done just that, the result being the report which was presented on September 27 last. That report was included in *Hansard* for that day, and is also contained in the *Minutes of the Proceedings of the Senate*.

I should like to go over the effect of that report with you as quickly as I can, because obviously it does need some explanation.

Paragraph 1 of the report deals with Rule 67(1)(*a*) and, in effect, recommends a reduction in membership from 20, with a quorum of five, to 12, with a quorum of four for the following committees: Standing Rules and Orders, Internal Economy, Budgets and Administration, Foreign Affairs, National Finance, Transport and Communications, Legal and Constitutional Affairs, Banking, Trade and Commerce and Social Affairs, Science and Technology.

That recommendation is in conformity with the views expressed by the leaders and was passed by the committee. Since that time, the Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, Senator Graham, has told me that he felt that the number was too small for his Committee because he has three subcommittees. He feels that his committee membership should be 15. Senator Graham is away on official public business today, but I told him that I would bring his concern to the attention of the Senate. He feels that a membership of 15, which was also discussed during the committee, would be satisfactory to him.

In sub-paragraph (b)1 it is recommended that the word "immigration" be removed because it properly belongs under the Committee on Social Affairs, Science and Technology. You will have a little difficulty finding that committee on the list because it is not yet in the rules. Some of you will recall that there was an amendment to the rules in December of last year, which changed the name of the Committee on Health, Welfare and Science to the Committee on Social Affairs, Science and Technology. That is to be effective only at the beginning of a new session. If you look in the Rules of the Senate for that item, you will not find it. However, the word "immigration" properly belongs under the Committee on Social Affairs, Science and Technology.

● (1520)

In subparagraph (c) the subjects "pipelines," "transmission lines" and "energy transmission" are deleted because they properly belong under the new Committee on Energy and Natural Resources.

Under subparagraph (d) "consumer affairs" is removed from Banking, Trade and Commerce because it is more properly placed under Social Affairs, as shown in paragraph 6 of this report.

With respect to subparagraph (e), "natural resources and mines" is also removed from Banking, Trading and Commerce because those subjects properly belong under Energy and Natural Resources.

In subparagraph (f) the responsibilities of the Committee on Agriculture are enlarged to include "fisheries and forestry" and, very importantly, the Canadian Wheat Board.

Paragraph 2 of the report recommends that Rule 68 be reworded to clarify the fact that both the Leader of the Government and the Leader of the Opposition or their deputies, may attend committee meetings *ex officio*.

Paragraph 3 of the report amends rule 5 by adding the definition of "Deputy Leader of the Government in the Senate" and "Deputy Leader of the Opposition in the Senate". According to our present rules, they do not exist.

With respect to paragraph 4, rule 70 deals with the quora of committees, and as they are already set out in the recommendation in paragraph 4, it is not necessary that that be a separate section. Rule 70 is deleted and rule 70A renumbered.

Paragraph 5 deals with the responsibilities of subcommittees and the composition thereof, and recommends the following new subsection 77(5):

> Subcommittees shall be composed of not more than half the number of members of a Select Committee, three of whom shall constitute a quorum.

Consequently, the following subsections are renumbered.

Paragraph 6 merely adds to the responsibilities of the Committee on Social Affairs, Science and Technology the items that are listed under subparagraph (a), namely, fitness and amateur sports; employment and immigration; consumer affairs; and youth affairs.

Subparagraph (b) further amends the original amendment which set up the Senate Committee on Energy and Natural Resources by substituting a new subparagraph (n) listing the responsibilities of that committee. The third report of the Standing Senate Committee on Standing Rules and Orders, which was adopted on December 9, 1982, recommended the addition of subparagraph 67(1)(*n*) respecting a Senate Committee on Energy.

All these changes are lengthy but not terribly significant except for the fundamental changes in the strength of committees and of the quorum of each committee. These rules become effective only with a new session. Our committee felt, and the leaders concurred, that it would be wise to have the report presented in the chamber so that honourable senators would have a chance to look at it and, if they agree, adopt it. When a new session begins these changes will be printed in the Rules of the Senate, and they will facilitate the handling of our business in this chamber.

Hon. Paul C. Lafond: Honourable senators, since this report was, to some extent, put forward due to a motion that I put before the Senate on June 28, I should like, without debating the report, to add a few footnotes for your consideration.

In *Debates of the Senate* of June 28, 1983, I am reported as saying—and probably rightly so:

> The meeting was well attended and concerned itself with the problems caused by the increasing number of commit-

tees and the decreasing number of senators attending committee meetings.

If I used those words, I should have been taken to task because they could lead to misinterpretation. I probably should have said "the decreasing number of senators able to attend committee meetings."

I should like to add today that the expression "decreasing number," as honourable senators know, is exacerbated by the number of vacancies we have in this chamber, which, as of today, is, I believe, 19.

I note that there is complete silence on the second part of my motion respecting a committee on national defence. With the reduction in the number of members to 12, the Foreign Affairs Committee still being assigned the subject of defence. If there is a subcommittee of the Foreign Affairs Committee dealing with defence, I find it extremely difficult to conceive that two major studies could be carried on simultaneously by such a committee. In addition, there is complete silence on Senator Flynn's proposal for a review of the procedure respecting the substitution of members on committees. I note as well, that Senator Marshall's proposal was considered, and the establishment of a new Committee on Agriculture, Fisheries and Forestry is recommended.

The disparity between agriculture and fisheries is such, as far as personal expertise, knowledge and regional representation are concerned, that in the absence of any action on Senator Flynn's proposal to make the substitution of members easier, it might be difficult at times to find a committee that is equally capable to proceed on matters of western agriculture and matters of eastern fisheries. We may be adding to our miseries.

● (1530)

These are just footnotes which I would draw to the attention of the Senate.

Hon. Jack Marshall: Honourable senators, to lend more importance to what Senator Molson referred to as a "dull subject," I would point out that I do not think it is dull. I believe it is a good subject for debate in the chamber, and I would move the adjournment of the debate.

Hon. W. M. Benidickson: Honourable senators, I would thank Senator Marshall for the postponement of his motion to adjourn this debate. I recognize that on a Tuesday afternoon attendance is not as good as it might be. I hope that will be a topic of discussion in the future.

Senator Marshall: The quality is good.

Senator Benidickson: I was particularly interested in the remarks of Senator Molson whom we all admire. We appreciate that from time to time, over a long period of time, he has given us his independent analysis of the rules of the Senate. We also appreciate his judicial outlook on aspects of our proceedings.

Honourable senators, having been in Parliament in one place or another for 38 years, I am especially and naturally interested in the management of the two houses of Parliament and particularly the Standing Senate Committee on Internal Economy, Budgets and Administration. In practical terms, it is the housekeeping committee of the Senate. It deals with our concerns for the welfare and administration of not only our little personal staff but all the general staff in the Senate section of the Centre Block of Parliament Hill. It is, therefore, a very important committee.

I regret that, for rather good reasons, I was unable to attend the last two meetings of this committee, but its importance I value.

The chairman of the committee who, Senator Molson has pointed out, is unable to be here this afternoon, has not spoken to me about comments I might make about the report this afternoon.

But having been a member of the House of Commons Management Committee, when I was a cabinet minister, and being a member of the Standing Senate Committee on Internal Economy, Budgets and Administration, I very strongly regret the former situation in the other place where the committee was comprised only of cabinet ministers. Nowadays the situation is much more democratic. The committee membership includes members of the opposition and "backbenchers". I believe that both are having some influence over there and are coming up with ideas on Commons management.

I would hate to see a reduction in the influence numerically of senators who are members of the Internal Economy Committee. It seems incredible to me that a quorum of four should be allowed to make decisions about the management of the Senate. Like others, I deplore that our membership in the Senate is reduced by 19 vacancies. Nonetheless, four committee members, under and with the guidance of staff, should not decide the destiny of our own staffs and staffs of the Senate overall and make decisions which could influence our relationships around this gracious section of the Centre Block, the Senate of Canada. I think all of us are concerned about who works for us and the salaries paid for all categories of work around this building.

I do not think the quorum should be reduced to four, nor the membership reduced to 12. I believe Senator Molson said that the present chairman suggested that perhaps at least 15 would be a satisfactory membership. I do not think that we, as a group of 80, should ever subscribe to a quorum of four in this committee which might have a great bearing on the destiny and welfare not of ourselves, but of our staffs, who are so important to the efficiency and well-being of senators and the Senate.

Some Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): Honourable senators, at this stage, I should like to spend only a few minutes participating in the discussion about the very important change to our committee system, which has been suggested by the committee.

I would extend my congratulations to the committee and to its chairman in bringing in this report. I have looked at it in some detail. I also attended at least one very important

meeting of the committee when a number of the matters just dealt with by Senators Lafond and Benidickson were discussed in great detail.

I should, perhaps, leave it to the chairman of the committee, who moved adoption of the committee's report, to deal with some of the details involved in that, based on the opinions expressed in committee with respect to, for example, the quorum and the other terms of reference of some of the committees.

With that understanding, I should like to make one or two comments about the whole general thrust of committee re-structuring. I think it is important that we perform, in a far more visible, higher profile, the duties and functions of the Senate.

The Senate came into existence in the first place in order to have a bicameral system of government where there was a balance in the event of a change in the demographic structure of Canada or in the event of there being an imbalance in the input from the various regions of this country at any time. In those circumstances, it was felt that this chamber could, in fact, perform a very useful service in providing meaningful input in the legislative process to try to ameliorate that imbalance. There is no question about that in my mind nor, I am sure, in the minds of other honourable senators.

● (1540)

If that is not sufficient, that having happened 116 or 117 years ago, it was indeed considered by the Supreme Court of Canada only a very short time ago and, at that time, they reiterated in their judgment that this reason was just as valid today as it was then. Indeed, if we had forgotten that part of history, it also reminded us again that, if it had not been for that provision, the Fathers of Confederation would not have reached an agreement. Therefore, it is extremely important that we raise the profile of the Senate, both in terms of visibility and in terms of those people in the country who believe that there is a disequalibrium in the route to the legislative process. This is my view and I think it is shared by the members of the committee who looked at this whole question.

From the structure that has been proposed to us by Senator Molson, I would perceive that we could enhance that function and perform it very well. Let me explain: For example, there will be questions that come up from time to time—there are some that are with us now—of a very significant regional dimension in some area of the country. In my view, the Senate would do this country a great service if it would pick up those questions as they arise and set up a special committee wherein the focus would be on the specific problem that needs to be dealt with.

Quite frankly, in my view, whenever a Senate committee takes on a specific task, they probably do a better job than any other forum in this country, including Royal Commissions, of finding solutions based on the views of the people who will be affected. We should, therefore, be prepared to accept that concept of Senate committee work in the future. While there may be disagreement or dissension as to the kind of committee structure that is most appropriate to perform the desired function, I believe from my experience and from several vantage points, including that of the Leader of the Government, that when a specific task is known and there is an indication obtained by the whips from notices sent out as to which senators wish to serve on what committees, that we should take the next step and ask for a commitment by a relatively small number of senators from both sides of the house for a priority of their time and attention to the task allotted. In that way, a better result is achieved in a much shorter time. In many cases, timing is extremely important in dealing with these problems and I hope that senators will agree, as we go into the next session that, if we approve this new structure, there will probably be a larger number of special committees set up and specific tasks assigned to those committees as they arise.

For the reasons I have just explained, I am firmly of the opinion that, if it is done in that way, then it is better done. In addition to that, when setting up the standing committees, we should ensure that not only regional and party interests are served but that the membership of a particular committee includes senators who have a specific interest in the economic or social sectors involved in the particular subject matter under discussion.

Therefore, as you contemplate passing this committee's report, I hope you will consider my remarks. I believe it is an excellent restructuring of the membership of these committees in terms of the recommendations coming forward regarding the amended terms of reference.

These recommendations, of course, do not deal with the special committees. We can, of course, agree and pass the terms of reference for any special committee. As I look into the future, if we are going to perform these tasks as I have outlined them, there will be far greater use of special committees for special tasks. I would, therefore, highly recommend that senators seriously consider this report in order that we may have it ready to become operative in the next session of this Parliament.

Senator Molson: Honourable senators, just before the debate is adjourned, I would like to add that, in discussion, it was felt that, in future, the Senate would be better served to have a loose-leaf book of rules instead of having them reprinted every second year, as we have been doing. Your committee, therefore, has decided that the next issue of the rules will be in a loose-leaf form. This was not part of the report but I hope that will meet with your approval.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, if I understand correctly, at our last meeting last Thursday, the Speaker of the Senate reported on a resolution that had been adopted by the Senate and transmitted to the Soviet Chargé d'Affaires here in Ottawa, and he mentioned that the latter had refused to accept the document.

That was the information we were given Thursday. The leaders of both parties said: What are we going to do now? Well, they would decide, they would discuss it.

After a quick look at the Senate Rules, I wondered whether in the course of their discussions, the Government and Opposition Leaders could look at Rule 7(2), which says:

> (2) On the first day of each session of Parliament . . . a Committee of Privileges, consisting of all the senators present during the session, is appointed to consider the orders and customs of the Senate and privileges of Parliament.

If we agree that refusal to accept a resolution of the Upper Chamber constitutes "a breach of document", I wonder whether Rule 7(2) would not apply. Perhaps the Leader of the Government and the Leader of the Opposition could take a look at this rule.

Senator Frith: Honourable senators, there may be some confusion about two resolutions we discussed, one concerning the resolution transmitted by the Speaker to the Soviet Chargé d'Affaires and another resolution concerning the rights of Francophones in Manitoba. Those are the subjects we decided to discuss.

I think that the refusal to accept the resolution transmitted by the Speaker was not a topic of discussion. It was only a matter of verifying or clarifying the question.

Regarding the possibility that a committee could examine the question raised about the refusal to accept the resolution as a question of privilege is of course a point that could be considered.

First of all, regarding the fact whether or not this is a question of privilege, my feeling is that it probably is not a question of privilege, because normally a question of privilege refers to anything that prevents Members of Parliament from carrying out their duties.

I repeat, this is just my initial feeling, and I would say that Senator Deschatelets is far more experienced in this area than I am. We could discuss this matter with the Leader of the Opposition and with Senator Deschatelets.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until Thursday, October 6, 1983, at 2 p.m.

THE SENATE

Thursday, October 6, 1983

The Senate met at 2 p. m., the Speaker in the Chair.

Prayers.

MANITOBA

PROTECTION OF RIGHTS OF FRENCH-SPEAKING MINORITY—MOTION ADOPTED

Hon. H. A. Olson (Leader of the Government): Honourable senators, I ask leave to move, seconded by the Honourable Duff Roblin, P.C., Acting Leader of the Opposition, a motion respecting the rights of the French-speaking minority in the province of Manitoba.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Olson: By way of preliminary remarks, I should advise the honourable members of the Senate that a great deal of discussion, consultation and agreement has taken place with respect to the wording of this motion between the leaders of the three parties in the other place, and obviously that discussion has been far wider than simply among those particular personalities.

Therefore, I move:

That whereas a fundamental purpose of the Constitution of Canada is to protect the basic rights of all Canadians, including Aboriginal peoples, English-speaking and French-speaking minorities, religious, ethnic and other minority groups;

Whereas the Constitution contains provisions respecting the status and use of the English and French languages in Canada;

Whereas the Manitoba Act, 1870 was enacted by the Parliament of Canada to establish the province of Manitoba and is part of the Constitution;

Whereas in 1870 Parliament provided special protection for the use of the English and French languages in Manitoba under section 23 of that Act;

Whereas the Supreme Court of Canada, on December 13, 1979, reaffirmed this constitutional protection under section 23 of the Manitoba Act, 1870;

Whereas the Constitution is the supreme law of Canada and is binding upon Parliament and the legislatures of all provinces;

Whereas it is in the national interest that the language rights of the English-speaking and French-speaking minorities in Canada be respected and protected in a spirit of tolerance and civility, amity and generosity;

Whereas an agreement was reached on May 16, 1983 by the Government of Canada and the Government of Manitoba, with the participation of the Société Franco-Manitobaine, to modify the Manitoba Act, 1870, so that the Government and Legislative Assembly of Manitoba can fulfill effectively their constitutional obligations under section 23 of that Act;

Whereas it is in the national interest to support continued efforts by the Government and Legislative Assembly of Manitoba to fulfill effectively their constitutional obligations and protect the rights of the French-speaking minority of the province;

(1) the House endorses, on behalf of all Canadians, the essence of the agreement reached by the Government of Canada and the Government of Manitoba, with the participation of the Société Franco-Manitobaine, on May 16, 1983, to modify the Manitoba Act, 1870;

(2) the House invites the Government and Legislative Assembly of Manitoba to take action as expeditiously as possible in order to fulfill their constitutional obligations and protect effectively the rights of the French-speaking minority of the province.

There has been a great deal of discussion and consultation about the precise wording of this resolution, and I highly recommend it to all honourable senators. I suggest that we endorse this resolution this afternoon with minimum discussion so that this matter can be resolved to the maximum satisfaction of everyone involved.

I also believe that, although the part of the country from which I come is not directly affected by this particular resolution, there is a rather intense feeling respecting this matter all over western Canada. As all honourable senators are aware, there is some misunderstanding of what is intended by the agreement between the two levels of government, and it would be well, I think, for the unity of this country if we were to deal with this motion in the way I have suggested so that the governments involved can quietly and efficiently get on with achieving what was intended, not only in the Manitoba Act of 1870, but in the agreement that the two levels of government have subsequently reached.

I would, therefore, highly recommend that we adopt this motion.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have been authorized to say that I will be the only speaker on this subject on this side of the house.

I am the senator from Red River and have no wish to stand aside from the great issues that are comprised in this resolu-

tion and which are racking public and private counsels of the people of my native province.

Briefly, by necessity and most probably inadequately, I must say something to let this chamber know and perhaps feel the depth of the sincerity and the intensity of the political and emotional struggle in which Manitoba is engaged. These calm precincts are far removed from the great debates taking place in my native province, and it would be hard to expect members of this chamber to understand the full force of what is, indeed, the most divisive issue visited upon my province in my lifetime, but, honourable senators, I hope you will approach the issue with that degree of concern and of reticence that members of a family extend to one of their own who is in turmoil.

On the surface, the issue is the issue of language rights, and we are certainly all aware of that. What we may not all understand is that underneath the debate has as much to do with process as it has to do with principle, perhaps even more. I am compelled to say with sadness and deep regret that those in Manitoba who are responsible for the process may not have helped the principle; indeed, they may have harmed it. Therein lies the tragedy.

Sincere and steadfast opinion is not to be despised, especially when you do not agree with it. It is clear that the Manitoba language question is now a matter of serious national concern, and I cannot dispute the power the federal legislature and the right of this Senate to discuss and debate the resolution that we have before us now.

● (1410)

The language of the resolution is qualified in a supremely significant way. It does not attempt to ordain. It expresses profound concern. It outlines a clear wish. It invites, but it does not command. Such an attitude is not only discreet and wise, but it is, indeed, the part of wisdom.

The federal Parliament, this Senate and this resolution leave the ultimate decision in these matters where it most properly belongs—in the hearts and minds of the people of Manitoba. This wise regard for the federal nature of our country and this wise regard for the feelings and responsibilities of the people of Manitoba surely broaden the support that we may expect for this resolution.

The federal Parliament offers its anxious counsel but it leaves to the people of Manitoba the responsibility to decide. Therefore, let this resolution pass.

Motion agreed to.

GOVERNMENT ORGANIZATION

NOTICE OF MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-152

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45 (1) (e), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report the subject-matter of the Bill C-152, intituled: "An Act respecting the organization of the Government of Canada and matters related or incidental thereto", in advance of the said bill coming before the Senate, or any matter relating thereto.

[Senator Roblin.]

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, the house leader did me the courtesy of advising me of his intention to propose this resolution. I should like to have an opportunity to reflect on its advisability, so I would respectfully decline granting leave.

Senator Frith: Honourable senators, perhaps this could be considered as notice for next Tuesday, if that is satisfactory to Senator Roblin.

Senator Roblin: Yes.

Senator Frith: It will appear under "Motions" next Tuesday.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday, October 11, 1983, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

AIR CANADA

REFUSAL TO PUBLISH AUDIT REPORT

Hon. Nathan Nurgitz: Honourable senators, I rise on a point of order and to ask a question.

On Tuesday, October 4, subsequent to a question raised by my colleague, Senator Marshall, on the refusal of Air Canada to publish an audit report, I asked a supplementary question and was given an undertaking by the Leader of the Government that he would obtain an answer. I received some sympathy for my question and an undertaking to try to obtain an answer. I point out, honourable senators, that neither the question nor the answer appears in *Hansard* of that day.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not pretend to answer for the people who have responsibility for that, and, unfortunately, they do not have an opportunity to do so. Now that Senator Nurgitz has drawn this

matter to the attention of the Senate, I will convey his inquiry to the people in charge of taking some remedial action, which I am sure they will do. Perhaps Senator Nurgitz would be helpful in assisting them to get the exact words in the right places.

Senator Nurgitz: I probably could not do that, but I would certainly be satisfied to have the undertaking of the Leader of the Government that he will seek an answer with respect to a revised edition of that report, one that would not disclose information commercially prejudicial to the airline.

Senator Olson: Honourable senators, I understood that and, while I am not ready to reveal all of the workings of my office, Senator Nurgitz will understand that people from my office heard his request for that kind of expurgated report. I believe a request went forward on Tuesday.

Notwithstanding what may or may not have appeared in *Hansard*, I will try to get the answer. I thought it was a reasonable question and I will get either what Senator Marshall asked for—that is, the whole report—or one with certain information withheld.

VETERANS AFFAIRS

POSITION OF LEGAL ADVISER TO PENSION REVIEW BOARD—VACANCY

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government in the Senate and has to do with a complaint from many veterans and organizations across the country that the position of Legal Adviser to the Pension Review Board, which is a very important position in a very important agency having to do with the adjudication of disability pensions, was let go two years ago, and no appointment has been made since.

● (1420)

I do not know why this would happen. I wonder whether the Leader of the Government could find out from the Minister of Veterans Affairs when that appointment will be made. Perhaps he could stress the importance of the appointment, in view of the age of the veterans and the consequent need to process applications for disability pensions as quickly as possible.

Hon. H.A. Olson (Leader of the Government): Honourable senators, I suppose what I ought to do is take the question as notice. I will ask the Minister of Veterans Affairs for a reply so that we can get his point of view on the circumstances that led up to the situation about which Senator Marshall is complaining. Although it is sometimes dangerous to say anything in advance of getting that sort of information, by way of a preliminary comment I would say that I do not believe that the Pension Review Board would be left in any sort of disadvantageous position with respect to dealing with the applications of the veterans. In other words, some alternative service must have been provided fairly expeditiously for them. Otherwise this government—and the conscientious Minister of Veterans Affairs—would have remedied the situation a long while ago. Nevertheless, I will seek that information.

Senator Marshall: Honourable senators, I accepted the answer of the Leader of the Government until he said that there is a reason for it. There is no reason for it.

Senator Olson: There is no reason that you know of.

Hon. David Walker: It must be a crown corporation.

Senator Marshall: Honourable senators, I think the Leader of the Government must also remember that he cannot maintain that everything is fine. I could tell him that the turnover of positions as a result of the move to Charlottetown is causing some concern. I will, however, accept that the question is being taken as notice and hope that I get a reply.

THE CABINET

NEWFOUNDLAND REPRESENTATION

Hon. Jack Marshall: Honourable senators, I have a question about another important appointment in the government. As the Leader of the Government and all honourable senators are aware, there is a vacant ministerial appointment for the Province of Newfoundland. Without mentioning anything about the reasons why the minister who was appointed has resigned that position, I wonder whether the Leader of the Government can find out if the Prime Minister has decided on a replacement? I ask my question because the Leader of the Government knows the importance to Newfoundland of having a minister in the cabinet, particularly when conditions in that province are so bad economically.

Hon. H.A. Olson (Leader of the Government): Honourable senators, I cannot even say that I will seek a reply to that question. All I can do is give an undertaking to Senator Marshall that I will convey his sentiments to the office of the Prime Minister.

MINISTER OF STATE FOR SOCIAL DEVELOPMENT

Hon. David Walker: Honourable senators, I direct my question to the Minister of State for Social Development. I was delighted, today, to hear about the Association of Social Sciences. Perhaps the minister is aware of this himself, but I am asking him to confirm whether it is correct that he is going to be the honoured recipient of a degree from the Association of Social Sciences.

When I first knew him, the minister was a very hearty young man and called himself Jakey. He said, "Call me Jakey"; I remember that well. Then it was "Jake"; then it was "Jack". When he receives this A.S.S. degree, he will be known as the Honourable Jack A.S.S. I think that is appropriate, under certain circumstances.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have never heard such a vile remark in my life.

Senator Walker: What kind of remark?

Senator Austin: A vile remark—your favourite kind, Senator Walker. I put you on notice that I will henceforth treat you accordingly.

Senator Walker: Honourable senators, here is a cocky young man who can't take it; he never could and he can't now. All one has to do is prick that skin of egotism and get underneath it to find that he is just a coward and a baby.

Senator Austin: Honourable senators, it is contrary to the rules to make personal references to honourable senators in this chamber. Senator Walker abuses the rules. He is an abuse of the process of this house and, quite frankly, he is an abuse of the substance of this house.

Senator Walker: Thanks for the lecture.

Hon. H. A. Olson (Leader of the Government): You need it.

Senator Walker: There's the other one. What a government we have, honourable senators, with those two people leading it. It is a farce.

CANDIAN WHEAT BOARD

VISITS OF MINISTER OF STATE ABROAD

Hon. Joseph-Phillippe Guay: Honourable senators, I have a question for the minister responsible for the Canadian Wheat Board concerning his recent visits to China and the German Democratic Republic. Could the minister explain the real purpose of those visits that necessitated his absence from this chamber? We missed his presence here. Can he also tell us whether any tangible benefits for Canada's prairie region resulted from those visits?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, in reply to the honourable senator, in recent weeks I have had the privilege, on behalf of the Canadian government, to visit Romania, the German Democratic Republic and, more recently, China. Such trips are undertaken as a means of promoting Canadian trade, recognizing the role of good customers in the grain trade in endeavouring to improve our standing in overseas markets.

Romania has not been a large purchaser of Canadian grain. Historically she has been an important agricultural country. However, from time to time she has required imports of grain, although the production of grain in that country has been increasing. We were shown their research facilities, and some of them are excellent. Their work appears to be very advanced.

In the course of our discussions we learned that there is a possibility of our obtaining a long-term grain agreement with Romania. Those discussions would be at the initial stages. However, they indicated an interest and, contrary to the belief held in many parts of the world, Romania seems to be in a stronger financial position than we had been led to believe. Interestingly enough, we recently sold approximately 100,000 tonnes of grain in that market through the private grain trade. That consisted of 70,000 tonnes of wheat and 30,000 tonnes of rye.

Romania has been successful in developing winter barley and our delegation was considerably interested in the possibilities of winter barley as a crop for western Canada. We have winter wheat, and winter barley would be something new. So far, winter barley is a crop that has been grown in climates that are warmer than Canada's, but it has interesting possibilities.

From Romania we went to the German Democratic Republic, where, on behalf of the Government of Canada, I was able to sign a joint trade agreement. During our stay in the German Democratic Republic, the representatives of the Canadian Wheat Board and the G.D.R. import agencies were able to sign a three-year grain agreement for the sale by Canada to the German Democratic Republic of one million tonnes per year of what is mainly feed grain. That is a large and important agreement which, to Canada, is worth approximately $500 million.

Hon. Senators: Hear, hear.

Senator Argue: I might say that by signing that agreement we have obtained 50 per cent of the market for feed grains in the German Democratic Republic. That is most satisfying for any Canadian interested in the development of our export markets.

Following that visit, we were recently in China, returning on Monday of this week.

• (1430)

I have not enjoyed international travel over the years. As a member of the House of Commons I sometimes had an opportunity to travel. On those occasions I usually said to myself, "I think I have more important things to do at home, and I am not interested in travel." I think that was a mistake.

However, it was my first visit to China. We were treated very well. I can tell you that the standing of the Prime Minister of Canada, the Government of Canada and the people of Canada with the Chinese government and its people is very high indeed.

Some Hon. Senators: Hear, hear!

Senator Argue: The Prime Minister of Canada has an important standing with the Chinese people. The standing of Canada with the Chinese people goes back to the days of Dr. Norman Bethune when he was with the people's army and administering medical services to the wounded combatants. Our relationship with the Chinese market began in 1961 when the Conservative government of the day made a wheat sale to that country.

Hon. Robert Muir: Which was condemned by the Liberal Party.

Senator Argue: I think it was welcomed by all Canadians and was a good move at the time. I thought I was being fair in making that comment but as soon as I start being fair, what kind of comments do I get?

Hon. D. G. Steuart: Don't be fair.

Hon. H. A. Olson (Leader of the Government): They don't understand what "fair" is.

Senator Argue: In any event, we have been in that market since 1961. We are starting the second year of a three-year

agreement with China to sell them between 3.5 and 4.2 million tonnes of grain. We have already sold them 2.1 million tonnes.

We have an excellent standing with the Chinese. In fact, we were told at two of the meetings by ministers and other authorities that it is the policy of the Government of China to come to Canada first when it is in need of grain. The Commissioner of the Canadian Wheat Board who was part of the delegation, Mr. Forrest Hetland, said that it was the first time that this policy had been enunciated by the Government of China and it was a very welcome statement.

Senator Olson: You can see the persuasive powers of our minister.

Senator Argue: In addition to the sale of wheat to the Chinese, we also discussed the potential sales of Canadian barley. We learned from the Chinese authorities that beer is becoming a popular drink in China, that consumption of beer is going up and that they are forecasting that they will require substantial quantities of malting barley and malt in the years ahead. Last year we sold China 82,000 tonnes of malting barley, and there is every indication that sales of that commodity to that market could increase. An encouraging prospect from our point of view and, I would think, from the point of view of China, is that through their incentive programs they have demonstrated in recent years that they are able to increase their production of grains, particularly wheat. And even as they are increasing their production of wheat, they are changing their diet somewhat and are reducing their consumption of rice.

At the same time incomes have been rising. It seems clear that, for the foreseeable future at any rate, as incomes in China increase the demand for wheat will increase. With our well-established position in that market, we believe that China will come to Canada first when it needs increased quantities of grain.

The Chinese are interested in other things produced in Canada. For example, they have an $80 million line of credit from the World Bank for the purchase of farm machinery. We put forward the advantages of the machines produced by Massey-Ferguson, Versatile and Co-Op Implements. I think it was a good visit on behalf of Canada. My belief is that it will pay dividends in the years ahead. I certainly felt it a privilege to be there representing the Government of Canada and also, I hope, the people of Canada.

Hon. David Walker: Honourable senators, I have spent a total of 26 years in the House of Commons and in this place, and I must say that Senator Argue deserves our thanks and heartiest congratulations. We have watched his career in the last year particularly, and he has done a wonderful job.

Senator Guay: I wish to thank the minister for his answer and also to congratulate him on the successful trip he made.

My question is this: In view of the agreement with the German Democratic Republic, which will have very beneficial results to Canada, will this give us a chance to consider the possibility of improving the rail line into the port of Churchill in order that we can ship more grain out of that port?

Senator Argue: As far as I am concerned, anything we do with respect to the export market I would hope would have that very welcome result. I think that all of these increased opportunities should make it easier for everyone to maintain and, hopefully, to improve the facilities at the port of Churchill.

FEED GRAINS—INITIAL PRICES—POSSIBLE INCREASE—WESTERN GRAIN STABILIZATION FUND

Hon. D. G. Steuart: Honourable senators, while the minister is warmed up I would like to ask him a question about—

Hon. M. Lorne Bonnell: About rape?

Senator Steuart: No. I will ask you about that, doctor.

My question deals with the initial price of barley. Most producers are aware that the price for feed grain has risen sharply since the price paid in the spring. I understand it has even increased since the end of the crop year on August 1. Is there any hope for the prairie farmers that they will receive another payment with respect to barley? Speaking of cash flow, which is a big concern to the farmers in western Canada at this time, I noticed the subject of the western grain stabilization fund was raised in the other place the other day. This fund has accumulated close to $1 billion and there has not been a payment out of it for some time. I wonder if there is any contemplation of change with respect to that act which would result in money being funnelled to western farmers? They are facing a pretty serious cost price squeeze at the present time. Can the minister answer those two questions?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, with regard to the possibility of increasing initial prices for feed grains, I think there are very strong arguments in favour of such a move. The main feed grain is, of course, barley. Markets have strengthened considerably in recent weeks mainly as a result of the widespread drought over the past five or six weeks in the United States resulting in a 48 per cent reduction in the corn crop. Higher world prices for barley today warrant an increase in the initial price for barley, which is one reason why there should be one.

The second reason is that the Wheat Board needs larger supplies of barley, and in order to encourage farmers to market their barley an increase in the initial price is necessary. The Wheat Board advises me that it is in this position. It needs those increased marketings of barley to meet its export commitments. Therefore, I have recommended to my colleagues an increase in initial prices.

I find that the process of government is careful and there is a great deal of consideration given by deputy ministers and by committees—the economic committee of cabinet first and then the cabinet as a whole—before a decision is made. I am confident a favourable decision will be taken. I hope it will be made shortly; but the process of discussions at the deputy minister level and committee level must take place first. I am hopeful that within the next two or three weeks that announcement can be made.

• (1440)

In the meantime, I would say to grain producers on the prairies that it is in their financial interests to market through the Canadian Wheat Board system the largest quantity of grain as quickly as possible to enable the Wheat Board to meet its export commitments and to assure the producers themselves of the highest possible return.

Senator Steuart's second question concerned the western grain stabilization fund. This fund has been in effect since 1976 and has been administered over that period of time on the basis that, for every $1 contribution by the farmers, the federal treasury contributed $2, so it is a very favourable system.

There have been a couple of payouts, but the money in the system has been accumulating at a rather rapid rate and the most recent information I have is that there is over $800 million in the western grain stabilization fund at this time.

Payments, however, have not been made as quickly as the architects of the legislation initially expected, and there are a number of factors. Inflation and sales have both been important factors, together with increased costs of production. However, the calculation is based on a five-year average of income and, while one might have expected payments in recent years, one of the factors militating against those payments was the very large marketings of grain from western Canada. I am informed that if we can change the five-year basis to a three-year basis, and make the contributions on a crop-year rather than a calendar-year basis, there could be a quite substantial payment in the farmers' hands next year.

These amendments would mean more realistic payments out of the fund in the future, while at the same time making sure that it is actuarially sound. I am making these recommendations to my colleagues. I have had meetings with the WGSA administrators and with the advisory committee composed of farmers, and they are in favour of these kinds of amendments.

There are other things that should be considered, such as should a farmer be able to withdraw from the act, even though, according to present provisions, he must stay in on a permanent basis. There seems to be an agreement among the advisors that if the producers were given the option of getting out after a period of ten years, that would be acceptable. They have already been under the act for eight years, and this amendment would provide that if, after a further period of two years, they feel they would be better off financially to get out and no longer be required to pay the two per cent of their proceeds into the fund, this would be possible. The feeling among the advisors is that, at the end of ten years, it will be clear to all the producers that it has been a very excellent investment from their standpoint; that much more will have been paid out than was paid into the fund, and this makes it a most attractive proposition.

At the moment, approximately 76 per cent of the producers of western Canada belong to the western grain stabilization fund. It is a good act with a sound foundation but there are reasons to propose amendments along the lines that I have suggested. If these types of amendments are recommended to Parliament, I am sure they will be given support, both in the House of Commons and in the Senate.

[Senator Argue.]

EXPORT OF FARM MACHINERY TO PEOPLE'S REPUBLIC OF CHINA

Hon. Robert Muir: Honourable senators, I would like to commend the minister on his successful visit to the German Democratic Republic, Romania and China and for his comprehensive and informative report. Having visited China myself on a number of occasions, I do not know of a better representative that this country could send than the present minister who has been involved in this particular field for so many years. In fact, when I served with him in the House of Commons, no matter to which party he belonged, he raised the problems of wheat so frequently that we almost had wheat coming out of our ears. When I would charge him with this, he would reply that I was always raising the problems of coal and steel and fish, so it worked both ways.

However, having viewed the situation in China myself, I am sure he would agree that great progress is being made there. My question today concerns farm machinery and equipment. The minister touched a little on that matter and it seems to me, from what I saw there, that much equipment is required. Perhaps the minister could tell us whether he followed up on that matter with the trade counsellors in our embassy, and whether he could report to us on that today.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank Senator Muir for his question. As far as our embassy officials are concerned, they had at least one and sometimes two representatives at each of the meetings that we attended, so they had access to the same kind of information that I received.

It is true that China greatly needs advanced agricultural machinery. They are making some progress and working very hard and should be commended for the progress that they are making. Some of the machines I saw, while quite modern, are very small. There is room, I think, for the provision of larger and more efficient machines. They have this $80 million that I referred to and they are very interested in improving their agricultural machinery. They have had technological exchanges with Canada in the recent past, and there will be more in the future.

At the moment the John Deere Company is marketing its machinery in China, perhaps more successfully than other companies because they got into the market early. I am informed that they provided certain machines at no cost to the Chinese in order that those machines could be used as demonstrators and the Chinese would be able to learn how to operate them. The Chinese are expecting bids from various machinery companies with regard to the spending of that $80 million. I pointed out to them that the Massey Ferguson Company of Canada produces many lines of excellent farm machinery; that the Versatile Farm Equipment Company is a world leader in the provision of four-wheel drive tractors and that Canadian Co-operative Implements has a good line of general machinery

and is able to produce machinery that would be very helpful to China.

The Chinese seem to be very interested in joint ventures, and it seems to me that the companies I have mentioned, together with any other companies that might be interested, should sit down with the Chinese authorities and with Canadian trade officials to discuss whether or not there is room for some joint venturing in the farm implement industry. I can see a lot of advantages for Canada, in that we would acquire additional capital that could be used for expansion of those implement industries and perhaps, at the same time, we would acquire almost an assured market for their production.

There is interest on the part of the Chinese in this area. They do need machinery. We have had some talks, and we are hoping that they will show an interest in the companies and in the equipment I have mentioned. However, these discussions are at an early stage and much more work will have to be done in this regard. Our country is in very good standing with the government and with the people of China. I hope that if we can get together with the people of China some very beneficial results will be achieved.

● (1450)

Senator Muir: I agree with the minister when he says that a great deal of work has to be done. I further agree that visits of this type are very beneficial, not only to the country visited but also to Canada.

Those so called experts in the media, both written and electronic, have to write something, but they do not dig into what is actually taking place or has taken place, or the benefits that can be derived therefrom. I repeat that visits of this nature are beneficial, particularly to China where progress is being made. They have a great difficulty to overcome, but they are going ahead, and going ahead well.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Royce Frith (Deputy Leader of the Government), for Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, October 5, 1983

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-110, intituled: "An Act to amend the Export Development Act", has, in obedience to the Order of reference of Tuesday, October 4, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. IRVINE BARROW,
Deputy Chairman.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith: Honourable senators, on behalf of Senator Stollery, the sponsor of this measure, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FOURTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate resumed from Tuesday, October 4, 1983, the debate on the motion of Senator Molson for the adoption of the fourth report of the Standing Senate Committee on Standing Rules and Orders which was presented on Tuesday, September 27, 1983.

Hon. Jack Marshall: Honourable senators, I do not think anybody has to worry about my taking up much time this afternoon, because I certainly agree with the report presented by the Standing Senate Committee on Standing Rules and Orders.

At the outset allow me to congratulate Senator Molson on the deep thought that went into the report, taking into account the changes which have taken place in the Senate with regard to membership.

I understand that we now have nineteen vacancies in the Senate, making it difficult to man all committees when the membership is set at 20, and even over 20. I agree with the recommendation that the membership requirement be dropped to 12. I do that with some qualification, however, because I understand that Senator Graham has asked that the membership of the Standing Senate Committee on Internal Economy, Budgets and Administration not be reduced. I can understand that request because there are various subcommittees of that committee that deal with important matters. At the same time, however, we must be uniform. If Senator Graham is allowed his request, I can see Senator Bonnell making the same request because of the increase in responsibilities given his committee, which will be renamed the Standing Senate Committee on Social Affairs, Science and Technology. For the sake of uniformity, I think we should go along with the changes as they are.

There is nothing to stop any member of the Senate attending a committee. A senator does not have to be a member of a committee to ask questions, although he does have to be a member to take part in the votes.

I think that the most difficult problem we run into is getting quorums so that committees can meet. I might suggest to the deputy leader that he get the Prime Minister to fill some of the 19 vacancies, but perhaps I should not say that because somebody else next year might be making the appointments.

However, I should like to see a more equal distribution of senators so that we can man all the committees.

I suggest that, when there is a shortage and a quorum cannot be found, the clerk of the committee be given the authority to appoint a senator to a committee. As things stand, that has to be done by the Senate. I see no reason why the clerk should not authorize a senator to become a member of a committee if the Whips so agree. If that were the case, it would be easier to find a quorum.

One thing I have promoted, which has now become a reality, is the change in the name of the Standing Senate Committee on Health, Welfare and Science to the Standing Senate Committee on Social Affairs, Science and Technology and to have added to its responsibilities consumer affairs, which I think is one of the most important subjects in this country today. Fitness and amateur sports, as well as youth affairs, have been added to that committee's responsibilities. That enlarges the scope of the committee, and I am certainly pleased that those topics have been included under its umbrella of responsibility, which also includes housing, another important problem in this country today.

I am pleased with many things, but most important, something that I have pushed for for many years, is the inclusion of a definite fisheries platform in the committees. I agree with the formation of the new Standing Senate Committee on Agriculture, Fisheries and Forestry. I foresee including "natural resources" in that because fisheries, agriculture and forestry are natural resources, so a committee on natural resources would embrace these elements of our economy.

I was a little disappointed that the recommendation that the Subcommittee on National Defence be made a standing committee was not adopted. I thought Senator Lafond, who has been pushing for that, would have been very angry, but being the man he is, I know that he agrees with whatever is best for the overall operation of the Senate. I think that that should be reconsidered, though.

Hon. Royce Frith (Deputy Leader of the Government): He was angry, but courteous.

Senator Marshall: Not being a chairman of a committee, I could not attend, and just as well.

In any event, I am pleased with the changes; I think they are adequate and apply to today's situation, and I shall be pleased to see the changes in operation during the new session.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

● (1500)

UNEMPLOYMENT

PROPOSED ALLEVIATION BY ESTABLISHMENT OF ARMED FORCES ENLISTMENT PROGRAM—DEBATE ADJOURNED

The Senate resumed from Wednesday, February 16, 1983, the debate on the inquiry of Senator Marshall:

> That he will call the attention of the Senate to the desirability of establishing an enlistment program in the Armed Forces to help solve the unemployment problem affecting young people and to teach them useful skills and to provide other training commensurate with today's needs.

Hon. John M. Macdonald: Honourable senators, this order has been standing in my name for some considerable time, and, while there is no urgency about the matter, I should like to speak to it today.

As some time has elapsed since Senator Marshall spoke to this inquiry, I should like to restate its wording, which is as follows:

> That he will call the attention of the Senate to the desirability of establishing an enlistment program in the Armed Forces to help solve the unemployment problem affecting our young people and to teach them useful skills and to provide other training commensurate with today's needs.

Honourable senators, it is well known that over many years Senator Marshall has contributed much on the subject of the welfare of our youth. It is also well known that he is greatly concerned and worried about what is happening to our young people who are unemployed and who have no hope of employment in the near future, and, indeed, in too many cases, in the foreseeable future.

Senator Marshall's concern, which is of great credit to him, was again well expressed in his eloquent and moving speech on the subject of his inquiry. He said that unemployed youth, through no fault of their own, are unable to put to work their ability, their skill, their education and their dedication. Indeed, it is evident that even highly educated young people, who have an understanding of our economic system, are just as frustrated as, and perhaps even more resentful than, those with less education and less knowledge of how the economic system works. These young people have grown up in a fairly affluent society and have no personal knowledge of the ill effects that follow economic depression.

Honourable senators, I am sure we all agree with Senator Marshall when he said:

> We need to build a true and decent society and at the same time create meaningful jobs for young Canadians.

I emphasize the word "meaningful." This is certainly our objective; it is what we all want to do.

The great problem is to find the means by which this can be accomplished. What actions by governments can bring about this much desired end if, indeed, action by governments can do so?

As a partial solution for youth unemployment, Senator Marshall suggests an enlistment program which would bring a large number of unemployed people into the armed services. These would be enlisted, I assume, into the army, navy and air force, with emphasis on the army. Senator Marshall did not commit himself to any specific number, though he mentioned, with apparent approval, the figure of between 25,000 and 50,000 which had been mentioned in the House of Commons.

I think he at least implied that he would like to go beyond the idea of a temporary measure and that he was in favour of some permanence in the program. Indeed, from his speech, I think it is fair to say that he would like to see some concept of national service made compulsory for young people. Honourable senators, I do not propose to comment on the idea of compulsory national service, except to say that I wholly disagree with it.

Hon. Royce Frith (Deputy Leader of the Government): That is quite a lot.

Senator Macdonald: Honourable senators, before making reference to the specific benefits Senator Marshall feels would result from the enlistment policy he advocates, I think it should not be overlooked that two other policies have been suggested or advocated. Mention has been made of a speech given by Senator Olson, Honorary Colonel of the South Alberta Light Horse, as reported in the Edmonton *Journal* of February 27, 1983. He was speaking to 25 militia recruits: 17 men and eight women, ranging in age from 19 to 25, who had completed six weeks of basic training which was roughly equivalent to basic training in the regular forces.

From the report of that speech, I do not think the senator regarded that program as a measure for creating employment, or, if so, only indirectly. He apparently mentioned that the training they received gave these 25 unemployed youths new confidence in themselves, and that this would be well worthwhile and beneficial to them in their search for employment. He said that it would also be beneficial to the militia. However, the primary purpose was not to create jobs.

While the primary purpose of Senator Marshall's proposal is to create jobs so as to help solve the unemployment problems of young people, any resulting benefit to the militia would be a side-effect or a bonus. It should be remembered that creating jobs for young people and strengthening the militia are two separate and distinct objectives and they should not be treated as one. In my opinion, if they are treated as one, neither program will get maximum results. Militia recruitment and training should be a program in itself—one that should be financed by the Department of National Defence and not by monies allocated to create employment.

Since Senator Marshall spoke, the government has instituted a recruitment program somewhat along the lines he suggested. It is a more modest program which would enlist 5,000 unemployed youths beween the ages of 17 and 25 into the Canadian Forces for a period of one year.

As I understand it, while these recruits would be processed, trained and paid as would recruits going into the regular forces, they would officially be classifed as Class C reservists, with no pension or other benefits. I do not know whether they are to come under the Unemployment Insurance Act or the Canada Pension Plan.

I notice that a somewhat similar plan has been put into effect in Great Britain. Under their plan, 5,200 young people, aged 16 and 17, will be offered a year's engagement in the regular forces. However, they will be able to leave at any time during that year on giving two weeks' notice, and they will not be sent to any trouble spots such as Northern Ireland. Under their plan, the army will take 3,700 applicants; the air force, 1,000; and the navy, 500.

I have not seen a breakdown of the number it is proposed to enlist in each of the services in Canada. In any event, honourable senators, without knowing all the details of the plan, I concede that it will be beneficial and helpful at the present time. Apparently, there is no intention to try to pressure these young people into the forces. As I understand it, at least 5,000 positions that are to be filled in Canada will be filled from the lists of those who have already applied for admission to the regular forces and whose applications have already been approved.

Honourable senators, I would like to see implemented the recommendation of the Senate Subcommittee on National Defence that the strength of the forces be increased by 4,400. Recruits could probably be obtained from among the applicants already approved or from among those on the waiting lists. I should like to see this done as a means of providing employment, although that would be only an indirect result since the main result would be bringing the forces up to strength. We should remember that Canada's armed forces, especially the army, have a proud tradition to uphold, and they should be given the equipment and the people to do so.

● (1510)

It may be that some of these vacancies are in highly-skilled categories and cannot be filled from the applications on file. However, I noticed that the new Chief of the Defence Staff, General Gerard Thériault, stated in an interview that manpower is not the issue in the Canadian Armed Forces but that new equipment is. According to the interviewer, the general regards today's regulars and reservists as "adequate" for peacetime. I do not know if the recommendations of the subcommittee have been followed or whether or not the general agrees with such recommendations. In any event, I believe it would be wise to have this apparent contradiction clarified.

I think it is fair to say, from Senator Marshall's speech, that he sees these specific benefits resulting from the adoption of his proposal. The main one, of course, would be the employment factor, with a dramatic drop in unemployment among young people. The other two results, which would come about automatically, would be assistance in helping to fulfil Canada's defence commitments and the development of our youth.

In commenting only on the main purpose of the plan, to induct 25,000 to 50,000 of our youth into the forces, I do not believe that such a number could be obtained voluntarily in peacetime, and that some type of compulsion would be necessary. Indeed, even in hard times economically, with the necessity to obtain food, clothing and shelter, I do not think that such indirect pressure would be sufficient to obtain such a large number of recruits; and a draft in peacetime would be repugnant to Canadians.

Honourable senators, even if a large number of unemployed young people were persuaded to join the forces, under the

proposal contained in Senator Marshall's inquiry and speech as a means of obtaining that kind of employment, I do not think it would be providing meaningful employment, as I understand that term. I believe that trying to overcome youth unemployment in that manner is a humiliating confession of failure on our part. We are telling our young people that our economic system is unable to provide them the opportunity for meaningful employment. Can we blame them if they want to try some other economic system?

I think our young people deserve something better than to be told that they cannot obtain meaningful employment in civilian life and should, therefore, join the armed forces. It is not fair either that our forces should be asked to assume that responsibility. The services have their own methods, developed over the years, of selecting promising recruits from among the applications they receive, and those services should not be pressured into accepting a large influx of persons apart from their own selection.

In any event, the inquiry actually deals with two separate and distinct matters: one is youth unemployment; the other is the benefits of training in the services. I believe they should be dealt with separately, and we should not attempt to increase and strengthen our forces under the guise of an appeal to provide employment. If we need more people in the services—and the report of the Subcommittee on National Defence indicated that we do—then let us obtain them in the regular way, dealing separately with the problem of youth unemployment as the complex, difficult and, indeed, terrible problem it is.

I regret that I am unable to agree with Senator Marshall in his very powerful and persuasive appeal to use the services even as a partial solution to this problem. I realize that he has support in high places for his point of view, particularly when he quoted from a statement made by a former Minister of National Defence. That former minister appeared to give a hint of supporting compulsory service. In my opinion, no evidence has been given that would justify the statement of that minister that participation in a military program would give our youth invaluable training and personal development.

However, I strongly support Senator Marshall's objective, as I understand it, although I disagree with the means proposed to attain it.

What is his objective? I should like to quote a sentence from his speech on February 16, 1983. He said:

> Our efforts should be directed towards extracting the multitude of talents that we know they all have in their young bodies and minds; towards giving them something meaningful to do, challenges to accept and objectives to strive for—

Those are certainly worthy objectives. I should like to add one more, which is to help provide a good society where they can live in peace, with economic security. I do not think those objectives can be achieved by the method proposed in Senator Marshall's inquiry.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, under rule 29 Senator Marshall has the right of final reply if he wishes to close the debate on this inquiry. If he does not reply, then we can consider it debated, but I do not want to make that suggestion without Senator Marshall's agreeing.

Hon. Jack Marshall: Honourable senators—

The Hon. the Acting Speaker: I wish to inform the Senate that if the Honourable Senator Marshall speaks now, his speech will have the effect of closing the debate on this inquiry.

Senator Marshall: Do I have permission to adjourn the debate?

Senator Frith: Yes.

Senator Marshall: Then I do that, and I shall make my reply on Tuesday of next week.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until Tuesday, October 11, 1983, at 2 p.m.

THE SENATE

Tuesday, October 11, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today, it do stand adjourned until Thursday, October 13, 1983, at two o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Frith: Honourable senators, this motion is consistent with what has recently become our custom, and that is to leave Wednesday morning open for caucus meetings, and the afternoon and, if necessary, the evening for committee meetings.

The committees are quite active this week, so the motion leaves Wednesday free for committee activity by proposing that the Senate not sit again until Thursday at 2 p.m.

Motion agreed to.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FOURTH MEETING—REPORT OF CANADIAN DELEGATION PRINTED AS AN APPENDIX

Hon. Henry D. Hicks: Honourable senators, I give notice that on Tuesday October 18, 1983, I shall call the attention of the Senate to the twenty-fourth meeting of the Canada-United States Inter-Parliamentary Group held at Minaki Lodge, Ontario, from June 16 to 20, 1983.

I have the report of this meeting in both official languages and should like to have it printed as an appendix to *Debates of the Senate* of this day so that senators will have an opportunity to familiarize themselves with it and to make comments on it. As the report shows, the meeting dealt with matters of great importance to both Canada and the United States.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 6025.*)

THE HONOURABLE JACQUES FLYNN, P.C.

NOTICE OF ILLNESS

The Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, before we begin Question Period, I wish to inform you that my friend, the Leader of the Opposition, Senator Jacques Flynn, was taken ill over the weekend and is now in intensive care. Naturally, we are optimistic about his prospects of returning to his post in the Senate in the near future, but we do not expect to see here him for the next little while. I know that members of the Senate would like to have conveyed to him and to his wife their best wishes for his early recovery.

Hon. H. A. Olson (Leader of the Government): Honourable senators, on behalf of those on this side of the chamber—and I think it would be unanimous on both sides of the house—I should like to say how sorry and troubled we were to hear of Senator Flynn's illness. We join with the Acting Leader of the Opposition in expressing our hope, indeed, our prayers, that he will have a speedy and complete recovery. We also wish to convey those sentiments to the members of his family.

QUESTION PERIOD

[*English*]

PARLIAMENT

LEGISLATIVE PROGRAM

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, from time to time a number of bills have been mentioned that are to come before the Senate for consideration, but in the course of time they seem to have receded into the distance. Can the Leader of the Government tell us the bills that are likely to come to us from the House of Commons before this session is terminated?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I can give you some indication of the bills the government considers high priority. One is Bill C-155, which is now making its way through the House of Commons. The Standing Senate Committee on Transport and Communications has begun a pre-study of the subject matter of that bill and, as I understand it, considerable progress has been made in hearing witnesses.

Bill C-110 is before the Senate for third reading later this day, and it is hoped that it can receive the attention it requires today, or, if not today, at least at some time later this week.

Bill C-152 is making some progress in the House of Commons. It is rather important, as far as the government is concerned, that this bill be dealt with as soon as possible because of the announcement on several significant parts of it made by the government on January 12, 1982. Since then some action has been taken with respect to reorganizing several departments, such action being well known to honourable senators.

I know that a number of other bills have high priority, but I do not believe that the passing of any of them would be regarded as being absolutely essential this session. Those bills, whatever they are and however important they are, can be reintroduced next session. Moreover, with the approval of the opposition in both houses, they could possibly be reintroduced at the stage they are now at or will be at before prorogation of this session, if that turns out to be the sequence of events.

I would not like what I have said to be misinterpreted; it in no way implies that there are no other important bills. To some people in Canada other bills are extremely important, but the government takes the position that Bill C-155 and perhaps Bill C-152 ought to be dealt with this session because of the lapse of time since certain action was initiated and, indeed, is under way with respect to those bills. Of course, we have Bill C-158, which is the CDIC bill, as well as Bill C-12, the bankruptcy bill. There are a number of others, but I do not think that they fall into the category of being absolutely essential before prorogation of this session.

Senator Roblin: I take it that what my honourable friend is telling us is that there are three bills which he thinks are essential to the government before prorogation, namely, Bill C-155, the Crow bill; Bill C-110, the Export Development Act amendments, which is before us now; and Bill C-152, respecting government organization for which a pre-study will be sought later today. I am not disposed to stand in the way of those three bills, but I am taking it as the minister's statement that those are the three bills we may be asked to deal with before prorogation. There is a list of others that goes on endlessly, but I am not expecting a serious effort to be made to pass those bills.

I should like to bring to the notice of the Leader of the Government the arrangements that have been made for committees. One of the reasons for sitting on Tuesday afternoon is to keep available the evening for committee meetings, which is fine. One of the reasons for not sitting on Wednesdays is to have the day open for committee meetings, which is fine. The problem I should like to deal with is that we have yet to space those committee meetings sufficiently far apart that we can deal with them adequately. This evening we have the committee on the Crow meeting at 7.30 and, unless the time has been changed, the Standing Senate Committee on Legal and Constitutional Affairs is meeting at approximately 8 o'clock.

Senator Frith: The Legal and Constitutional Affairs Committee is meeting when the Senate rises.

Senator Roblin: Then I feel a lot better about the situation.

[Senator Olson.]

The Standing Senate Committee on Foreign Affairs is meeting at the same time, and as we are limited in numbers on this side we therefore we cannot attend these committees in adequate numbers if they all meet at the same time.

Tomorrow afternoon a similar situation arises in that at approximately 2 o'clock three committees are meeting. The Standing Senate Committee on Foreign Affairs is meeting at 1.45 p.m.; the Standing Senate Committee on Transport and Communications, dealing with the Crow, is meeting at 2 p.m.; and the Special Joint Committee on Official Languages is meeting at 3.30 p.m.

Before our sitting is over this afternoon, could the leader examine this question to ascertain whether we could space these committee meetings an hour or an hour and a half apart so that they could be better attended by members of this chamber? I thought that we had an arrangement whereby this would be looked at on a consistent basis, but it seems to have fallen through. Either that is the case or committee chairmen do not pay any attention to what they are asked to do. I should like to make an urgent appeal that this matter be taken in hand and put right. Otherwise, we are not going to get the attendance at these committees which the importance of their subject matter deserves.

Senator Frith: Honourable senators, with respect to some of the meetings, Senator Roblin was not quite correct, although that does not in any way change how justifiable the substance of his remarks is. I believe that the Legal and Constitutional Affairs Committee meets this afternoon when the Senate rises. As he pointed out, the Transport and Communications Committee meets at 7.30 this evening and then at 8.15 the committee studying the security intelligence service is meeting.

Senator Roblin: That is the one I was referring to.

Senator Frith: The Foreign Affairs Committee meets at 1.45 p.m. on Wednesday, and he was quite correct in giving the times of the other committee meetings that he mentioned. That does not change the fact that I agree with him that this question of overlapping is exacerbated by the fact that we have a number of vacancies, and by the problem that we understand the opposition has in manning these committees in view of the imbalance of numbers.

● (1410)

I do believe the system, which was working quite well under the guidance of Senator Lafond, does need sprucing up. Too often committee chairmen make their decision on the basis of information given by Mr. Belzile as to the availability of rooms, clerks, and support systems. They then go ahead and call their meetings without concern for the overlap in membership and the fact that very frequently senators are required to be in two or three places at the same time. I totally agree that we must try to avoid that situation. It happened last week, and it will happen again this week.

I will confer with Senator Lafond and Mr. Belzile to deal with the problem which has been quite properly raised by the Acting Leader of the Opposition.

Hon. Henry D. Hicks: Honourable senators, just to complete the record, I listened carefully to the recitation of committee meetings by the Acting Leader of the Government.

I would point out that the Standing Senate Committee on Foreign Affairs is meeting this afternoon at 3.30 jointly with the Committee on Foreign Affairs and National Defence of the other place in order to hear Mr. Derek Davies, Editor of the *Far Eastern Economic Review*. This is a further illustration of duplication of some of the activities in which honourable senators are interested, and which they can rarely attend to the extent that they would wish.

Hon. Martha P. Bielish: Honourable senators, I would point out that the Special Joint Committee on the Reform of the Senate of Canada will be meeting in Quebec City tomorrow evening and on Thursday morning. Honourable senators will have to travel tomorrow afternoon and, therefore, will be unable to attend any other committee meetings this week.

Senator Roblin: I should like to offer a suggestion to the house leader, and that is, when the Director of Committees receives word from the various committees that they want to meet, and his chart indicates that they may overlap, he should be instructed to inform them at that time that they are trespassing on someone else's territory and that someone else has gotten there first.

I would make another suggestion, and that is, if after that information is digested, the situation is not improved, he be instructed to inform the house leader of the situation. That gentleman will then have an opportunity of knowing the problem and being able to do something about it before we get into a straitjacket such as we are in at the present time.

EMPLOYMENT AND IMMIGRATION

ON-THE-JOB TRAINING

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate having to do with a very interesting article in a Toronto newspaper by the former principal secretary to the Prime Minister, Mr. Jim Coutts.

He recommended to the government that they provide 400,000 on-the-job training positions that should be created in the next 12 months for young people under age 25.

Would the Leader of the Government indicate if any progress has been made in regard to that excellent suggestion?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not quite sure what the connotation attached to "any progress" is, but whatever it means, I have not read the article. Perhaps Senator Marshall could be helpful in identifying the date so that the article can be located. I am quite sure there is a copy of it somewhere in my offices.

I will ask the Minister of Employment and Immigration for his comments about some of the methods and the process of creating that many additional jobs.

Senator Marshall will, of course, be gratified by having read the statistics for the last year concerning the very large number of jobs created in Canada, not only by the government but by private, non-government agencies as well.

Senator Marshall: I believe the article was published last June. When His Honour the Speaker asked for delayed answers, I realized I had a delayed question.

I wanted to draw some comparison with that article and the release by the Minister of the Environment indicating that 40,000 jobs would be created for youths in the environment area. Is that part of the program mentioned by Mr. Coutts, or is it 40,000 jobs instead of 400,000 jobs?

Senator Olson: Honourable senators, I do not believe we should be particularly exclusive in this area. I also believe that I should be careful not to get sucked in further than I intended to be in connection with this matter, because I have the feeling that is happening to me at this moment. I will obtain some replies from the ministers responsible and perhaps give Senator Marshall an update on the excellent improvement now being experienced in connection with job creation. The situation may not be totally satisfactory or even close to being entirely satisfactory, but the improvement has been both significant and gratifying.

Senator Marshall: I should correct myself. I mentioned a figure of 40,000; it should be only 4,000. I was getting my zeroes mixed up.

INDUSTRY

MAISLIN INDUSTRIES LIMITED—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to draw the attention of the government to the fact that notices have been appearing in the press in recent days concerning the sale of the assets of Maislin Industries Limited. Can the minister give the Senate a report on the status of our loan to that company, namely, what the actual amount is now, what place it occupies in the priorities set up by the receiver for the liquidation of the debts of the company, and the government's estimate as to whether any of that sum will be recovered?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will make an inquiry of my colleague responsible for that matter. I believe it is the Minister of Industry, Trade and Commerce.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—MOTION FOR THIRD READING—DEBATE ADJOURNED

Hon. Peter A. Stollery moved the third reading of Bill C-110, to amend the Export Development Act.

On motion of Senator Roblin, debate adjourned.

STANDING RULES AND ORDERS

FOURTH REPORT OF COMMITTEE REFERRED BACK TO COMMITTEE

The Senate resumed from Thursday, October 6, 1983, the debate on the motion of Senator Molson for the adoption of the fourth report of the Standing Senate Committee on Standing Rules and Orders which was presented on Tuesday, September 27, 1983.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have not a great deal to say about this report because generally I consider it to be a progressive measure, one which should result in some improvement in the way we do business. However, there are one or two points that perhaps are worthy of mention. While the committee proposes to reduce the membership of our usual committees from 20 to 12—a reduction of 40 per cent—I would have been happier, as I said in committee, if the number had been reduced to 15 rather than 12. My reason is that it gives us a little more scope to have geographical and other representation on those committees, particularly when you recognize that the opposition will probably have four members on a 12-member committee. That does not give much scope for any sort of representational quality to a delegation from this side of the house. When the number is reduced from eight, as it is now, to four, it presents a problem for us. We will struggle with it the best way we can, but I wish to underline the situation in case at some future date I would like to have the matter reconsidered.

Among the other points that I should like to mention is the question of a quorum. The quorum on a committee of 12 is to be four, which is not very many. I understand that quorums are related to votes or decisions that the committees might make. My point is that I hope that the chairmen of committees will consider the advisability of making sure that both sides of the house are represented in such a quorum. If a committee requires only four people to form a quorum, it is desirable that not all of them represent one side of the house; there should be representation from both sides of the house. Of course, I recognize the responsibility of those on both sides of the house to get their people out so that the chairmen are not unduly handicapped by this rule. Speaking for this side of the house, I can say that we will do our best to get our people out.

● (1420)

If the chairmen could be asked to pay attention to the point, when we see the need for representation in a quorum, we can certainly make sure that it is met. I would not like the matter to just go by default without any statement on the subject.

Another point on which I seek clarification, although I guess the wording is clear, is the status of the Deputy Leader of the Government and the Deputy Leader of the Opposition and their leaders as to whether or not they are *ex officio* members of the committee. At the committee meeting, I had the impression that both the leaders and the deputies were *ex officio* members of committees. However, in reading the words of the resolution, it refers to the "leader or the deputy," not to both the leader and the deputy. I want to be sure that I am quite right that it is intended to be both.

The final point that I want to make is that I hope we can not only improve the scheduling of the committees but improve the notices that are sent out. I do not know why a committee cannot give 48 hours notice of when it is going to meet. Last week I received a notice on my desk for a committee meeting which was to be held in an hour from the time I received the notice. It is not very easy to arrange one's affairs with all these committees meeting as they do without proper notice. I wish that we had a rule saying that the committee chairmen had to give at least 48 hours notice of meetings. Since it is not in the rules, I shall merely content myself with the hope that the chairmen of committees will consider the problem of attendance and give reasonable notice to committee members so that they can get there when they are supposed to be there.

Apart from those comments, honourable senators, I have nothing more to add about the changing of our rules. I hope that they will turn out to be a workable and practical experience.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the debate that has followed the presentation of this report and the introductory remarks of the chairman has, if I am summarizing correctly, indicated support for all the proposals, though some questions as to collateral matters have been raised. For example, there is the question of Senator Flynn's proposal to have the replacement of committee members follow the precedent and procedure established for special committees and particularly for special joint committees, which would have the effect of making it easier to change the membership of committees than is presently the case. Presently, changes in committee membership are made here in the chamber by order of the Senate.

There is the question of whether certain committees should be composed of 15 members rather than 12 members. There was some debate as to whether, for example, the Standing Senate Committee on Internal Economy, Budgets and Administration would be better to have 15 members rather than 12, and the same would apply for the Standing Rules and Orders Committee as well as the Banking, Trade and Commerce Committee. Another point raised in the debate was the question of the status of the National Defence Subcommittee of the Foreign Affairs Committee and whether it should be raised to the status of a standing committee.

Then there are the three points raised by Senator Roblin. There is the question of chairmen being required to note the lack of representation by either party at a committee meeting. I do not expect we would want a committee to be required to adjourn because of the absence of certain members, but I agree with Senator Roblin that it might be drawn to the attention of the committee, and it should make the decision.

Senator Roblin is quite right in saying that the original proposal before the committee was that the leaders and deputy leaders on both sides of the chamber would be *ex officio* members of each committee. However, the committee decided

that it would prefer to make it "or," in the sense that if the leader of either side is not present then the deputy leader would be the *ex officio* the member.

Then we have Senator Roblin's point with respect to 48 hours' notice of committee meetings.

Honourable senators, it strikes me that it would be a good idea not to proceed with the report but, rather, refer it back to the committee to allow it to take into account these various comments which have been made, without treating them in any way as directions, and let the committee decide what it would like to do respecting the comments, suggestions and observations which have been raised here in the chamber.

I respectfully suggest to honourable senators that it would not be appropriate to try to make amendments or to be any more specific than that. Our practice has been to give the committee general directions as to what we would like it to look into, and then let it deal with the actual wording rather than tie it down with the Senate's opinion on words, punctuation and so on.

Having said that, honourable senators, I move, in amendment, that this report be not now adopted but that it be referred back to the Standing Committee on Standing Rules and Orders for further consideration.

Motion in amendment agreed to.

NATIONAL DEFENCE

CONSIDERATION OF SECOND REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Wednesday, June 15, the debate on the consideration of the second report of the Subcommittee on National Defence of the Standing Senate Committee on Foreign Affairs entitled: "Canada's Maritime Defence," tabled in the Senate on June 15, 1983.

Hon. Jack Marshall: Honourable senators, I am pleased to follow our chairman, Senator Lafond, in addressing some comments with respect to the second report of the Subcommittee on National Defence which focuses attention on Canada's maritime command. I would again like to commend him for his leadership in guiding the committee through its deliberations and his persistent determination to place before Canadians a complete picture of the state of Canada's maritime defence capability, or lack of it. He has pointed out the urgency with which the government must act in preparing a comprehensive inventory of what is required, together with the cost, in order to restore Canada's proud forces to a state of military decency.

After re-reading Senator Lafond's very precise account, which he gave on June 15 last when tabling the report, I came to the conclusion that there was nothing left to be said. This fact is strengthened by reviewing the report itself, which, indeed, is self-explanatory. However, as Senator Lafond alluded to in his remarks, we must continue to call the attention of Canadians to just how shaky our defences are, despite the fact that in the last couple of years we have seen a realization of the need for, and the production of, new material. I am referring specifically to the acquisition of the F-18s, the frigates and the tanks, which are coming into reality.

The honourable senator also alluded to the need for debate in this chamber on the substance of the report. In agreeing with him on that count I know that other senators will carry out his challenge to lend added credence to the subcommittee's call for action by our government.

• (1430)

Certainly, the report did receive widespread attention from the press, but I feel it only fair to particularly commend the Halifax *Chronicle Herald* for its in-depth examination and analysis of the report, which continued over a period of many weeks in editorials and columns, and for the presentation of the complete report in its August 15 edition because its editors felt it should be essential reading for all Canadians. Perhaps some of the other news media should have taken an example from the Halifax *Chronicle Herald*.

Some four months have elapsed since the report was tabled, and it might be worthwhile repeating what I, at least, consider its main thrust. I quote from pages 54 and 55 of the report where it refers to the desirable force level of our maritime capability and its costs.

> Canada reached the present state of continuing decline in its maritime forces because there has been no naval construction for 15 years; no construction in significant numbers for 20 years; and no adjustment in the defence budget to take account of these facts. The country is now confronted with two problems: the necessity of replacing virtually the whole fleet at once; and the need for a short-term solution to a lack of numbers, while the longer-term objective of acquiring more capable weapons-platforms is pursued.

With respect to planning for the future, the report says:

> There is no easy way out. Canada's maritime forces need substantially more money for capital acquisitions. They need it now, and it cannot be acquired at the expense of the air or land forces if the latter are not, in turn, to hit bottom. It is clear that the current formula for financing has not worked and will not work.
>
> Decisions need to be taken now which recognize that our maritime forces are inadequate for their intended purposes; which determine the required force levels and the desired fleet mix; which take into account the need to compensate quickly for current lack of numbers; and which set a target date for achieving these goals. Realistically, the target date cannot be nearer than a decade away, because any purchases decided upon now would not produce a lead unit in under three to five years. Next comes the problem of ordering the purchases so that, if not the desired balance, at least a tangible improvement in quality and quantity will be reached far earlier. Then the government should decide how much more money than currently projected can be realistically devoted to the

defence budget and how much more the defence department can effectively absorb in the short run.

On desirable force levels and costs, the report goes on to say:

> In the sub-committee's view, the primary aim of Canadian maritime defence policy should be to create a renewed, balanced fleet within twelve years. The policy should take into account both the need for approximately twice as many major weapons-platforms as as MARCOM now possesses and the need to compensate rapidly for current lack of capabilities and numbers, while ultimately creating a balanced force . . . Costs of other items are considered to be in addition to already planned expenditures. Increased spending is necessitated by the need to rapidly rebuild a critical, perhaps *the* most critical, element of our national defences, which has been allowed to deteriorate to the point that it cannot fulfil its tasks.

We in the committee realize, honourable senators, that money is hard to find, but it must be found for this purpose. If I can presume to use the words of the Prime Minister, which were recently uttered in another context he said, "It is five minutes to midnight."

The committee then suggests:

> —that an extra $550 million per year . . . be dedicated to the acquisition of capital equipment for MARCOM commencing in 1984-1985 and continuing for twelve years. This would total $6.6 billion by 1996. We consider the annual amount to be affordable by the country. It is an amount that could be efficiently absorbed by DND.

It is affordable, and it is most necessary.

> It would represent a seven per cent real increase in the defence budget, an 0.64 per cent increase in the national budget, and an increase in defence expenditures as a percentage of GNP from just over two per cent to about 2.2 per cent. This would still leave Canada with the lowest defence expenditures in relation to GNP of all NATO countries—

Honourable senators, we can continue to plead and beg for what is only fair and necessary to catch up and rehabilitate our maritime forces. However, there should be an honest confession by our government that they have been negligent in keeping faith. We must have a commitment that they will maintain an adequate force for the defence of our country, to share with the U.S. for the defence of North America and to commit enough resources to maintain our NATO obligations.

Whatever our policy is for defence, it must be clearly redefined and backed by a commitment to ensure that the required manpower and matériel will be provided, in accordance with a stated timetable. To omit this would be to repeat the current situation where it is evident that we are unable to fulfil our tasks.

The committee noted with some alarm that there are no less than 56 tasks assigned by government to the military with absolutely no order of priority—tasks that cover a multitude of duties that can only be described as mind-boggling. The government keeps telling us that we cannot afford to maintain our forces to a respectable level. If that is so, then let us use some common sense. Let us combine our best efforts in Canada with a military-industrial strategy to serve our economy and well-being. Barney Danson, a former Minister of National Defence, pointed out some years ago that our defence budget, which at that time was $4.5 billion, had an economic impact out of all proportion to its size. Almost 60 per cent of that budget was payroll; some 20 per cent came back to the government in taxes; and the balance bolstered the sale of goods and services, since many of the military bases channelled their spending into areas that needed it and enabled local industry and utilities to survive. I presume these proportions are still applicable today, although on a larger scale since the budget is much larger.

Honourable senators, it is recognized that Canada is a non-military nation, but unfortunately there exists an apathy towards military preparedness. While our government is reluctant to increase vital expenditures on the scale required, it seems to me a little ingenuity would not go amiss and that some honest effort could be made to adapt our civilian capacity to war-time use. Perhaps the lessons learned by the British forces in the Falkland Islands could be useful to us in that respect, and I would like to read from the report which was prepared on that war:

> The Campaign brought home the significant contribution which civil resources can make to the nation's strength in a crisis.

And I would remind honourable senators that the war in the Falkland Islands ended not so very long ago.

> The smooth and rapid implementation of existing contingency plans to use merchant shipping in support of the Services was a major success story of the Campaign. Some 45 ships were taken up from trade, from passenger liners to trawlers. They provided vital support across the entire logistic spectrum. Tankers carried fuel for ships, aircraft and land forces. Liners, such as the *QE2* and *Canberra*, and ferries gave service as troop carriers. Cargo ships, such as the *Atlantic Conveyor*, carried helicopters, Harriers, heavy equipment and stores. Other vessels were taken up as hospital ships, repair ships or tugs. All these ships were manned by volunteer, civilian crews, supplemented by small Naval or RFA parties.
>
> Amongst the more notable conversions made to merchantmen were:
>
> (a) The fitting of flight decks, which were designed and constructed in a matter of days and subsequently stood up to extremes of weather . . .
>
> (b) The provision and fitting of equipment to all merchant ships to enable them to replenish at sea.
>
> (c) The equipping of trawlers as minesweepers, which swept some ten enemy buoyant mines—

Together with other adaptations of equipment as necessary.

> Civil air carriers supplemented the efforts of the RAF Air Transport Force and between April and June trans-

ported more than 350 tons of freight, including helicopters, to Ascension Island.

The Dockyards, civilian ports, stores depots, marine services and staff in Government Departments, together with hundreds of industrial firms large and small, played a major part in despatching and sustaining the task force.

● (1440)

As a consequence of the Campaign we have decided that militarily useful features should be incorporated in the replacement for *Atlantic Conveyor*, involving principally a prefabricated helicopter flight deck. We also have an option to take up the ship for a period each year for exercises. For the longer term a working party of the Shipping Defence Advisory Commmittee will examine ways in which merchant ships likely to be required in any future emergency might be designed, modified or equipped for possible use in support of the Armed Forces or for self-defence.

That is an exact example—since we are so low on funds and are always crying about that—that we should follow. We should adapt merchant carriers or their counterparts for use in war.

It is interesting to note that just about one week ago the federal government gave contracts worth $340 million for icebreakers, fisheries ships and other types of craft that could be adaptable. For example, two icebreakers are being built in Vancouver and another one in Quebec. As well, three fisheries protection craft are being constructed. The committee noted that and tried to impress that on the government in our meeting, but so far to no avail.

As I travelled across the country as a member of the Subcommittee on National Defence, I had a set of blinkers on thinking that Maritime Command started and ended on the East Coast, but I was frightened and alarmed when I visited MARPAC on the West Coast to see our anti-submarine warfare capability, which has shrunk over the years.

In 1960 we had 12 ASW Neptunes and three ASW Trackers, which shrunk to four ASW Auroras in 1983. The Aurora is, of course, an excellent aircraft but is available in ridiculously low numbers. If one Aurora is grounded for whatever reason, 25 per cent of our air ASW resources on the West Coast are lost. It is a rare day, we were told, when more than two Auroras are fully mission capable.

Honourable senators, the figures I have here will give you a good idea of how negligible we have been in providing a decent force. Canada, with a coastline of 59,000 miles has 18 Aurora aircraft, four situated on the West Coast, with, if we are lucky, two operational. The Netherlands, with a coastline of only 228 miles, has 13 P3-C, which are equivalent to the Auroras. Japan has 5,500 miles of coastline and has 130 P2 and S2F aircraft, again similar to the Aurora. Japan has another 45 P3Cs on order and 40 to 50 more P3Cs planned for the future. Canada, with 59,000 miles of coastline, and which is supposed to assist the Americans on the West Coast against the Soviet threat, has four Auroras, two operational.

We were told that the operational forces require bases to operate from and that those bases must be capable of providing a full range of support. There are only two major operational bases on the West Coast, Esquimalt and Comox, with the former supporting the ships and the latter the aircraft. Comox has received some upgrading as part of the Aurora program and will receive additional assistance in connection with the CF-18 program.

Esquimalt is a different matter. The majority of buildings in the dockyard were constructed 80 to 85 years ago, and those have been supplemented by World War II frame buildings. Very little upgrading has taken place in CFB Esquimalt except for some very limited crane and jetty work and some services renewals. The Base Development Plan has been developed and is sitting on the shelf as DND resources are directed elsewhere or continually reduced by budget cuts. Our anti-submarine warfare capability is decreasing and has decreased to what is only an embarrasing level.

Again on the Falklands war, I should like to compare, for the sake of comparison, Argentina, which has a similar population to Canada, and should like to give you some figures which I have had prepared by the Library of Parliament.

The population of Agrentina, which was the enemy and put up a good fight, was 29 million against Canada's 24 million, which is now 25 million. Argentina has an area of one million square miles while Canada has almost four million square miles. Argentina has a coastline comprising 3,100 miles, and we have 14,206 miles on the Atlantic and the Pacific seaboards. Argentina's gross national product was $124.6 billion against Canada's $340 billion. Argentina's defence expenditures were $10.08 billion against Canada's $6 billion. Argentina's percentage of gross national product allocated to defence costs is 8.1 per cent and Canada's is 1.7 per cent. The defence costs per capita in Argentina are $350 compared to Canada's $238. Argentina's armed forces number 180,500, with 118,000 conscripts, compared to Canada's 82,800.

That brings me back to my plea that we should be training our youth on a rotational basis over the years so that they are prepared for emergencies.

Argentina has 250,000 reserves against Canada's 20,000, so honourable senators can see that we have not done and are not doing very well.

Honourable senators, the frightening prospects of a World War were brought back to us recently by the shooting down of a Korean Air Line aircraft. For whatever reason, whether murder or accident, too many innocent lives were wiped out unnecessarily in seconds.

So rather than argue about retaliation, Canada must take a new pledge to defend itself adequately in the future. Things have gone beyond the stage of apathy.

The formation of the Senate Subcommittee on National Defence must have been prompted by people such as Senator Lafond and his colleagues because they realized the need for the protection of our country and our citizens.

During the past three years that subcommittee has produced two comprehensive and realistic reports showing how Canada should prepare for the future at the lowest possible cost. The committee has just begun the third phase of its work, to review and assess Canada's Air Command capability, and time is precious. Unfortunately, our visit to air bases in Western Canada was cancelled today, and more time will be lost.

As a member of the committee—and I say this with due respect to my colleagues—I feel that the Minister of National Defence has insulted us and owes us an explanation for not having approved the visit.

Senator Duff Roblin (Acting Leader of the Opposition): Who cancelled the trip?

Senator Marshall: The Minister of National Defence would not approve it, for some reason or other, and Senator Lafond, in his wisdom, cancelled it. The kindest words I can use are that the minister should apologize, and, in spite of himself, let us help him instead of listening to someone who has given him bad advice.

Honourable senators, I look forward to continuing with our work on this important and worthwhile effort. It is my hope that at least one recommendation which the committee made will be implemented, and that is that the public be educated in what we are doing and what we need. That recommendation states:

> In order to enhance public understanding of defence requirements and to strengthen parliamentary control over defence expenditures, the sub-committee recommends that the Description of Military Tasks in its new and more comprehensive form be revised at the beginning of each new parliament—

I should like to change that to "each month".

> —and tabled for reference to the relevant committees of both Houses.

I thank honourable senators for their attention.

On motion of Senator Hicks, debate adjourned.

• (1450)

GOVERNMENT ORGANIZATION

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-152

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on Thursday, October 6, 1983, I gave notice of the following motion:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the subject-matter of the Bill C-152, intituled: "An Act respecting the organization of the Government of Canada and matters related or incidental thereto", in advance of the said bill coming before the Senate, or any matter relating thereto.

Honourable senators, I think it would be more appropriate for the pre-study of Bill C-152 to be undertaken by the Standing Senate Committee on National Finance. Although there are some parts of the mandate of the Legal and Constitutional Affairs Committee that also fit, I think that the National Finance Committee is the more appropriate committee to deal with this bill. As honourable senators will recall, in recent years the National Finance Committee has undertaken a study of the organization of government departments.

Before I say a few words about the reasons for the motion, I ask leave to modify the motion to replace the words "That the Standing Senate Committee on Legal and Constitutional Affairs" with the words "That the Standing Senate Committee on National Finance".

Honourable senators, accordingly, with leave of the Senate and pursuant to rule 23, I move that the motion be modified to read as follows:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the subject-matter of the Bill C-152, intituled: "An Act respecting the organization of the Government of Canada and matters related or incidental thereto", in advance of the said bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the Leader of the Government in the Senate, in answer to a question by the Acting Leader of the Opposition, outlined the legislation that the government would like to see adopted before prorogation. Included in that list were Bill C-155, the Crow bill; Bill C-110, which is before us for third reading; and Bill C-152, on government organization. Senator Olson explained why it is of some importance to the government. That is why I am asking honourable senators to support the motion to have a pre-study undertaken by the Standing Senate Committee on National Finance. Then, in the event that we receive the bill, we will have had a head start on it with the pre-study and, perhaps, if circumstances unfold in that way, there will be an opportunity to have prorogation at an early date after both the Crow bill and this bill have been passed.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, in view of the explanation given by the Leader of the Government earlier this afternoon, I do not propose to oppose this modified motion.

Motion, as modified, agreed to.

The Senate adjourned until Thursday, October 13, 1983 at 2 p.m.

APPENDIX

(*See p. 6017*)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FOURTH MEETING, MINAKI LODGE, ONTARIO
JUNE 16-20, 1983
REPORT OF THE CANADIAN DELEGATION

The 24th annual meeting of the Canada-United States Inter-Parliamentary Group was held at Minaki Lodge near Kenora, Ontario with delegations from the Canadian Parliament and the U.S. Congress. Discussions took place in three Committees:

Committee I: Trade and Economic Questions
Committee II: Defence and Energy Questions
Committee III: Environment and Multilateral Issues

At the conclusion of Committee discussions, the Group met in plenary session to hear an account from the Canadian side of the recent Progressive Conservative political convention in Ottawa and to permit participants in all three Committees to discuss a topic of widespread interest originally on Committee III's agenda, namely the problem of Central America and the Caribbean.

The United States Delegation

The Senate

Hon. Ted Stevens, Co-Chairman (Rep. Alaska)
Hon. James McClure (Rep. Idaho)
Hon. Charles Grassley (Rep. Iowa)
Hon. Mack Mattingly (Rep. Georgia)
Hon. Frank Murkowski (Rep. Alaska)
Hon. Edward Zorinsky (Dem. Nebraska)
Hon. Patrick Leahy (Dem. Vermont)
Hon. Paul Sarbanes (Dem. Maryland)
Hon. Max Baucus (Dem. Montana)
Hon. Christopher Dodd (Dem. Connecticut)

The House of Representatives

Hon. Dante Fascell, Co-Chairman (Dem. Florida)
Hon. James Wright, Jr. (Dem. Texas)
Hon. Bill Alexander (Dem. Arkansas)
Hon. Sam Gibbons (Dem. Florida)
Hon. Lee Hamilton (Dem Indiana)
Hon. James Oberstar (Dem. Minnesota)
Hon. Dennis Eckart (Dem. Ohio)
Hon. William Broomfield (Rep. Michigan)
Hon. Frank Horton (Rep. New York)
Hon. Larry Winn, Jr. (Rep. Kansas)
Hon. Bill Frenzel (Rep. Minnesota)
Hon. Arlan Stangeland (Rep. Minnesota)
Hon. David O'Brien Martin (Rep. New York)

The Canadian Delegation

The Senate

Hon. Henry Hicks, Co-Chairman (Lib. Nova Scotia)
Hon. William Doody (P.C. Newfoundland)
Hon. Paul Lafond (Lib. Quebec)
Hon. Renaude Lapointe, P.C. (Lib. Quebec)
Hon. Lowell Murray (P.C. Ontario)
Hon. Duff Roblin, P.C. (P.C. Manitoba)
Hon. George van Roggen (Lib. British Columbia)

The House of Commons

Hon. John Reid, P.C., M.P., Co-Chairman (Lib. Ontario)
Mr. Robert Bockstael, M.P. (Lib. Manitoba)
Mr. Herb Breau, M.P. (Lib. New Brunswick)
Miss Coline Campbell, M.P. (Lib. Nova Scotia)
Mr. Stan Darling, M.P. (P.C. Ontario)
Hon. John Fraser, P.C., M.P. (P.C. British Columbia)
Mr. Jacques Guilbault, M.P. (Lib. Quebec)
Mr. Hal Herbert, M.P. (Lib. Quebec)
Miss Pauline Jewett, M.P. (NDP British Columbia)
Mr. Fred King, M.P. (P.C. British Columbia)
Mr. Fred McCain, M.P. (P.C. New Brunswick)
Mr. Jack Murta, M.P. (P.C. Manitoba)
Mr. Frank Oberle, M.P. (P.C. British Columbia)
Mr. Geoff Scott, M.P. (P.C. Ontario)
Mr. John Thomson, M.P. (P.C. Alberta)
Mr. Ian Waddell, M.P. (NDP British Columbia)
Mr. Ian Watson, M.P. (Lib. Quebec)

COMMITTEE I: TRADE AND ECONOMIC QUESTIONS

AGENDA

1. Introductory roundtable discussion:

Theme: International economic and trade prospects as a setting for discussions of bilateral trade issues. This examination could touch on national pressures for protectionist measures; bilateral reciprocity vs. multilateralism; the evolving role of GATT; export credits.

2. Bilateral policy issues effecting trade and investment: a) "Buy America" rules and legislation (including the Surface Transportation Assistance Act—cement, steel, specialty metals, etc.); b) Communications policies (including

border broadcasting, trans-border data flows; proposed Telidon restrictions); c) FIRA and NEP; d) U.S. Export Administration Act (extraterritoriality).

3. **Special trans-border trade problems:** a) U.S. auto content bill; b) implications for Canada and the U.S. of the international grain marketing situation; c) airline routes and fares; d) agricultural products (potatoes, sugar, eggs).

4. **Concluding roundtable discussion:**

Theme: Possible methods of settling bilateral trade disputes.

Summary of discussions

This year a number of suggestions and proposals emerged from the discussion by Committee I of bilateral trade problems.

1. U.S. House members of the Ways and Means Committee suggested that the possibility of excluding Canada on a bilateral basis from various U.S. 'buy national' provisions should be looked into.

2. It was agreed to put on the agenda for next year's meeting the subject of a possible bilateral free trade arrangement between Canada and the United States.

3. In respect to bilateral communications relations it was proposed that a joint working group or commission should be established by the two governments. This joint commission would work collegially along the lines of the International Joint Commission to keep abreast of the bilateral problems created by the fast-developing communications technology and to monitor the situation.

4. In the area of grain marketing, members on both sides agreed to try to set up a joint legislative committee to pursue the objective of establishing a floor price for grain.

Introductory roundtable discussion on international economic and trade prospects and an overview of bilateral trade relations.

Exchanging views on the current international economic situation, members of Committee I assessed the factors considered to be affecting economic recovery including interest rates, the money supply, government deficits, tax rates and expenditure levels. In respect to trade questions, delegates discussed barriers to trade including agricultural subsidies and special bilateral 'deals'; the role of GATT; Canada-U.S. free trade; the plight of developing countries in financing trade; and competitive export financing.

There was recognition that economic recovery was underway although uncertainty was expressed as to how to sustain it. A Canadian spokesman remarked that Canada's recovery was probably quite fragile; the forestry industry which had an enormous economic impact in Canada was vulnerable, the mining industry was a "basket case", while the outlook for the Canadian manufacturing sector was still chancy. Surveying the U.S. situation, a Republican Senator said inflation was easing, consumer confidence was increasing and interest rates were declining. How to achieve a permanent recovery was the problem. Both tax levels, which the Administration had sought not to raise, and the size of the deficit were relevant to recovery. It was important to control the growth of government spending which should be reduced from 15% to 6% and to reduce the growth of the entitlement program especially medicare. It was also necessary to maintain a favourable climate for the private sector in order to stimulate economic growth.

A Democratic Senator argued that tax breaks had done nothing to help the economy and the heavy defence spending appeared to be sacrosanct to the Administration. A Democratic Congressman said the two driving forces at the moment were the deficit and the money supply. The Administration's priorities for defence spending defied its planned reduction of the deficit. Nor was there likely to be an easy compromise in Congress on the defence - entitlements question in the near term. But money supply is where the action really is. If Volcker was reappointed to the Federal Reserve Board, as most U.S. delegates appeared to think likely, he would keep the money supply very restricted as sustained higher interest rates could reverse the recovery. "Keep your eye on the Fed, not on Congress", advised this speaker. Another U.S. delegate added that if interest rates do go up, there would be pressure by Volcker to reduce the deficit.

In discussing why the level of interest rates had not gone up at present, a Republican noted that while the recovery was being fuelled by renewed consumer demand, the business sector was not borrowing heavily. When or if this happened, this could lead to upward pressure on interest rates. A Democratic Senator wondered if savings rates needed to be as high as they were. In the United States, they were 5 to 6%, in Canada 13%. He wondered if a slimmer margin between consumption and savings might move Canada and the United States toward increased consumption especially if associated with tax incentives and looser credit.

A Canadian delegate questioned what kind of a recovery it was when it was accompanied by such a high unemployment rate. But a U.S. delegate responded that, in view of the global economic adjustments taking place, it would be unlikely that unemployment levels would decline much lower than the 9 1/2% level. A Democratic Senator argued that because of the huge number of unemployed (12 million), it was impossible to cut back on the entitlements program but a Republican Senator responded that the upper and middle income groups were also benefitting from the entitlements.

There was an exchange of views on the incentive value of tax cuts with a Canadian delegate maintaining that this could be a helpful technique in stimulating consumption and in bringing lower wage demands thereby reducing inflationary pressures. A Democratic Congressman disagreed with an earlier U.S. participant who had argued for a more favourable tax climate for the corporate sector. Instead he argued for a new industrial policy planned co-operatively by government and industry. It might even be important to import foreign managers to change the outmoded management patterns of U.S. enterprises he said. A Canadian member warned that Canadian attempts to

define a national industrial policy had not met with much success and a Canadian Senator also doubted that an industrial strategy was the answer. What was needed was increased productivity and a continuation of the transfer of jobs from the old smoke-stack variety to more advanced technology systems.

A Republican Senator emphasized that in his view by far the most important factor in getting the U.S. economy back on the rails was international trade. He himself had found the conclusions of the recent Summit disappointing. The bills related to the IMF, the Export-Import Bank and the Export Administration Act which had been dealt with in the Senate recently were all geared to trade. In answer to an earlier statement by a Canadian Senator that Canada was a small country and had to rely on the GATT for fair trading arrangements as it could be squeezed out by 'bilateral deals', this participant said that he was not a great supporter of the GATT. He thought bilateral deals were the way to go, although via 'fair' trade methods not by protectionism. The Canadian Senator said Canada hoped Congress would resist protectionist measures and move closer to the Administration's espousal of 'freer trade'.

Several Canadians raised the question of U.S. contributions to the International Development Association (IDA), the soft loan affiliate of the World Bank. Concern was expressed that Congress might not vote funds necessary for scheduled replenishment (IDA VI) and would delay the funding for the seventh replenishment, an action which would affect the poorest developing countries most severely. It was pointed out that the United States did not have, at $700 million, a disporportionate share of the sixth replenishment. Further it was in the U.S. best interest to allocate this funding since 40% of U.S. exports go to Third World countries. Without IDA and other assistance these countries would have no money for trade.

A Congressman recognized the U.S. interest involved in IDA funding but he judged it would be difficult to get it through the House appropriations unless the President himself made it the focus of a major effort. A U.S. Senator explained that even the recent IMF vote of $8.4 billion was very close in the Senate with difficult questions being posed repeatedly as to whether such funding would create more jobs. This bill was being amended somewhat to help its passage through the House.

There was a brief discussion of the international debt crisis, the role of the banks and the plight of many developing countries some of which used 75% of their export revenues just to finance their debts. It was noted that the big banks had little alternative but to continue financing these countries' debts. One Congressman wondered if the large banks should be restricted in their international lending but other delegates doubted that this would be feasible.

Of more immediate concern to Canada-U.S. trade were the reciprocity or protectionist bills before Congress, a matter raised by a Canadian delegate. While he recognized that Canada also had considerable protectionist pressures particularly in the textile, clothing and footware sectors, he cited specifically the Danforth Bill, the House Reciprocity Bill and the Auto Content Bill as disturbing U.S. protectionist developments. It was emphasized that of all the U.S. trading partners, Canada would be hit hardest by such legislation.

Justifying the recent U.S. action of reciprocity in agricultural trade, a U.S. delegate explained that the United States, in response to U.S. farm pressure, had felt it had to get tough with the European Community (EC). The recent U.S. credit sale of wheat flour to Egypt was aimed directly at the French, he said, although another U.S. delegate commented wryly that the action had, in fact, actually hit the Germans. This delegate admitted that in trying to force EC recognition of the U.S. opposition to their agricultural subsidies, the United States had been forced to use the worst aspects of the Community Agricultural Policy (CAP). He viewed this as a dangerous precedent which would only spark increasing domestic demands from all sectors for similar actions. As for the Danforth Bill, this Congressman said that while it had passed the Senate, the House version would be a 'defanged' version, a benign trade bill. The Auto Content Bill he said, was very unlikely to become law as it could lose 30,000 U.S. jobs while trying to preserve 10,000.

In the multilateral trade area, continued this delegate, the United States continued to look for support from Canada, for example, at the GATT Ministerial meeting. The anti-protectionist statements made at the Summit were good but it was doubtful they would be adhered to closely despite the rhetoric. In fact, he warned the Canadians, the next two years in Congress were going to be very difficult in terms of protectionist trade measures.

A Canadian Senator introduced the subject of the bilateral trade relationship and pointed to the relatively major role (15%) which Canada played in the overall U.S. trade picture. In 1982 Canada had had a large merchandise trade balance of $11 billion with the United States but the huge Canadian deficit in invisibles had meant that Canada had a current account deficit of $1 billion with the United States. He noted the concentration of Canada's trade with the United States (70%) and the high proportion of Canadian exports in manufactured form to the United States.

The Senator continued that when the terms of the GATT MTN agreement took full effect, 95% of tariffs on trade between Canada and the United States would be at levels of 5% or below creating a *de facto* free trade area. Non-tariff barriers were the problem now and any deals which the United States made bilaterally with other countries left Canada at a great disadvantage. With only a small internal market, it had to depend on the GATT system. There were a growing number of Canadians in both the private sector and the political arena who were looking seriously at the possibility of a bilateral free trade arrangement with the United States.

Recognizing the disadvantageous impact on Canada of U.S. "bilateral deals" and what he termed an "almost common market" existing between Canada and the United States, a Congressman agreed that this problem should be looked at

carefully in his House committee, the Ways and Means Committee. Another Congressman inquired whether a proposed bilateral free trade area would have a common export policy but the Canadian spokesman explained that the proposal envisaged an arrangement not like the European Community's common market with its common external tariff but an arrangement similar to the free trade accords which the EC had with Norway or Sweden.

The question of competitive export financing to spur exports was raised by a Canadian delegate who noted that Canada hoped for an international agreement at the OECD on this issue. Canada gave export credits only reluctantly and in order to maintain a position against the aggressive financing of the UK, Germany, Japan and France. The OECD had estimated that over $6 billion was spent last year in this way. Nor could it be thought of as development assistance as such since it was not being applied intelligently. The United States was not the villain in this problem. It was very important to Canada that the OECD Consensus on Export Credits be successfully negotiated.

Bilateral policy issues affecting trade and investment

Delegates discussed the bilateral implications of some U.S. 'buy national' legislation and how Canada might be excluded from such U.S. non-tariff barriers on a bilateral basis. In dealing with communications issues, U.S. delegates warned the Canadians that retaliatory legislation was likely if progress were not made on the border broadcasting problem. The U.S. delegation reflected continued unhappiness with certain aspects of both FIRA and the NEP. It was predicted that the bill to extend the Export Administration Act would prove to be controversial in Congress and differences on the subject were evident among the U.S. delegates during the Committee discussion.

"Buy America"

Commenting on the serious impact of U.S. 'Buy America' legislation a Canadian member referred to the restrictive sourcing measures incorporated into the Surface Transportation Assistance Act (STAA) amendments in 1982. The restrictions involving steel and cement which ranged as high as a 25% margin of preference for U.S. firms had a particularly adverse impact on some Canadian firms, he stated.

An American Congressman, a member of the House Ways and Means Committee, responded that many of these 'buy national' restrictions were added as riders to legislation when the Committee was not looking. The Committee was now conducting an oversight review on every piece of 'Buy America' legislation to try to maintain some sort of control. The United States had agreed not to impose such restrictions at the GATT MTN in 1979 and had reiterated the same thing at Williamsburg. The only way to prevent an international mess in this issue was by international negotiation. Government procurement was becoming increasingly important and price hurdles were being erected that no one could get over. Another Ways and Means Committee member added that cement and steel were included in the STAA legislation because roads and the mass transit sector were involved and the unions had pressed hard. The first Ways and Means spokesman agreed with the suggestion of a Republican Senator that the Congress should look into excluding Canada from U.S. non-tariff barrier restrictions on a bilateral basis, particularly the 'Buy America' restrictions. How would Canada react to such a proposal, he inquired.

A Canadian Senator responded enthusiastically to the American suggestion but warned that under GATT rules it would be difficult for the United States to exempt only Canada. After considerable study his Committee had concluded that under GATT rules the only way to get around the problem would be to conclude a bilateral free trade agreement on an across-the-board basis rather than a sectoral basis. Then teams of officials could negotiate the necessary adjustments to each country's non-tariff barriers in order to respect the special interests of either country. These might relate to the U.S. small business set-asides or the protection for minorities or the Canadian requirements for some protection from foreign investment such as Sweden had retained in its free trade agreement. This delegate underlined the fact that the private sector in Canada was increasingly looking at bilateral free trade as the answer.

A Canadian member warned that there would be serious fears in Canada that the American elephant would be in a terrifyingly dominant position vis-à-vis the Canadian chickens. The NDP, he said, was a proponent of economic nationalism, whereas the Liberals were split between continentalists and nationalists. Another Canadian participant added that there was increasing recognition that economic nationalism was not the answer and that what Canadian industry needed was free access to the larger market to permit economies of scale. But he warned that the initiative for bilateral free trade would have to be seen to come from Canada, a point recognized by U.S. delegates.

A Ways and Means Committee member agreed with the reminder by the Canadian Senator that the Congress in its Trade Agreements Act of 1979 had given the President a mandate to negotiate a free trade agreement with Canada but he thought this delegation of trade treaty-making had expired. In 1979, the United States had got the signal that Canada was not ready. However, he agreed Congress should now look into this question again. A U.S. Senator suggested that, in addition, private sector groups on both sides should be asked to have an input on this subject either to this group of legislators or to the officials.

There was general agreement to the suggestion that the subject of a bilateral free trade arrangement should be put on next year's agenda for discussion.

Communications

The question of bilateral communications was raised by an American Congressman who stated that given the extensive telecommunication links between the two countries, the relationship was generally very good. Canada and the United

States were working well together on domestic satellite problems and cross-border data flows. The two countries were discussing a joint mobile satellite system. In contrast to these positive elements, however, the border broadcasting issue constituted a minus element. Currently, it was the U.S. perception that, while some progress had been made on this issue up to about six months ago, Canada now appeared to be drawing back. The United States had demonstrated its flexibility on border broadcasting and had proposed some revenue sharing but Canada looked as if it was no longer as willing to seek a resolution of the problem. Moreover, Canada has changed its position in respect to copyright and retransmission. The retransmission issue should be linked to border broadcasting. Certainly border broadcasting was not going to remain on "the back burner" in the United States any longer and all the related issues needed to be looked at.

The Canadian spokesman countered that for Canadians the border broadcasting was a cultural and political issue not an economic one. Extremely vulnerable to American cultural imports, Canada needed a distinctive broadcasting system to maintain a Canadian identity. Independent broadcasters considered the C-58 provisions to be beneficial, he said. Moreover he pointed out that the United States was deregulating while Canada was increasing its regulatory purview. He stated that the CRTC could decide not to take programs from Bellingham and Buffalo which had been the cause of the major irritants and take them instead from Detroit and other centres. However he hoped there would be no further escalation in this crisis. He inquired how serious were the threats of U.S. retaliatory legislation including the mirror legislation or the Telidon-linked Senate bill.

U.S. Congressmen and Senators were vocal in their warning that if there were not some resolution to the problem, there would certainly be retaliatory legislation. The proposed "mirror" legislation was recognized as not being strong enough.

A Canadian spokesman countered the impression of Canadian inflexibility by pointing out that Canada had agreed to examine the recent U.S. proposal for some type of revenue sharing. As a first step it had decided to study the economic effects of the C-58 provisions on the Canadian broadcast industry. This study would be completed by September and then talks on the U.S. proposal could go forward. This spokesman undertook to send the interested U.S. delegates a copy of the report. Another Canadian doubted that there was much chance of Canada amending the legislation in the coming pre-electoral period.

In terms of the economic effect of the border broadcasting legislation, a Canadian Senator remarked that the increased revenue to the Canadian industry was estimated at from $10 to $20 million a year but the loss to Canada by the retaliatory U.S. Convention tax had cost Canada about $100 million a year. He referred to this problem as a "terrible ongoing irritant" which was not even doing what it was supposed to.

Participants noted the 1982 bilateral agreement on transborder communications via satellite, the concerns related to sovereignty and privacy raised by transborder data flows as well as the problems facing governments of maintaining any sort of regulatory control let alone cultural boundaries in the area of communications in the face of such a rapidly expanding technology. One Canadian commented that in a number of problem areas, the United States tended to treat the Canadian market as part of their own.

A Canadian delegate noted that the U.S. Administration was now saying that there should be payment made for copyright for U.S. material taken by receiving dishes. A U.S. Congressman pointed to the problem the United States was having with the Jamaican government which had built a receiving dish and was taking broadcasting material off U.S. satellites and not paying copyright. In effect, the Jamaican government was sanctioning the piracy of copyright. In other Caribbean countries, individuals were putting their dishes up and doing the same thing.

A Canadian Senator proposed that Committee I of the Canada-United States Inter-parliamentary Group make a recommendation that an IJC-type of joint commission or joint working group be established by the two countries to monitor bilateral communications relations, to work collegially and to keep abreast of the bilateral implications of the communications developments. It was considered that technology was changing so rapidly that governments were finding it difficult to assess the bilateral implications of their regulatory and legislative measures. In many cases these measures were being overtaken by technology. While there were some additional comments indicating this initiative might be seen as a holding operation to stem U.S. retaliatory legislative action, there was general agreement to the proposal by Committee members on both sides.

FIRA and NEP

The U.S. delegation noted with satisfaction the recent improvements Canada had made in its FIRA procedures; there had been positive developments in the trucking sector and recent administrative changes were also good. However, the reasons for disapprovals of applications by foreign companies were still not 'transparent' and the procedures imposed a hardship involving time and money particularly for smaller companies. More importantly, there were still aspects contrary to the GATT including the performance requirements that commit companies to buy locally and to export as well as certain extraterritoriality problems.

In reply a Canadian member reminded the Americans that one-quarter of all Canadian industry is foreign-controlled and he cited the very high percentages in specific sectors including the mining (34%), oil and gas (59%), chemical (77%) and electrical products (59%) industries. If the United States were faced with such high percentages instead of its low overall rate of 4% there was no doubt that it also would have restrictions of some kind. In fact, Canada's record on applications for acquisitions or for new business was very good. In the past 7 years

FIRA had allowed 2500 out of a total of 2700 applications. He admitted that the process might cause some discouragement to some small firms. He noted that the industry in his constituency was almost entirely foreign-controlled and there were some problems in their attitude to sovereignty and the loss of freedom to export by the Canadian subsidiary. Nonetheless he said that Canada's overall review process was minimal. The United States also imposed restrictions on foreign investment in certain sectors and he listed some of these. This delegate doubted that the Canadian government would forego the FIRA screening process although Canada clearly wishes to encourage investment.

A Ways and Means Committee member said that the United States had taken Canada to the GATT because it considered an infringement of GATT rules the FIRA performance requirements imposed on a company such as the Apple Computer Company to buy locally and to export a certain percent of its production.

In response, a Canadian delegate was critical of the U.S. multinationals which imposed restrictions on exporting by their Canadian subsidiaries, limiting them to producing for the domestic market. Several members of the Ways and Means Committee admitted this was the case and were critical of the practice. As for 'buy local' requirements, the Canadian spokesman continued, Canadian producers frequently did not have even an opportunity to bid on purchases by large U.S.-owned companies in Canada since they automatically sourced in the more familiar U.S. market. The FIRA requirement was only to give Canadian producers a chance to compete on equal terms. Another Canadian mentioned that an indication that a foreign firm would undertake significant research and development work in Canada would be viewed as a benefit to Canada. Attention was also drawn to transfer pricing by multinationals, a problem which was extremely difficult to monitor.

A U.S. Senator said that what Canada and the United States needed was a common set of guidelines respecting the behaviour of foreign investment firms and he suggested that the U.S. Trade Representative might be asked to establish private sector groups from both countries to work together in drawing up the guidelines.

As for Canada's National Energy Program (NEP), a Congressman said the two aspects which were still irritants for United States were the 'back in' and the petroleum incentive program (PIP). The PIP did not accord national treatment as laid down in the OECD guidelines and was discriminatory in favour of Canadian firms. Further, Canada was imposing taxes and duties on exploratory oil rigs on the continental shelf.

In replying at some length to the criticism of the 'back in' provisions in the Canada Lands, a Canadian Senator was himself critical that the Canadian government had not adequately explained the background. It was important to be aware of the different system under which Canada had traditionally regulated exploration and development on Canada Lands he said. Whereas in the United States, exploration rights are auctioned off, in Canada permits had been granted for no payment but on the condition that the permit holder, before production, surrender one half of the acreage to the Crown. This was called the "checkerboard" system and was in force during the 1960's. Subsequently several other systems were tried which the companies did not particularly like. Finally in 1982 the present legislation settled on the Crown Interest provisions which reserve a 25% interest in the Canada Lands for the Crown. They apply to both Canadian and foreign-owned firms alike. While the spokesman considered that the new policy had been clumsily handled by the government, he emphasized that it was not a radical departure from traditional Canadian practice of regulating oil and gas leases on the northern lands under federal jurisdiction.

Export Administration Act

A Canadian member raised Canadian difficulties with the U.S. Export Administration Act by which the U.S. government tries to control exports in an extraterritorial manner. Canada had various problems with the legislation including with jurisdiction, the interpretation of national security controls, extension of foreign policy controls and attempts to control products made from U.S. technology. It became a matter of political concern to Canada particularly when it became a lever of U.S. foreign policy. The spokesman asked if the current proposals to extend the existing legislation were likely to pass Congress.

A U.S. Congressman replied that the issue had been generating a great deal of debate in Congress, with three different bills involved. There were emerging conflicts between those who were concerned with trade and those who emphasized national security points of view. The U.S. is faced with a dilemma on this issue. Where there is no extraterritorial application of U.S. law, then U.S. multinationals flout the law and shift jobs abroad; where it is applied, there are inevitably conflicts with the laws and policies of other countries. The House Foreign Affairs Committee removed from the bill, the authority of the Administration to impose restrictions on imports from offending firms. It also limited the application of foreign policy controls to U.S.-based companies. However, this spokesman thought the present U.S. Administration will press hard for extension of extraterritoriality as a foreign policy lever in order to reduce East-West trade.

A U.S. Senator said the Senate Banking Committee was particularly opposed to the violation of contract sanctity in the proposed extensions of the 1979 Act. He thought the Senate would be likely to defuse the bill. But a House Ways and Means Committee member predicted that the bill would be one of the real battles shaping up in Congress. He referred to the Senate version of the bill as "pernicious", giving the Administration everything it wanted except contract sanctity. The House bill was clearly an improvement but it also was in for a rough passage.

Specific trans-border trade problems

U.S. Auto Content Bill and Canadian Automotive Task Force

A brief exchange took place over the prospects for U.S. domestic content legislation and the report of the Canadian Task Force recommending a requirement that all vehicle manufacturers be committed to the content/production ratio in effect under the Auto Pact. The central question a Canadian delegate said he wished to ask the Americans was how they had managed to get the Japanese to build cars in the United States and how Canada could do the same.

Congressmen said Japan recognized it was in its own interest to install production facilities in the United States in view of its trade deficit with the United States. Also, the Japanese parts replacement system was inadequate and needed to be drastically improved in any case. Members of the U.S. side were of the opinion that the U.S. auto content bill would not become law.

Grain Marketing

On grain marketing problems, delegates discussed the Canadian fears of an international trade war in grains, the possibility of a grain producers' marketing agreement to establish a floor price, the U.S. system to cut back acreage and the U.S. determination to recapture its traditional markets. A proposal to establish a joint legislative committee on grain marketing problems was made.

Opening the discussion a Canadian member described the current difficult market situation for North American producers which included overproduction in 1982 and 1983, a lower rate of compensation because of the recession and the continued expanding role of the European Community as a major exporter of grain. He noted that the United States had moved to reduce acreage by its payment-in-kind (PIK) program. Canada was also moving more gradually in this direction. Further there were lower initial payments being made by the Canadian Wheat Board and the proposed changes in the statutory low Crow freight rate. For the American delegates he explained the Canadian system whereby the Wheat Board projects the export market demand, then proposes a quota of production based on a volume/consumption ratio which permits an acreage control over time. The price paid by the Board follows the Chicago futures price although initially it pays a somewhat lower price than the Chicago price. A final payment is made to the farmer when the Pool account is balanced. The Board in effect takes the risk out of marketing for farmers.

A U.S. delegate explained the considerable reduction in wheat acreage in the United States this year as a result of the Reduced Acreage Program (25%) and the PIK program (25%). But he said the U.S. farmers were complaining that the funds for the interest rate 'buy-down' were being withheld by the Secretary of Agriculture instead of being used. Nonetheless, asserted another Congressman, the United States was determined to get into traditional or new markets and would take whatever steps were needed in this "hard game". The PIK program was costing $16 billion out of a total $30 billion for agricultural programs. A third Congressman added that the U.S. Administration was not happy about the export subsidies which it used in the sale of wheat flour to Egypt (and which cost the U.S. consumer $100 million) because it was concerned that U.S. farmers would become dependent on subsidies. Nevertheless it was determined to ensure the Community recognized the United States meant to compete.

The Canadian spokesman reiterated the serious Canadian concerns over the risk of a trade war given the enormous economic importance of agricultural exports to both economies. Canada feared the U.S. intentions of getting into markets at any cost and he warned that even if a little more grain were sold, it would be sold at a lower price. Describing the mid-term outlook, he said stocks were likely to decline and consumption to increase while acreage was already decreasing in the United States and also in Canada, though not as quickly. He was of the opinion that the market place would work out the problem. He and other Canadians urged that the United States inform Canada if it were going to challenge Europe.

The U.S. spokesman agreed with the Canadian spokesman that there was a real danger of an escalating trade war and said that agriculture could become the worst problem in international trade. A Canadian member wondered if the United States could work on the divisiveness among member states within the Community on the question of subsidies, but a U.S. delegate said that even the German and the UK farmers were now, to an increasing extent, relying on the subsidy.

The Canadian spokesman mentioned the recent meeting of major wheat exporting countries in Mississippi. He suggested that parallel to official-level meetings there should be meetings of legislators to try to prevent a price-cutting situation arising and to provide more leadership and co-ordination among producers. He said there had already been some inter-legislative meetings exploring the idea of a grain 'cartel'-type arrangement. The objective was not a traditional cartel which seeks to sell at what the market will bear but rather to establish a floor price and not sell below this when there is a market surplus. It might be more appropriate to call it a Food Bank rather than a cartel, interjected another member. At the 1981 Ottawa meeting, the Canadian spokesman continued, it was found that Canadian and U.S. cost-of-production figures could be established for hard wheat but there had been a lack of interest on the part of the U.S. Administration. He said such a joint committee of legislators could open a dialogue on this subject and try to establish a co-ordinated approach. While there was general Commitee agreement to this proposal, one Congressman suggested the group should not only include producer nations but all OECD member countries and that discussions should eventually include consumers as well as producers, perhaps through a working committee of the GATT. Further, he suggested if a floor price were successfully established this would only result in the price of land and fertilizer going up.

Agricultural products

A number of issues were raised concerning trans-border agricultural trade of which the most prominent was in respect to New Brunswick and P.E.I. potato exports to the United States. At present a U.S. anti-dumping action instigated by Maine potato growers is currently underway and the U.S.

International Trade Commisssion has made a preliminary determination of injury.

A Canadian spokesman distributed statistical tables showing Canadian horticultural trade patterns, including one for potatoes, over a period from 1970 to 1982. He drew the attention of the American participants particularly to the cyclical patterns of Canada's potato exports and imports as well as the cross border trade for other vegetables and fruits. The United States, he pointed out, represents over 60% of Canada's imports of fruit and nuts and 75% of its vegetable imports. Moreover, the point was made that the United States is the source of almost all Canadian potato imports, and that until recently Canada was a net importer of potatoes. Canada does not have the same legal instruments as the United States that would allow it to restrain trade, the spokesman said.

In reply to an inquiry by a Congressman the Canadian delegate agreed that the Canadian government granted potato producers some assistance in the form of storage capacity, but on a very limited basis. Another Congressman said he understood that the Maine producers were no longer as productive as previously but he urged that the case be allowed to run its course through the U.S. process. A U.S. delegate remarked that Canadian seed potatoes were being shipped and used as table potatoes. A member of the House Ways and Means Committee remarked that the final determination of injury required to prove dumping under U.S. laws was very difficult to prove.

The U.S. side then raised the issue of Canada's "fast-track" system for horticultural products under which a surtax can be temporarily imposed by the Canadian Agriculture Minister if the price of the imported fruit or vegetable falls below a certain 'bench mark' level.

The Canadian side explained Canada's particular problem stemming, all along the border, from a later growing season than U.S. producers. This situation frequently results in U.S. products having reached their harvest peak before Canadian products come on the market with a resulting difficult competition for domestic producers. The example was given of southwestern Ontario grape growers where early competition from low-priced, cross-border competitors could wipe out the industry. Moreover one Canadian delegate said the U.S. duty was ad valorem while the Canadian duty was specific. The Canadian horticultural industry needed the 'fast-track' system, it was claimed.

Airline routes and fares

The Canadian side set forth Canadian concerns related to bilateral air relations. The 1974 agreement provided for 44 routes by U.S. airlines and 28 routes by Canadian airlines, said the spokesman. There had been seven negotiating meetings since 1979 aimed at settling the differences arising since the conclusion of the agreement. The first problem emerged when the U.S. airlines designated to carry traffic from Canadian centres to U.S. 'gateway' points combine their designated route with the preclearance facilities provided at major Canadian airports. This gives U.S. carriers an enormous advantage in "behind the gateway" routes since they, unlike Canadian carriers, can then fly anywhere in the United States from this 'hub'. In practice this prevents Canadian carriers from competing in growing markets such as Toronto-Atlanta, Winnipeg-Denver or Calgary-Phoenix. Since the important Canadian markets coincide all along the border with the Canadian 'gateway', U.S. airlines do not have the same problem in reverse. The solution from the Canadian point of view would be more long-haul routes into the United States. The Canadian delegate acknowledged that while the U.S. has captured about 80% of the scheduled market in North America, Canadian airlines have about 90% of the charter market.

A second irritant for Canada is related to the U.S. policy of deregulation which U.S. negotiators appear to be pressing on Canada, continued the Canadian delegate. In contrast, the Canadian situation is quite highly structured with subsidization to provide services in some far-flung areas which would otherwise have none. Finally, the United States is asking for the right to designate two or more carriers to one route. This would increase Canadian difficulties in competing.

U.S. participants noted the problems described by the Canadian side. A Congressman commented that airline industries were currently fragile everywhere since the air travelling traffic was down and it was difficult to know what would happen. Certainly competition in the United States was producing some "wild pricing". Examples were cited of bargain prices for much-travelled major routes while shorter, less-frequented destinations had much higher fares.

Upcoming U.S. trade legislation

Two members of the House Ways and Means Committee said the sub-committee on trade was currently drafting new trade legislation. It would be "within the letter and spirit of GATT" and was designed to make the U.S. anti-dumping and countervail laws more efficient, faster and less expensive to invoke. The number of U.S. complainants continually seeking redress and who were frustrated by the process had caused the Committee to conclude that the existing U.S. trade remedy laws were not a sufficient mechanism. The target of the draft bill would be other countries' subsidized or dumped exports. The problem was to define a subsidy and it would include below-market-rate loans, tax advantages, preferential purchases. Also targeted were Japanese government procurement arrangements which effectively closed-off the internal market. It could even be directed against financial assistance designed to improve efficiency of production for export.

As examples of what type of subsidies would be focussed on the Congressmen mentioned those accorded earlier to the Michelin plant in Nova Scotia, and the European Community subsidies in the petrochemical and textile industries.

When asked if cheap energy would be considered a subsidy, a Congressman responded that it was important to distinguish between a subsidy and a comparative advantage a country may have in a commodity such as gas. Of course the export price would need to be the same as the domestic price he added.

In reply to a Canadian member who asked what the Administration's reaction to the draft legislation was, a Ways

and Means member responded that the Committee had the impression that if it were in accord with GATT, the Administration would go along with it. However he acknowledged that it would take some time before all the agencies and departments which would be involved in reviewing the bill would complete their assessments.

Note: The last item on the agenda for Committee I, 'Possible methods of settling bilateral disputes' was not discussed during the Committee sessions.

COMMITTEE II: DEFENCE AND ENERGY QUESTIONS

1. Defence a) Introductory roundtable discussion:
Theme: Public attitudes and the nuclear arms debate.
b) Bilateral defence issues:
(i) missile testing and deployment (including cruise missile testing in Canada);
(ii) air defence modernization;
(iii) defence spending levels.

2. Energy a) Introductory roundtable discussion:
Theme: World oil supply, pricing and markets; role of OPEC; impact of lower prices and energy development. b) Bilateral energy issues:
(i) Canadian natural gas exports to U.S. markets; levels; pricing;
(ii) prospects for the Alaska Gas Pipeline project;
(iii) impact of the NEP;
(iv) electricity.

Committee II has in recent years dealt exclusively with energy questions. Last year it became evident that the subject no longer required a committee to itself. It was decided this year that combining energy and defence questions would provide a more balanced workload between the three committees.

For Committee II the result was most satisfactory. Discussion proceeded vigorously during all three sessions. On some issues where policies followed by the two countries are in conflict, dialogue occurred principally between the two delegations. On other issues, and principally in the defence field, debate also occurred within delegations. In all instances, discussion was spirited and friendly.

Public Attitudes and the Nuclear Arms Debate

Scheduling this item at the beginning of the meeting was intended to stimulate dialogue and it had the desired effect. Discussion was introduced by a Canadian member who acknowledged her strong belief in arms reductions. She reported on the growth of public concern in Canada, as reflected in increased participation year over year in peace marches in Vancouver—in 1978-8,000; 1981-35,000; and in 1983-80,000.

The speaker suggested that the increased concern which these figures revealed was due to two factors: a) the collapse of Soviet American arms negotiations, which had eliminated the main hope of many concerned people; and b) the election of President Reagan, with his emphasis on "cold war rhetoric".

Canadians traditionally adopted U.S. causes. But the decision of the Canadian government to entertain a request from the United States to test the air launched cruise missile (ALCM) over Canadian terrain because it was similar to that which prevailed in large parts of Russia had generated a uniquely Canadian problem. The issue had first surfaced when two Canadian journalists had reported in the spring of 1982 that the two governments were negotiating an agreement to provide for mutual testing of weapons systems, including the cruise missile. The question had since gained national attention. Earlier in the year a poll on the question of testing had generated a 52 per cent negative response. It was her opinion that most of those who were opposed to testing were not in favour of unilateral disarmament. At this point another Canadian delegate observed that a recent vote of confidence in the House of Commons on the same question had produced a large majority in support of testing the cruise missile.

The American side responded with comments by several delegates on studies which had been made of local votes on the nuclear freeze issue. A Senator from Alaska reported that referenda had recently been held on the question in most Alaskan municipalities and all but one had recorded support for a reduction in nuclear arms. But on closer analysis it had emerged that they had supported verifiable and mutually balanced reductions. A Congressman from Texas said that opinion in his state took a similar position. Few among those supporting the reduction of nuclear weapons favoured a unilateral freeze and even fewer advocated unilateral reduction by the United States.

American speakers were agreed that the main purpose of most supporters of the nuclear freeze in the House had been to put pressure on the President to negotiate more seriously with the Russians and it seemed to be accepted that this aim had been realized. There was no support for a unilateralist nuclear disarmament policy in the House of Representatives.

This exchange led another U.S. delegate to express his concern that the United States' posture toward the U.S.S.R. was no longer balanced as between political, military and economic factors, but was skewed toward a military response. The result had been to weaken the political coherence of the NATO alliance, because for the first time political parties in several European states were profoundly divided over how the West should deal with the Soviet Union. He noted in particular Germany and the United Kingdom. With regard to the United States, he felt the statement of the Catholic Bishops had great significance because it would become a teaching document among the faithful and would also influence members of other Churches.

There was a brief exchange regarding the efficacy of nuclear weapons. A Canadian observed that some NATO military leaders had questioned their military value and had showed a preference for conventional arms. A U.S. delegate responded by noting their devastating potential in use against a naval task force. In another American delegate's opinion, some military leaders questioned their value as a battlefield weapon because

they need political release. Nuclear weapons had military value, but their use was constrained by politicians.

A Canadian delegate provoked another discussion when he stated that in his opinion a majority of Canadians do not believe that the United States is at this time negotiating with the Russians in good faith. Several Americans responded to this argument with two points. First, that the depth of suspicion of Russians towards Americans was enormous and they mentioned personal experiences of how this mistrust was manifested toward them personally. They also noted numerous known examples of Soviet violations of arms control agreements with regard to SALT I and II, the test ban agreement, and agreements relating to biological and chemical weapons. Secondly, that there was no alternative to negotiations and the prospect for talks was improving. One U.S. delegate noted that President Reagan, having had some success in gaining Congressional support for the MX, now felt more confident and could afford to be more flexible.

A U.S. participant expressed concern over the growing number of Western Europeans who equate the two superpowers. They used to be only a tiny minority. Several Canadian delegates responded by making points which confirmed this view: that President Reagan and Secretary Weinberger are seen to be confrontationists, that U.S. government rhetoric has been daunting and that U.S. efforts to promote negotiations are perceived to be "cosmetic, while the mad race goes on". However, it was admitted on the Canadian side that, with the exception of the New Democratic Party, political parties tend to avoid foreign and defence questions.

Against this background, the Committee turned to the question of cruise missile testing in Canada.

Cruise Missile Testing in Canada

A U.S. delegate commented that until coming to the meeting he had not been aware that cruise missile testing was an issue in Canada. In the United States the cruise missile was a peripheral weapons system which had been around in one form or other since World War II. Political controversy there had focussed on the MX missile and B-1 bomber and he wanted to know more about the politics of the problem in Canada.

A Canadian delegate responded by noting that no one was concerned for their personal security as a result of testing. In her opinion many Canadians were concerned about the nuclear arms race. Canadians normally made common cause with Americans on such questions. But, since Canada had no nuclear weapons, Canadians could not meaningfully engage in the nuclear freeze debate. The request to test the cruise missile had faced the Canadian government with a decision, and many Canadians were of the opinion that agreeing to test the cruise missile in Canada could constitute a contribution to the further escalation of the nuclear arms race. So for the first time in many years in the nuclear field, Canadians had an opportunity to take a stand. In this speaker's opinion Prime Minister Trudeau in 1978 had advocated a policy of nuclear freeze and suffocation and this approach underlay the thinking of those opposed to missile testing.

Canadians delegates all seemed to be agreed that the Canadian government had contributed to the turmoil on the subject, using words such as secrecy, confusion and lack of candour to describe the government's approach. The prevailing view was that the government would be supported in agreeing to testing, although in fact parliamentary approval was not required. Several references were made to a recent vote in the House of Commons which had produced a large majority in favour of testing, although it was noted that the vote had occured on an NDP non-confidence motion and was not therefore a free test of opinion. One speaker wondered why the issue had only surfaced recently, even though it had been known for several years that the missile guidance system was being built in Canada.

There was some discussion among Canadians as to how to read the polls. One member reported that his constituents had responded to a questionaire which he had sent out 3 to 1 in favour of testing. A West Coast member observed that the situation in Vancouver was certainly different and reminded the meeting that the poll conducted by the Canadian Institute of Public Opinion had shown 52 per cent opposed to testing. A third speaker reminded the group that in 1937 there had been in Great Britain a massive vote for peace, yet the country had within two years voluntarily gone to war. In his view the public were concerned about the nuclear arms race but they also feared the Russians. In the longer term his preferred solution was to increase conventional arms.

Air Defence Modernization

Discussion on this topic was brief and focussed mainly on developments on the Soviet side which were generating a U.S. response. An American reported that U.S. air defence capability in Alaska was being upgraded; the DEW line was also being modernized and AWACS and F-15s were being provided. There had been some question of subordinating the Alaskan air command to Hawaii, but the decision had finally been taken not to do so. A Canadian spokesman reported that the Canadian defence authorities recognized the need to upgrade the North American air defence system and were now negotiating with the United States as to what should be done. No questions were asked about Canadians plans.

U.S. delegates reminded the meeting that the Soviet Union had now located the Backfire bomber in the Kamchatka peninsula, from where it could make return trips to western Canada. It would require refueling to reach California, but with air launched cruise missiles, these bombers had become a formidable threat to western North America. Reference was also made to modifications in Soviet nuclear submarines, which were now capable of operating in arctic waters, including firing missiles.

There was some discussion as to the advisability of making information on these developments and the threat they posed more widely available. An American delegate cautioned that such information has to be given carefully. There is always the risk of pumping up information "to boost the defence budget."

Defence Spending Levels

This item, which began with a brief survey of levels of defence spending in Canada and the United States, generated an intensive and broad discussion of U.S. defence strategies.

A U.S. spokesman opened with a brief report on U.S. defence expenditure, which was increasing at 5 per cent real growth each year. He did not expect manpower to be increased, although the armed forces wanted it; it was already the principal item of expenditure. Even so, defence had fallen as a percentage of the total U.S. federal budget. In the Kennedy era he asserted it had been 48 per cent of the budget; now it was only 27 per cent. Within the U.S. defence budget, expenditure on NATO-related items had reached a ceiling of $130 billion, although in previous years it had risen fast to accomplish a modernization of U.S. forces in Europe. Canadian speakers reported that the defence authorities had in recent years begun to re-equip the armed forces with modern weapons and defence expenditure was increasing at 3 per cent real growth per year. However, the base was very low and for many years equipment had not been replaced.

The thrust of the afternoon's discussion was given by an American delegate who noted that defence expenditure was growing faster than the GNP and the defence budget had for the first time surpassed $250 billion. This left very little latitude to the U.S. government to adjust non-military expenditure. In his opinion the U.S.S.R. and the United States of America each had more than they needed to defend themselves. Recognizing that each might be frightened by fear of the other, he wondered whether there might be some way to agree on a cut back.

Another U.S. delegate expressed the view that no cut back was possible until 1986, when the United States would have caught up to the Russians and could afford to allow defence expenditure to level off. This prompted a Canadian to suggest that the escalation might never end because the Russians could be expected to respond by increasing their expenditures. And another Canadian delegate asked rhetorically if the Americans could not understand that the Russians were afraid of them.

At this stage a dialogue developed among U.S. participants, some of whom felt that the Russians have never been satisfied with any given level of expenditure and that instead of limiting their increases when the U.S. relaxed, they exploited the opportunity to pull ahead. Other U.S. speakers suggested that the United States stood to benefit from a verifiable arms reduction agreement and should work to that end. Canadian speakers encouraged this debate by asking whether the level of defence expenditure did not endanger the U.S. recovery by adding to the deficit and whether the U.S. economy was not losing out to Japan whose defence effort was very low. It was also suggested by Canadian participants that the United States was inevitably, as the most powerful member of the Western alliance, a source of suspicion and it was therefore necessary to act with circumspection and sensitivity.

The dialogue within the U.S. delegation continued. When one American delegate commented that Canadians should be aware that these matters were hotly debated within the United States, another asked if the disagreement was limited to means. For example, he assumed a Democratic president would support the goals of deployment of the MX and construction of the B-1 bomber. The first speaker said that he doubted whether a Democratic president would have supported MX deployment. He added that he felt President Reagan's rhetoric had reopened the China problem unnecessarily and was partly responsible for the strength of feeling on the nuclear freeze issue. This comment generated the rejoinder that times are perilous, because the United States had allowed its forces to decline and little was known about the Soviet leader Andropov other than that he had been head of the secret police.

A Canadian participant responded to this discussion with an expression of concern about the approach manifested by U.S. supporters of the Reagan Administration. She preferred the approach of the Western Europeans, typified by the Ostpolitik and an effort to find accommodations with the Russians. An American delegate reminded her that it had been the Europeans who had in the late 1970s urged the United States to deploy the Pershing and cruise missiles in Europe, to which the Canadian delegate responded by reminding him that this was predicated on a two track policy-negotiations and disarmament only if negotiations failed.

Another U.S. delegate suggested that President Reagan was well placed politically to take a personal peace initiative. He would like to see an offer that each side cut back defence expenditure by 10 per cent, with the savings put into a fund to be used to help third world countries. Such an offer would strengthen the position of the United States with its allies and with the world in general. This proposal aroused strong reactions from several other U.S. participants, who were afraid such an approach "would let the Russians off the hook" and that it would weaken support for defence expenditure in the United States, but not in the Soviet Union.

At this inconclusive point it was decided to end the afternoon session and to turn the following morning to energy questions.

World Oil Supply

This topic generated only a short discussion. A Canadian spokesman made an opening comment, noting the difficulty of making predictions. In his opinion, the combination of conservation measures and reduced demand, partly as a result of the recession, had caused prices to fall and he did not expect a price rise in the near future. In Canada this situation had lead to diminished exploration and development activity in the frontier areas.

The U.S. lead-off speaker predicted a major interruption of supply within the decade. There had been 13 interruptions in the last 30 years and he expected the pattern to repeat itself. He also felt OPEC's continuing strength had been underestimated. While the press had focussed on the decline in the price of oil, he thought it significant that OPEC had succeeded in cutting back quotas and control would be easier in a period of rising prices. The situation, he felt, was not dissimilar to 1978.

By 1979, an increase in demand of only 5 million barrels a day had caused the world price to double.

Another Canadian delegate adopted the same view. While there had been some increased conservation, no one knew how much reduced demand owed to the recession. The prospects for the future were uncertain. Soviet production was falling and they would be hard put to maintain exports of 1.5 million barrels a day. North Sea reserves were good for only 9 to 10 years. The United States minimum import requirements were 4.5 million barrels a day. He anticipated Canadian import requirements by the end of the decade of 1 million barrels a day. In this situation a shut down of the Persian Gulf would undoubtedly produce a crisis.

Natural Gas Exports

This subject was introduced by a U.S. speaker who explained that the U.S. Administration was seeking to reform gas pricing, regulation and distribution and had prepared a proposal to this effect. The Senate Committee on Energy was in the final stages of reviewing this legislation. The speaker, who was chairman of the Energy Committee, was anxious to bring more competition into this complex and somewhat stratified system. While he personally was opposed to placing restrictions on the price or access of Canadian gas, two of his colleagues on the Committee, Senators Melcher and Domenici, have made restrictions on Canadian gas a condition of their support of the bill. It might therefore be necessary to limit the price and conditions of entry of Canadian gas in order to get approval of the bill. In considering this step the attitude toward Canada was further coloured by two unpopular Canadian policies: some features of the National Energy Policy and the decision to charge 20 per cent duties on supplies required by off-shore oil drilling rigs operating on the continental shelf beyond the 12 mile territorial sea. He noted that Canadian gas was priced at the border, not at the wellhead, and that there was a single price for delivery to any point in the United States, a situation which he understood had been asked for by the United States negotiating authorities in the past, but which he did not think made sense when the market was depressed.

These latter remarks were briefly supported by U.S. delegates from Montana and New York State who raised objections to the single border price. In Montana the public utility had decided to stop buying Canadian gas and the transmission company would have to consider breaking the take or pay clause if it could not sell the gas elsewhere. The Chairman of the Senate Energy Committee told the meeting that since January within the United States there had been wholesale abrogations of contracts with high priced U.S. suppliers, either through bankruptcy or to avoid bankruptcy. Until now the existence of the border had protected contracts with Canadian suppliers, but he expected very soon to see these contracts also breached.

Canadian speakers mentioned that priority was being given in Canada to negotiating an agreement with Alberta over the future price of oil and gas. The 1981 agreement had wrongly assumed a continually rising price for oil and gas, and substantial revenues were at stake for both governments. The Canadian government hoped to have an agreement completed by July 1. Only then would it be possible to consider the export price to the United States. The government did not feel it could reduce the price of gas for export below that charged at the Toronto city gate, which was about $3.37 U.S. a thousand cubic feet (mcf). The government had moved at the beginning of the year to cut the border export price from $4.94 mcf to $4.40 mcf. It had suggested that a further price reduction might be tied to a volume discount.

The single border price led to some discussion. The meeting was told that an average well-head price in Canada at this time might amount to $3.30 U.S. mcf. This meant slightly over one U.S. dollar to move gas on average from the well-head to the border, a substantial distance in the case of eastern U.S. markets. If true costs were charged, the cost to deliver gas to the Montana border might be 50 cents mcf and to New York State $2.50 mcf. This information came as a surprise to those delegates from eastern U.S. states who had earlier in the discussion objected to the single price at the U.S. border. It became evident that even with a lower well head price the net border price for their states might be higher. The present system involved some subsidy of eastern U.S. consumers by western consumers.

There was also some discussion of future U.S. gas supplies and what types of fuels were competing in the United States with natural gas. In Canada the benchmark since 1977 has been a substitution price in relation to imported oil and the prime market is seen as home heating oil. U.S. speakers suggested that in the United States the competition came from residual oil, say number 6, used for industrial purposes. It was assumed that the United States had 15 to 20 years supply of natural gas and that the Fuel Use Act would be repealed. There was a brief discussion of the prospects for coal gasification, which were viewed optimistically at about $7.00 mcf.

Canadian speakers ended their remarks by indicating how important the U.S. natural gas market was to Canada, stressing how reliable Canada was as a supplier and how the regulations had been bent when necessary to help out the United States when it had faced shortages. Canada would not undertake the cost of developing gas fields and distribution systems without long-term contracts and, if the present contracts were breached, Canadians would be wary of making agreements in future. It was also reasonable to pay a premium for an assured foreign supply. All this having been said, Canadian speakers acknowledged that price adjustments would have to be made and expressed the hope after July 1 the way would be opened by an agreement between Ottawa and Alberta.

For his part, the Chairman of the Energy Committee warned of the need to move speedily. He expected the U.S. domestic price to fall as the industry was deregulated, which would put further pressure on Canada. He reminded the meeting of the pressure to control imports of natural gas and read a possible provision: "Prices paid for imports could not exceed

prices paid for domestic production. Transportation prices would be an add on." He spoke again of strong feelings about the NEP and the new duty on supplies for off-shore drilling rigs. And he warned for a second time of the risk of contracts being broken by U.S. carriers.

One Canadian participant asked why it was in Canada's interest to export gas rather than to store it in the ground. He considered that it was in the interest of the United States to import modestly priced Canadian gas and to wait until later to bring in the more expensive Alaskan gas. While none of his Canadian colleagues shared his support for keeping the gas in the ground, the remarks did lead into a discussion of prospects for the Alaska gas pipeline.

Alaska Gas Pipeline

U.S. delegates were all agreed that there was no current prospect of building the Alaska gas pipeline. The main problem was still the lack of up-front financing, and the current gas bubble had only accentuated the difficulties. However, there were 26 trillion cubic feet of gas in Prudhoe Bay, representing one twelfth of U.S. reserves and that gas would eventually be needed. In the interval, the gas was being reinjected into the ground as it was separated from oil. While this added to the cost, since the gas would have to be lifted twice, there was relatively little loss and the system worked better than was first considered possible.

In answer to a question, American participants were not prepared to speculate whether the pipeline would be built by the end of the decade. There was some suggestion that Dome's exploration of the possibility of shipping LNG to Japan was a complicating factor. A U.S. speaker said that Japan had not been prepared to finance a pipeline across Alaska to tidewater and he doubted whether they would put money up for a similar project in Canada. A Canadian participant agreed with him and claimed that the Dome proposition was not viable. Moreover, an American participant noted that under current legislation Alaskan gas could not be sold to Japan. The impression was left that the Japanese option was not in fact a serious alternative for Alaskan gas.

Alaskan representatives at the meeting were agreed that Alaska was suffering economically because of the delay in construction of the pipeline. Since there was already a huge overhang of unsold gas, there was no incentive in the state to drill for oil, since oil and gas were usually found together and the gas could not be flared. Furthermore, the construction of the pre-build section of the line to Alberta put Alaskan gas at an additional disadvantage, because it was expensive gas (potentially $12.00 mcf). In one Alaskan senator's view, the line would not be built so long as Canadian gas was available at a lower price.

U.S. delegates insisted that they had not reneged on any undertakings relating to the pipeline. The special provisions asked of the Congress had been passed. But without necessary private financing, the line could not be built. This led a couple of U.S. participants to argue that the U.S. Administration should be authorized to guarantee the financing and thereby ensure construction. But this opinion was clearly a minority view among U.S. delegates, even though there was a general perception that the line might be needed suddenly in the future and that it would protect the United States from OPEC blackmail and be good for U.S.-Canada relations.

National Energy Policy

An American speaker opened this discussion, claiming that U.S. complaints centred on the Canadianization features of the NEP and on the recent decision to apply a 20 per cent duty on supplies for oil rigs operating on the continental shelf beyond the 12 mile territorial sea. He feared that the result would be retaliatory action and instanced particularly the application of the Minerals Leasing Act to exclude Canadian owned companies from exploiting U.S. lands.

Canadian participants described the extent of foreign and U.S. ownership in the hydrocarbon area to explain why some Canadian action had been necessary. The question was specifically asked whether the United States would have agreed that a field the size of Hibernia should be foreign owned. A U.S. Senator responded that much of the action at Prudhoe Bay had been foreign owned. In his view what mattered was control and jobs, not ownership. He found the difference in atmosphere between Prudhoe Bay and the Beaufort Sea quite remarkable and a striking comment on the different bureaucratic environments in the two countries.

A Canadian delegate suggested that Canada and the United States had different traditions. The United States sold sub-surface rights by auction. Canada for many years had used the checkerboard system, which had ensured a crown interest. There has been a period in which no rules applied in Northern Canada, but everyone knew that rules would eventually be applied. He asked, since Canada did not use the auction price approach, why the Crown's interest should not be assured by another approach. This prompted an American delegate to retort that auctions brought in only 2 to 3 per cent of U.S. revenue from hydrocarbon development. Most of the government's revenue came from royalties.

Canadian participants were agreed that some modification of the NEP was required and that the NEP was only one factor which had limited recent oil development activity in Canada. There was an assumption that some elements of the NEP would be changed following agreement with Alberta on price, but nothing was said as to how the system might be modified. The duty on off-shore oil rig supplies was not pursued by either side.

Electricity

The third session ended at this point. There was no time to take up the question of electricity exports, which had been included on the agenda at the suggestion of the U.S. side. No U.S. participant seemed anxious to take up the subject.

COMMITTEE III—ENVIRONMENT AND MULTILATERAL ISSUES

AGENDA

I. Environment and Fishing Issues

Introductory Roundtable Discussion and Environment Versus Jobs
Acid Rain
Toxic Wastes
Sage Creek Coal Development
Garrison
East Coast Fishery
Skagit Valley
Ontario Sport Fishing
Pacific Salmon

II. Multilateral Issues

Law of the Sea
International Debt Crisis
The Middle East

I. Environment and Fishery Issues

Introductory Roundtable Discussion

This discussion consisted of an overview of environmental issues in Canada-U.S. relations and a discussion of the relationship between employment and environmental clean up measures.

The subject was introduced by a Democratic Congressman who briefly reviewed a number of bilateral environmental concerns. He observed that *acid rain* was certainly the most intensive issue and that Congress was moving very slowly on corrective measures. He commented that the matter would have to be confronted in this Congress but that there will be a "hell of a fight" because solutions demand a lot of money. He noted that he himself had introduced legislation in the Committee on Energy and Commerce. He went on to say that unlike water pollution, where it was necessary to undo damage already done, we can see the tragedy of acid rain coming and must act now.

He then touched briefly on the matter of the *Garrison* project which he explained was dealt with in Congress through Appropriations Bills. He felt that funding would be blocked in the House of Representatives but might be restored in the Senate. Concerning the *Great Lakes*, the Congressman observed that there was a wide variety of emerging issues of concern. He noted that new polluting substances were being formed by synergisms between a whole host of chemical products and that these were having damaging effects on fish eggs. He suggested that this was a highly dangerous long-term threat because the "flushing rate" (the period it takes for the waters of the Great Lakes to be renewed) was approximately 500 years. He pointed as well to the consumptive use of Great Lakes water as an issue of emerging importance by noting the estimate that use would rise from the current rate of 4700 cubic ft./second to 31,000 by the year 2025. In his view U.S. clean water legislation would have to be rewritten. Finally, the Congressman commented briefly on the appointment of William Ruckelshaus as Director of the Environmental Protection Agency. He welcomed the appointment and remarked that the new director was a solid, scholarly man who would restore balance to the EPA.

A Canadian Senator then joined the roundtable discussion by turning to the subject of *environment versus jobs*. She presented the Canadian view that job losses from environmental clean up had been exaggerated and the economic benefits of environmental protection understated. She noted, for example, that the forest products industry in Canada, which is threatened by acid rain, contributes in a major way to the Canadian economy. She went on to say that, while it is not possible to establish the precise size of the pollution control industry in Canada it may sustain in excess of 50,000 jobs. The recycling of waste materials is becoming more attractive in Canada as new materials are becoming scarce and more expensive and energy costs are rising. Concerning possible job loss from environmental clean up, she reported research that showed such considerations are generally not the overriding factor in plant closing decisions. She noted several examples where companies had turned environmental requirements into profitable investments. Finally, the Canadian spokesman observed that Canadian governments are sensitive to the burden placed on companies by environmental requirements and noted several types of public assistance, including the Accelerated Capital Cost Allowance Program.

An American Senator then joined the discussion by noting that political harm had been done to the U.S. Environmental Protection Agency but that a sincere effort was now underway to correct this situation. He observed that Mr. Ruckelshaus would do anything that is "fiscally practical" and predicted that progress would be made on acid rain. Another U.S. Senator, from a northeastern State, said that the "key issue" was acid rain and while there had been glaring ignorance in Washington of Canada's concerns this situation was now improving. Unfortunately, he observed, there is still debate about the causes of acid rain.

Two Canadian delegates responded by turning the subject again to environment and jobs. The first delegate reported that Canada was now satisfied that job gains and losses are balanced, an important political argument. He then went on to identify chemical wastes and long-term health hazards as a very important issue. A second Canadian delegate emphasized the importance of abating the fears of business if environmental clean up was to proceed. She observed that we must present the case that jobs are not the problem, capital costs are the problem.

Acid Rain

An intense discussion of acid rain was introduced by a Canadian Member of Parliament. He began by observing that while we don't know everything about acid rain we know enough to justify action now. He noted the urgency of action by observing that once waterways are destroyed, the damage is irreversible in the short and medium term. Techniques such as liming are just not practical on the vast scale required. He went on to say that U.S. scientists are among those who think we know enough to act. Canada has committed itself to a 50 per cent reduction in its contribution to the problem and the hope is that the U.S. will match that target.

This participant went on to say that the issue which must now be confronted is that of the effect of environmental clean up on the economy. The real crunch, he observed, is costs and jobs. He observed that corrective measures will cost a lot in Canada and that the matter had not been entirely thought through. However, he remarked that Canada has the political support to do it whereas perhaps U.S. politicians do not as yet. He went on to say that Canada is not pointing the finger at the U.S. because "our own hands are not entirely clean". While total U.S. pollutants are far greater, acid rain is a problem that must be solved together. He concluded by observing that acid rain put a serious strain on Canada-U.S. relations but that it was not just a bilateral issue. "It is a problem facing large areas of the United States as well."

A Republican Congressman responded by observing that the District he represented in New York State had as serious an acid rain problem "as any place on earth". He suggested that the issue required political finesse because the issue still lacks sufficient support in Congress. He expressed concern that the political support needed would be frightened by possible job loss, an especially severe concern right now. In particular, he expressed concern about the reaction among mid-western Congressmen. Nevertheless, he was encouraged by growth in understanding of acid rain and felt that in the past three months "the issue has been going our way".

A Canadian delegate joined the discussion by drawing a parallel between the problem of acid rain and the clean up of the St. John river in the Maritimes. He argued that the issue was not job loss but rather *dislocation* of jobs and cited the example of a pulp and paper company which preferred to move its operation rather than clean up its existing plant. Such a decision, he observed, is especially hard on one-industry towns. He went on to say that too often the public attitude is that industry pollutes so industry should clean it up but he suggested that such an approach would not work. What was needed was government assistance to keep the jobs in place.

Another Canadian participant introduced himself as coming from the region in Canada hardest hit by acid rain. It is a vacation area which attracts many Americans as cottagers. He remarked that he advised these American visitors to "spread the word at home". He drew the American delegates attention to the Parliamentary Committee Report "Still Waters" which was excellent and noted that the Committee had been brought back into operation and would be visiting Washington in late June.

This delegate went on to say that Canada is not lily-white where acid rain is concerned. Two of the "bad boys" are in Ontario, with INCO being the worst acid rain producer in the world. At the same time, he noted company claims that they are improving and have a target of reducing sulphur emissions from 1900 tons/day to 950 tons/day. It is estimated that this will cost $400 million but would result in efficiency gains of $30 million/year. He remarked that these measures were hard to introduce in the current depressed nickel market when INCO was currently losing $1 million/day.

The Canadian delegate continued his remarks by noting that 70 per cent of acid rain causing pollution in Canada comes from the United States. However, he observed, we are fortunate to have only one border and two countries involved. He noted that acid rain was a world wide problem, including Europe and the Soviet Union and that the large number of countries and borders in Europe will make it a much more difficult problem to solve. He concluded by saying that in North America the problem should be solved amicably.

A Democratic Congressman noted that there was considerable discussion in Congress about the acid rain problem and that he believed there was a good chance of legislation being reported to the House. In particular, he drew attention to one piece of legislation covering 31 states that would create a *superfund* based on a charge of 3 cents per kilowatt/hour applied against the 50 largest electric generating producers of acid rain pollutants. The target is a 6 to 7 million ton reduction in sulphur emissions from electric utilities with an additional 1.3 million ton reduction for chemical and mining companies. The superfund is intended to provide 90 per cent of capital costs with the rest being written off for income tax purposes.

The Congressman remarked that while he did not want to get Canadian hopes too high, this legislation might succeed for political reasons. New Hampshire, he pointed out, is the first Presidential primary and acid rain is a major issue in New England. He said that while he would be surprised if such legislation "would go all the way", it might at least get to the floor of the House.

Another Democratic Congressman remarked that this was a billion dollar issue with total cost estimated in the $10-20 billion range. He observed that there were very powerful industry and labour coalitions against doing anything but that in his judgement it was time to get on with the clean up. "We don't need to sit around and study anymore". The evidence is clear, he remarked, that some 200 companies in 31 states produce 90 per cent of sulphur and nitrous oxide pollutants. He argued that building high stacks does nothing to solve the problem by just depositing it elsewhere. "Stopping it at the source is the solution." He then commented that Canada "lectures us a lot but what are you doing?"

The Canadian delegate who had opened the discussion replied that Canadian emissions have been reduced by 25 per cent and that more would be done. The problem, he noted was that further Canadian actions had been suspended because of ongoing negotiations with the United States. "Canadian action must be related to U.S. action". He suggested that what was required was an international political mechanism with perhaps a mediator to establish the facts and areas of agreement between the two sides. He remarked that negotiation is still the best route at the moment. He went on to say that powerful Canadian support exists for dealing with the problem. For example, when Ontario Hydro was given approval by the Ontario government to expand electricity exports to the U.S.A.—a move that would have increased sulphur pollutions—the Canadian Minister of the Environment, strongly

supported by all federal political parties, intervened before the National Energy Board to block approval.

Toxic Wastes

A Canadian Senator opened this discussion by saying that in some ways she was more afraid of toxic wastes than of acid rain because of its terrible health hazards. She then inquired whether there was any political will in the U.S. to deal with the problem and whether it was true, as reported, that organized crime is heavily involved.

A Democratic Congressman replied that there were certainly operators who go to businesses and offer to dump wastes in abandoned farm land for a price. He noted that to apprehend someone with a truckload of these wastes is hard because it requires sophisticated chemical analysis to determine the contents. A Republican Congressman added that it is an enormous problem because there are literally thousands of polluters and huge dumps. The only way to solve it is at the source. A Canadian delegate observed that Canada has trucked a lot of its wastes to the United States.

Noting the related problem of nuclear wastes, a U.S. participant reported that a lot of this material is trucked through his district to the main disposal sites in South Carolina. He reported that there is a new French product consisting of special ceramic containers to store this waste. A Canadian Member of Parliament observed that the Canadian government believes that the nuclear waste disposal problem is solvable at reasonable cost and that these concerns should be put to rest.

Sage Creek Coal Development

The State of Montana has requested the Canadian and British Columbia governments to delay the proposed Sage Creek Coal Mine in southeastern B.C. until it is proven the mine will not harm the Flathead River in Montana and the Waterlon-Glacier International Peace Park. The Democratic Senator from Montana raised the issue with the remark: "I am with you on acid rain and Garrison but we have a big problem - the Flathead River. We have to solve this problem". A Canadian Member of Parliament from British Columbia replied by saying that the company and B.C. government have tried to cooperate in supplying information. He went on to say there is no doubt the province and the company know that the project must be environmentally safe if it is to go ahead. He added the caveat that "what we think is environmentally safe and what you think may be different". The Canadian Member ended his remarks by assuring the Senator that he would assist in any way he could.

Garrison

The discussion was begun by a Canadian MP who observed that this issue had been on the agenda for many years and that he understood the continuous pressure on Congress to approve this project. The problem is especially acute now because of a proposed $22 million appropriation to start on the Lone Tree Reservoir which is on the Hudson's Bay side of the watershed. He went on to say that the concern is not so much over pollution, which can be corrected, but rather over possible biota transfer. While some believe that recent research on fish screens shows they can solve the problem, he remarked "we are not convinced".

The participant went on to say that the ultimate Canadian objective is redesign of the project so that the whole system would be contained in the United States. The fear, he said, is that having spent 17 per cent of the estimated $1 billion cost, momentum is building to complete the entire project.

A Republican Congressman from the mid-west began his reply by expressing surprise that this item was still on the agenda. In his view it was "whipping a dead horse" because the U.S. had repeatedly given assurances that the project would not violate the Boundary Waters Treaty. Specifically, he said that it has been guaranteed that the Lone Tree Reservoir would not violate the treaty and that the Souris River dam would stay sealed until agreement is reached with Canada. He added that the tests of fish screens had shown that all the species trapped were already present in Manitoba waters. He concluded his remarks by stating that the bottom line was that the U.S. would not violate the treaty and that he was a bit concerned about the actions of environmentalists.

A Canadian participant responded that he had recently been part of the group that makes an annual pilgrimage to Washington on the Garrison. He suggested that this issue was not so much a case of Canada versus the U.S. as a question of good neighbours. "We have no right to tell states adjoining North Dakota what to do but my impression is that local political priorities are taking precedence over good neighbours."

He went on to say that Canada remains concerned that the IJC report is being ignored and that the "jigsaw puzzle is being fitted together one piece at a time". He stressed the point that all parts of the project are going ahead as originally envisaged and expressed the Canadian fear that because Phase I is not cost effective on its own, Phase II will be proceeded with. He noted the claims that the fish screens would solve the problem but said there were reports of such screens failing in California and that "they only need to fail once." He described the sizeable Canadian industry, both fishing and tourism, that could be severely hurt by new species getting into the Manitoba water system. He concluded by remarking that every year during the visit to Washington "we get sympathy from lots of Congressmen but do not get the assurances we need".

An American Congressman then commented that it was hard to defend "the turkey" (the Garrison) but that his Congressional colleague had done a good job. He said that Canada should be concerned about the current appropriation because it is part of a phasing-in strategy to disarm the opposition. He urged his colleagues to remember the Welland Canal which introduced the lamprey eel into the Great Lakes and, with it, tremendous damage and costs. He noted that fish screens are ineffective in controlling the lamprey and so poisons have to be put in the lakes forever. He concluded by remarking that "we just don't know enough to justify projects like Garrison."

The Canadian MP who introduced the Garrison discussion now wrapped it up by saying there should be a mechanism for

direct talks between Manitoba and North Dakota because, if the project proceeds tensions between Canada and the U.S. will worsen. This item will be on the agenda, he concluded, until all levels of government can sit down together and redraw the project.

East Coast Fishery

A Canadian participant introduced the subject of the east coast fishery by noting that although the Gulf of Maine case was before the International Court, the entire issue was an example of a failed agreement. She expressed the opinion that there were going to be serious fish-management problems, perhaps even a fish war, well before the International Court renders its decision. She felt, in particular, that the experience of signing an agreement which the U.S. then backs out of had damaged the faith in Canada-U.S. relations. "Canadians find it very hard to understand your system." An American Senator remarked that "the Mexicans say the same thing in Spanish" and explained that the problem arises from the fact that the U.S. Administration conducts a lot of negotiations without consulting the Senate along the way.

A Canadian delegate then remarked that fish stocks are being very seriously depleted at the present time. He reported that management violations were currently being ignored and warned that if there is not enforcement, there are not going to be any fish. He suggested that a management system had to be put in place before the International Court's decision. A U.S. participant who serves on the House Merchant Marine and Fisheries Committee replied that a method had to be found for establishing the scientific facts in such cases. "If we could establish facts on such things like the stocks then perhaps we could get behind the smoke screens of scientific argument."

Skagit

A Canadian Member of Parliament reported that, happily, this issue was one that was being solved. On April 14, 1983, he reported, British Columbia and Seattle announced a framework agreement for resolution of the 40 year old dispute. Under the terms of the agreement flooding of the Skagit Valley will be prevented in return for a guarantee by B.C. to supply the power which would have been generated by raising the Ross Dam. Seattle will pay B.C. amounts reflecting the capital cost and annual operating and maintenance costs it would have incurred if it had raised the dam. In addition, the agreement will provide for establishment of an Environmental Endowment Fund. The Canadian Member said that the issue was now before the Canadian and U.S. governments to prepare a treaty and that he could foresee no problems on either side.

Ontario Sport Fishing

A Canadian delegate reported that as a result of a drastic decline of fish populations in Ontario, the provincial government was putting increasing restrictions on the number of fish allowed and issuance of licences. He noted that the government had already been taking Canadian commercial fishermen to court and was now putting pressure on Americans. He remarked that Ontario faced a problem, namely that it had built up a big tourist trade based on fishing and now the fish are not there.

A U.S. delegate responded that tourist operators in Minnesota also want to maintain the fish stocks but they find the Ontario action too restrictive. In place of such drastic action, he described a longer range U.S. proposal to rebuild stocks consisting of a) buffer zone and joint commission representing Minnesota, Ontario and Manitoba b) a slow reduction of commercial fishing until it is phased out entirely c) reduced catch limits. He went on to warn that the present action could have a bad public relations effect on Ontario. Because of declining "walleyes", Minnesota is losing tourists to other states and is very anxious to cooperate in developing the fish stocks.

A second U.S. Congressman from Minnesota said that the U.S. believed that the restrictions were put in to keep business in Ontario. He observed that it was the attitude of harassment that angers people. A Congressman from the Lake Ontario region strongly supported this point by saying that the Ontario measures had created enormous anger among Americans who use the lake and the Niagara River. He reminded delegates that there had been a long history of cooperative two-way traffic in these waters. He commented that he had been told that the new Ontario rules would not apply to the lower Great Lakes for the time being.

The Canadian participant replied that the anger was not confined to Americans and that there was plenty of anger in Ontario too. At the same time, he noted, something had to be done about declining stocks.

Pacific Salmon

One of the U.S. Senators from Alaska began the discussion of Pacific Salmon by saying this was a very difficult problem for Alaska. The area affected in south-east Alaska, he noted, has a very poor economy and depends on forestry and fishing. Alaska, he added, had reduced quotas because fish stocks had declined and had asked Canada to join in management of the stocks. A Draft Treaty was drawn up but then changes were proposed to acknowledge past Alaskan policy and practice.

The Senator emphasized that the State of Alaska opposes the treaty as it stands. Alaskans are particularly upset, he said, by the fact that historically there had been no salmon fishery on the Canadian side of the Taku River but that a subsidized commercial fishery had now been established. He said that Alaskans want bilateral discussions on several matters: a) the fact that previous Alaskan cuts in quotas were not reflected in quotas under the treaty, b) the operations of Canadian commercial fishermen, c) the subsidization of the Canadian commercial fisheries.

The other U.S. Senator from Alaska joined the discussion by saying that the subsidy was the key issue. He noted Alaskan feelings that the treaty made no acknowledgement of Alaskan enhancement efforts. He further noted the feeling that Canadians were saying, "You had better make an agreement or we will increase the catch downstream". He added that it was in everyone's interests to jointly manage the resource.

A Canadian participant replied that this was a far easier matter to resolve than the East Coast Treaty because there is no question of boundaries to settle and the issues are fewer in number. He suggested that the treaty was just a common sense management plan and that Alaska was complaining only about its end of the deal. The gist of the situation was that while Alaska takes many of the salmon, about 80 per cent of the fish spawn in Canadian waters and so a lot of the enhancement program rests with Canada.

He went on to argue that the treaty had a few problems to be worked out but was not in a hopeless state. In particular, there was need to increase the total catch and to come to an agreement concerning the Canadian fishery on the Taku. He remarked that both sides were in dire straits over sadly depleted stocks, largely because of Japanese high seas fishing.

A United States participant responded that the issue was very acute and that the U.S. Coast Guard believes there may well be violence. He suggested that there had to be greater Canadian acknowledgement of past Alaskan contributions to enhancement. He warned that this trouble is "the tip of the iceberg" and that if the treaty is not changed there will be U.S. retaliation on halibut.

Another U.S. delegate noted that part of the problem was the slowness of Canadian information on the stock being made available. A Canadian delegate acknowledged that was a problem.

Another Canadian participant then commented on the fact that the treaty had been carefully negotiated and, at the last minute, U.S. pressure groups held it up as they had held up the East Coast treaty. He commented that this was wonderful for the U.S. Senate because Canada puts everything on the table and then the Senate gets its "final kick at the can". He suggested that it was time for the U.S. to get its act together or Canada would stop negotiating in good faith.

II Multilateral Issues

Law of the Sea

A U.S. Senator introduced this discussion by noting that the Senate had supported the Administration's approach to Law of the Sea until the negotiators "went off on their own". He remarked that President Reagan had no choice but not to sign the treaty because there is an obligation to protect the U.S. mining industry. In particular, he said, the transfer of technology provisions are completely unacceptable and he warned that Canada would come to regret them. He then went on to say that the treaty process is a problem and breaks down if the Senate is not informed and involved as things proceed. He noted that there was a tremendous backlog of treaties before the Senate for this very reason. A Canadian participant remarked that the first time this process adversely affected Canada was the East Coast Fishing Treaty but that the U.S. was now causing great trouble by its practice of rejecting treaties negotiated by the Administration.

The U.S. delegate replied that the Senate is part of the process and must be recognized as such. He then went on to say that so far as the Law of the Sea is concerned, the U.S. would agree to a treaty only with changes that would be unacceptable to others. In response to a remark by a Canadian delegate that the U.S. would not be able to insulate itself against the treaty forever, the U.S. delegate replied that "we are not going to support a process that subverts U.S. free enterprise". He warned that Canada would discover the problems of the treaty when it is sued by one of its own corporations.

International Debt Crisis

An American Congressman opened this discussion by remarking that the debt problem is reaching a very critical stage. Much of the debt, he noted, has gone to finance enterprises in competition with U.S. enterprises and, as a result, there is increased U.S. resistance to lending. He remarked that "U.S. banks thought they had a good deal but now the bottom has dropped out and the banks are saying you must support us, you must support the price of oil, you must support the World Bank and the IMF, all to save their own skins. There is not much sympathy in the U.S. for the banks."

A U.S. Senator agreed that there was little sympathy for the banks but it should be remembered that in the 1970s they were encouraged by developed countries to get involved with third world. This was seen as an alternative to more aid. At the same time, he remarked that he had opposed the increase in IMF quotas which, in effect, "monetizes bad debts". He expressed the opinion that the banks would not go bankrupt but that they had to swallow their bitter medicine.

A Canadian Member of Parliament suggested that the U.S. would have to reschedule much of this debt whether the U.S. liked it or not. He noted that total debt was about $620 billion and that some 25 per cent of New York bank assets were represented by loans to Mexico and Brazil alone. He argued that such major creditors would be rescheduled because otherwise a major crisis would result. But he expressed concern for some of the poorer and smaller countries which were hurting the most but have little bargaining leverage with the international financial system. He warned that if onerous conditions were imposed on them they would have no choice but to further restrict imports which would be an additional threat to international economic recovery. To a U.S. delegate's comment that IMF conditions often reduce imports anyway, the Canadian participant replied that the quicker and more easily adjustments occurred, the sooner imports and exports would pick up again. He noted that between 30 and 40 per cent of U.S. exports go to the third world and, if these countries can't afford to buy, the whole recovery process would be stalled.

The Canadian delegate went on to say that the major debt problem concerned about 40 countries. He argued that if the IMF and World Bank did not have the resources for adjustment there would be an economic crisis. He expressed the hope that the U.S. Senate would support the required replenishment of the International Development Association (IDA) which, studies showed, had a better economic return on its loans than did the commercial banks.

Another Canadian delegate expressed some sympathy for the U.S. concern, observing that the industrialized countries

cannot afford to spend much more on aid. He agreed that the private banks must accept responsibility for their own lending though government has a responsibility where its policies have encouraged or directed the banks. He acknowledged the fact that nobody knew what was going to happen to the economy and expressed regret for "the Mexicos of the world". But, he added, he was also sorry for the little guys in Canada who spent beyond their means. He concluded by saying that what was required was international cooperation, not the placing of blame.

A U.S. Senator then joined the discussion by reporting his participation in a recent IMF sponsored delegation to discuss these questions in Mexico, Peru and Brazil. He remarked that many officials with whom they met said that "the IMF is telling us to tighten our belts and most of our people don't have any belts to tighten." He warned that if the price of oil drops much further, there may be a revolution in Mexico "or ten million Mexicans in the U.S.A".

The Senator then went on to say that his personal view was that it is bad management to give people money you know they can't pay back. "I think the banks are entitled to go broke". He then commented on his visit to Brazil where huge factories paying wages of $140 month are being built to send exports to the U.S. "We are going to make them healthy so they can compete with us and put our people out of work." He argued that if banks want to continue operating abroad, the rules of the game must be changed to require disclosure of information, larger reserves and an international banking system. If the banks don't follow these rules then they should go broke.

In response to a Canadian delegate's remark that the U.S. would have greater problems with third world countries if it did not provide the IMF with needed funds, the Senator replied that a long history had shown the U.S. that money does not buy friends. "We give money, money, money and what do we get? Every time you create a competitor, you do a disservice to yourself." He concluded by saying that we are in the midst of agonizing change and are forced to ask, "What can we afford to do?".

The Middle East

A Canadian Member of Parliament began the discussion by noting two points on which all participants might agree: that Israel sees itself surrounded by hostile Arabs and that the Arabs regard Israelis as intruders. He went on to express his personal view that the Arabs had taken an enormous step forward with the Fez Declaration. Among its provisions was a call for withdrawal of Israel from all territory *occupied in 1967* which implied recognition of Israeli claims prior to that. Similarly the document called for the dismantling of Israeli settlements established only after 1967. In addition the declaration calls upon the Security Council to guarantee the recognition of all states, including Israel and an independent Palestine.

The Member went on to say that, despite this progress in the Arab position, it was hard to have negotiations so long as Israel won't talk to the Palestinians and dismisses them as a bunch of terrorists. He noted that Israel had suffered 250 casualties as a result of terrorism but had created many more victims by its invasion of Lebanon. He suggested that terrorism was the tactic of the weak, just as it has been for Begin and the Stern gang in the 1940s.

The Canadian delegate then expressed the view that the PLO was moving away from terrorism. He offered as evidence the 1973 PLO agreement with the U.S. that El Fatah would not harm Americans, the PLO agreement in 1977 to discuss recognition of Israel and other indications of Arafat's moderation in the period 1980-82. He suggested that there is a "window of opportunity" which may close with further Israeli annexation of the West Bank and asked why the U.S. chose to put all its eggs in the Israeli basket? He described the Reagan Plan as a significant step forward but observed that it was not supported by Congress. "On the contrary, Congress is giving more aid to Israel." He concluded by saying that the Arabs are naturally pro-American but are so frustrated by lack of U.S. understanding that they would turn to the Russian side for support. He called upon the United States to press harder for negotiations.

A Senator from the north-eastern United States replied that he had recently been to Lebanon on a fact-finding trip and it was his strong opinion that a sovereign Lebanon would never have emerged had it not been for Israeli action. He noted in particular that the quantity of arms captured was staggering.

The Senator went on to make two fundamental points about U.S. understanding of the region. 1) Israel has a justifiable case of paranoia, having been through 5 wars in 35 years. Despite this, Begin signed a peace treaty with Egypt and returned territory on schedule. Until the PLO abandons the desire to destroy Israel, nothing can be accomplished. 2) Israel is democratic. It was the Jerusalem Post that reported the massacres and an independent commission severely criticized the government. The American people deeply respect these remarkable qualities.

The Senator warned that people are sometimes inclined to give the Arabs more credit than they deserve. The U.S. has been willing to cooperate over the years but it has been very hard to get Arab help. "Even Begin has been willing to do so." He concluded his remarks by saying that Begin will be tough on the issue of the West Bank settlements, "as any Prime Minister of Israel would be".

A second U.S. Senator joined the discussion to comment on U.S. aid to Israel. He remarked that Israel does not get much more money than Egypt but the difference is that Israel repays at the rate of $900 million/year. He stated that the bottom line of U.S. policy in the Middle East is deterrence of the Soviet Union. "We spend $30 billion/year on NATO, $2.6 billion on Israel. Aid to Israel is a much better deal." He went on to say that the U.S. wants the Israeli army to stay in Lebanon or there will be a massacre of the Lebanese army. The Senator concluded by remarking that not all U.S. eggs are in one basket but Israel is dependable. "We cannot in any way jeopardize a sure relationship."

The Senator who had opened the discussion for the U.S. delegation joined again to say that the basic U.S. mistake was to move away from the Camp David accords and that a year had now been lost. He acknowledged that Congress had been remarkably silent but disputed that it was due to the Jewish lobby whose power, he suggested, had been greatly exaggerated.

The Canadian participant who opened the discussion repeated his call for greater U.S. initiative and pressure to encourage Israel to negotiate "before it is too late". He noted in particular that a point of no-return was fast approaching on the West Bank, after which Israel would never abandon her settlements. That would constitute a permanent, major obstacle to peace in the region. A second Canadian delegate observed that he was a bit inclined toward the other side of the argument. He noted in particular the Arab spirit of animosity towards Israel and that if he were responsible for Israeli policy he would never give up the Golan Heights. He concluded the discussion by asking whether Canada was prepared to accept some responsibility for a settlement? "The answer is, we are not. Until we are, we have not earned the right to criticize."

Plenary Session

Central America

A Republican Senator began the discussion by commenting that current U.S. policy faces four or five bad choices and must consider which is the least bad. He said there is no doubt that infiltration of arms and support is being masterminded by the U.S.S.R. and that the U.S. was being forced to escalate as a counter-measure. The danger, he suggested, was of further deterioration and even the fall of Mexico. The question is how to de-escalate through agreement on mutual reduction of outside arms? There are many loopholes through which arms can slip into the region. The U.S. hope is that its assistance will support democratic government "so that finally the good guys will win and the bad guys will lose."

A Democratic Senator began his remarks by noting the major disagreements in Congress with the Administration over its Central American policy. However, he suggested that everyone agreed that there should not be a Marxist state in El Salvador. The question is how to minimize that threat with the support of U.S. allies in the region. He commented that far too often the U.S. acts unilaterally. The Senator went on to say that the U.S. has the greatest difficulty in accepting that there are freedom fighters in the western hemisphere. In eastern Europe the U.S. supports the struggle for liberation but in Latin America they are seen as created wholly by the U.S.S.R.

Turning specifically to El Salvador, the Senator began by stating that the Administration has never been able to establish the quantities of arms from Nicaragua. The assumption that the war in El Salvador is dependant on outside help is just an assumption, nothing more. He went on to say that it is now generally agreed that the war is stalemated and the U.S. has three options. 1) send in the marines. The danger of this course is that no one knows where it will lead. 2) status quo. The problem here, noted the Senator, is lack of motivation in the El Salvador Army. The Senator commented that some 85% of troops trained in 1980 have now left the military and that without motivation to defend their own country, there can be only one outcome - a guerillas victory. 3) negotiate. The Senator remarked that this was risky but might work by elevating the political moderates on both sides of the conflict. He noted many Latin American allies of the U.S. as well as the Catholic church recommended negotiation. He concluded by warning that while this option exists now, it would not for much longer. "If a region-wide war breaks out the problems will be far worse."

A Canadian MP spoke briefly and remarked that Canada's role is substantially different than that of the U.S. He reported on the two year Parliamentary investigation of Canada's relations with Latin America which concluded that we should establish closer ties. During the course of the Committee study, he noted, members had been exposed to the thinking of many countries, including Cuba. He suggested that if Canada has a role to play it would be to act as a bridge to facilitate negotiations. Canada has a good reputation in the region and relations with all countries. He concluded by saying that Canada's good offices are open to assisting in a political settlement.

A Democratic Congressman began his remarks by saying what the U.S. seeks to achieve in Central America is infinitely more difficult than the Marshall Plan, because it is an attempt to build from the ground up, overcoming five centuries of history. He argued that the U.S. must not just be *against* communism but must stand for two things. 1) Free elections so as to demonstrate that it is possible to change democratically. The U.S. had upheld this principle in the Dominican Republic and Peru but lost respect when it undermined Allende in Chile. 2) Non-intervention. The Rio Treaty, the Congressman pointed out, guarantees the sanctity of borders. On that basis the U.S. opposes outside intervention in El Salvador. But, he argued, the U.S. cannot condemn Nicaragua for intervention and then turn around and sponsor the overthrow of the Sandinista government, no matter how badly it had betrayed the 1979 revolution. The Congressman went on to say that El Salvador was a testing ground of democracy. In the 1982 elections, the people of El Salvador demonstrated their civic determination to elect their government. The United States must support that determination.

A Member of Parliament described the Canadian position as leaving it to the people of a country to determine the government they want and then respecting the people's choice. At the same time, he said that Canada realizes the U.S. has a security problem in the region and for that reason Canada avoids getting involved in rhetoric. He went on to say that Canada was most concerned to know if the U.S. objective is to overthrow the government of Nicaragua? If so, he argued, Canada would disagree but if the sole purpose of policy is to stop the flow of arms to El Salvador then Canada supports the policy.

A U.S. Congressman commented that a recent Congressional resolution specifically prohibits the use of arms to overthrow the Nicaraguan government. He went on to say that the need was for a long-range plan launched by a hemispheric conference on security matters. It might establish an international peacekeeping force in Central America and then draw up plans for reform and development. Another Congressman said that efforts were underway to launch the Caribbean Basin Initiative (CBI) but that this region had a long history to overcome and an explosive birth rate. He expressed the hope that the CBI legislation establishing a one way free trade zone would get through Congress.

In response to a comment by a Canadian delegate that the U.S. should stand for change in Latin America, a U.S. Senator replied that he was provoked to reply "Vive le Québec Libre." A Republican Senator then concluded the discussion by remarking that Administration policy had not been adequately defended. He noted that there were large arms shipments into El Salvador and that the U.S. would never countenance this violation of the Monroe Doctrine. He noted that Costa Rica had no army because the U.S. had guaranteed its security. Simularly, he argued, the U.S. must keep its word to El Salvador. The U.S. should not escalate the conflict but it must stand behind the government of El Salvador as long as its people do.

THE SENATE

Thursday, October 13, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—REPORT OF STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS ON SUBJECT MATTER TABLED AND PRINTED AS APPENDIX

Hon. Joan Neiman: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of the Constitution Amendment Proclamation, 1983. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see Appendix "A", p. 6055.)

Hon. Duff Roblin (Acting Leader of the Opposition): May I ask when this item will be taken into consideration by the Senate? I believe some of us would like to debate it.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Neiman: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

WESTERN GRAIN TRANSPORTATION

REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS ON SUBJECT MATTER OF BILL C-155 TABLED AND PRINTED AS APPENDIX

Hon. Léopold Langlois: Honourable senators, I have the honour to table, in both official languages, the report of the Standing Senate Committee on Transport and Communications on the subject matter of Bill C-155. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see Appendix "B", p. 6059.)

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(*g*), that when the Senate adjourns today, it do stand adjourned until Tuesday, October 18, 1983, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

GOVERNMENT POLICY

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would like to enquire of the government with respect to some aspects of their economic policy. My question arises from the fact that the projections of that policy, which were outlined by the Minister of Finance when he presented his budget last April, have now been subject to some re-examination after a lapse of six months. We note that several bodies that are entitled to some public credence have produced figures with respect to economic forecasts which vary markedly from those the minister laid down last April, in that they are a good deal less optimistic than the minister was and, I believe, still is with respect to such items as increase in the gross national product, the reduction in the rate of inflation, and the reduction of unemployment in the country.

I would like the government to tell us whether they are now prepared to re-examine the forecast laid down by the minister last April, and whether they are prepared to produce measures to adjust their economic and budgetary policies accordingly.

Hon. H. A. Olson (Leader of the Government): Honourable senators, there can be an honest and sincere difference of opinion with respect to the conclusions Senator Roblin has attempted to express in the preamble to his question. I must say that I disagree with him. All ministers in the cabinet examine the various economic indicators and compare them with the projections made by the Minister of Finance in his budget prognostications of last April, and those economic indicators are very close to the forecasts made at that time. In fact, in several areas—and I do not recall them because I do not have the numbers in front of me right now—the economy has performed somewhat better than the forecasts.

Senator Roblin has pointed to unemployment, but the Minister of Finance stated that unemployment levels were unacceptably high at that time and that they would remain unacceptably high to this date. The unemployment level is doing a little better than he forecast at that time. It is now one- or two-tenths of a percentage point better than forecast.

Of course, there are indicators one can look to, such as housing starts, real GNE, motor vehicle sales, and so forth. The results of a survey of senior business executives show investment intentions. All those indicators are doing somewhat better than forecast. Canada's current account surplus has reached record levels, levels even higher than the optimistic levels forecast by the Minister of Finance.

In response to the preamble to Senator Roblin's question, I must say that I fail to understand the logic used in reaching the conclusion that the economic indicators are so far out of line that they now need to be re-examined, perhaps readjusted and, indeed, restated.

Senator Roblin: Honourable senators, I have no interest in trying to belittle any positive results that we observe in the economy today. If we see any, that has to be a cause for satisfaction. If we complain that the forecasts are not sufficiently buoyant to meet the needs of the country, that is something else again. I think that is the point the minister has failed to deal with.

The real gross national product forecasts by the minister—and it is the forecasts we find bothersome—are substantially higher than either the Conference Board of Canada or the Economic Council of Canada are willing to grant. It seems to me that that leaves a wide area of doubt and uncertainty, so much so that we cannot afford to take a stand-pat attitude and say that things are going all right and if we leave them alone they will work out.

That is the clear warning that has been given to us by these impartial, credible outside authorities. They say that the minister's forecasts are too optimistic. They warn us that the probabilities are that things will not turn out to be as promising as the minister hopes.

Whether you take the gross national product, the rate of inflation, or the most important of all, in my opinion, the rate of unemployment, both the Economic Council of Canada and the Conference Board of Canada have raised a clear warning flag that those indicators are liable to fail to perform in the way that the Minister of Finance hopes they will. It seems to me to be ill-advised to rather blithely—I suppose that is not a good word—to rather stubbornly insist that things are all right and these things do not matter.

I am saying to the government that it would be a good thing for them to review their economic policy with a view to dealing with these unsatisfactory forecasts, which are substantially less promising for the country than the ones the Minister of Finance has given us.

• (1410)

Senator Olson: Honourable senators, I am not going to be drawn into a discussion that challenges the opinions reached by the Conference Board of Canada or the Economic Council of Canada. The original preamble was that the minister's forecasts in his budget speech were very far from what has actually happened and forecasting, at the best of times, is risky. I think it is fair to say that the performance of the economy, measured by several of the most important indicators, is very close, in fact, closer than usual, from some forecasts made by governments in the past year or two, or several years. There are several indicators showing the Canadian economy has performed somewhat better. I have said that already.

What I think is important is that, however he tries, Senator Roblin cannot get us to say that the unemployment level is satisfactory and that, therefore, it does not matter. It does matter a great deal that it is at the level it is, and the Minister of Finance never said, to my knowledge, that it is acceptable at that level. That was the reason for his fiscal stance and the fiscal framework he announced at that time, which was going to pump additional billions of dollars into the economy, which, of course, shows up in the deficit. It is not a question of whether or not it is satisfactory. I believe it was a very sincere and objective analysis.

I do not expect Senator Roblin to agree with me, but in looking at those numbers and making comparisons between past forecasts and what actually happened six months later, the forecasts and the actual are probably closer than any I have seen in recent years. There may be good reasons for that because it often happens when such a thing as inflation is declining and is stable. There are some surprisingly good results in terms of, for example, our balance of payments and housing starts. For a while, at least in the third quarter, there was an unexpected upswing in consumer spending. That is very hard to forecast, but it is welcome.

The basic reason for Senator Roblin's asking the question as to whether or not we are going to have a statement on the economy is that the performance is significantly different from the forecasts. In my view, that is simply not the case. It is much closer to the forecasts than any budget forecasts I have seen for many years.

Senator Roblin: I am not going to debate with my honourable friend about progress that has been made, because we are in favour of that and we are pleased with it. What my honourable friend is still dodging is the fact that the warning signals that have been given to us by non-governmental authorities indicate that there is trouble ahead. When you get a clear warning that there is trouble ahead, you should do something about it. What bothers me is the attitude of the minister. He is as bad as the Minister of Finance, and I quote—

Senator Olson: Or as good.

Senator Roblin: Well, it depends on which side of your mouth you are talking out of, doesn't it?

Senator Olson: Only out of the front.

Senator Roblin: If I could rely on my honourable friend to do that, perhaps he could answer some of my questions instead of talking all around the field the way he does.

The Minister of Finance claimed credit for—and I am quoting him:

> —the largest turnaround of any large, industrial country and the largest decline in inflation and the largest rate of job creation—

Those are the points that my honourable friend has been talking about.

Senator Olson: They are all true.

Senator Roblin: If you compare them with the 12 leading industrial nations in the world, they are not all true. As far as inflation is concerned, there are seven countries that are doing better than we are— including the United Kingdom. In terms of job creation, we have the third highest unemployment of the 12 countries being examined, and, as for "the largest turnaround" that is boasted about, ours is about half of what it is in the United States.

I am not going to fault the good things that have happened, but there is no room for complacency. He talks about the balance of payments. Anyone who has looked at the balance of payments knows what has happened. It is not that our exports are so marvellous; it is that our imports are so terrible, and, therefore, the gap is large. The reason the balance of payments sounds so good is because imports have declined rather than exports having been increased. It seems to me that my honourable friend ought to do a little better.

I want to put some specific questions to him to see if we can get away from generalities. Will he revise the targets for unemployment, for example? The Economic Council of Canada, in its report, stated that an unemployment target of 6 to 8 per cent was within the capacity of the country to achieve. Yet, the forecast of the minister shows that it is going to be more than that, according to his figures, and a very good deal more than that according to the Conference Board of Canada and the Economic Council of Canada. Is the government prepared to accept new targets for unemployment?

They declare that they are not satisfied with 11 per cent, but I want to know whether the Minister of Finance is prepared to re-examine his policy and whether the suggestions of the Economic Council of Canada will get the figure down by 3 or 4 per cent and come within the government's scope of ambition.

Senator Olson: Honourable senators, we always consider the forecasts made by the Economic Council of Canada, the Conference Board, of Canada, the C. D. Howe Institute, and several other bodies because they are in the business of examining statistics and making forecasts. That does not mean that they are any better equipped to do so than the Department of Finance and the Bank of Canada. Sometimes there is disagreement.

What I do know is that the Minister of Finance is very wise, in that he does not panic because of someone making a forecast. If he did so, then you would have a situation where the action taken could, in fact, contribute to the problem rather than help to solve it.

I think it extremely important that Senator Roblin understand that the Minister of Finance is a very objective, honest and reliable forecaster. He does not put out unrealistic forecasts, however optimistic he may be. It is a very realistic forecasting attempt, and the results have proven that to be the case.

I am sure Senator Roblin would not like the Minister of Finance or the government to take an unrealistic look at what the economy might do and make forecasts on that basis. I would suggest to him that then he would really have something to complain about.

I am convinced that the Minister of Finance is also looking at the indicators available to him, which are, in some cases, even more credible than some of the statistics gathered by others because they are obviously more involved. I fail to see the reasoning that we should revise the figures on that basis. If there is some real reason why they should be revised, that is another matter.

Senator Roblin appears to be suggesting that the Minister of Finance has said that everything is satisfactory. If I had the budget speech before me, I could find several passages in it where, being realistic, it was not reaching satisfactory levels of unemployment. We would certainly like it to be better; there is no question about that. That is really not the question.

The question is whether or not you are going to get figures, again from the Minister of Finance, that are probably the most reliable ones obtainable anywhere in Canada, which were the result of the forecasts he made in his budget speech.

• (1420)

Senator Roblin: I wonder if my honourable friend would like to hear some more figures from his own government.

Senator Olson: I would not mind hearing some more figures, but perhaps we will reach the point where I can read to you some indicators that are right on target. It will take quite a while to do so, but there are a dozen or so indicators which compare to the budget forecasts quite well.

Senator Roblin: I should like to ask my honourable friend whether the Minister of Finance is in close communication with the Minister of Regional Industrial and Economic Expansion, because that ministry has an entirely different view of the future prospects for the country.

Senator Olson: Perhaps that is so according to your interpretation.

Senator Roblin: No, not according to my interpretation. My honourable friend can refer to the paper, if he likes. It is called "Strategic Overview for the Department of Regional and Industrial Expansion, 1984-85 to 1987-88." In that document, if my friend will look at the first page of it where the national outlook is set forth, it says that during the period of 1987 to 1988 the rate of 3 per cent per annum will be the average for the early stages of recovery; a rate below this average will apply in the first stages, and a rate above it will apply in the

latter stages. That does not correspond with what the Minister of Finance is telling us. If his own government departments are producing figures which, to all intents and purposes, are more closely to be compared with those of the Conference Board and the Economic Council, there must be something to them.

I say to my honourable friend that he has not convinced me, when he has important departments in his own government making forecasts for the future which are substantially on all fours with those of the Conference Board and the Economic Council of Canada, and not with those of the Minister of Finance. Regardless, it seems to me that it will be the part of wisdom that the government revise its policy.

I have asked about unemployment targets and have received no response.

Senator Olson: Oh, but you did.

Senator Roblin: Is the government going to go for the six-and-eight policy suggested by the Economic Council of Canada, with the measures that are necessary to support it?

Senator Olson: The government will go for what the Minister of Finance has said in his forecast, until he comes forward with a new forecast.

Senator Roblin: That is certainly nothing like what the Economic Council has suggested. The same applies to the inflation rate.

Perhaps I could ask my honourable friend a few more specific questions. The Economic Council of Canada made an important reference to the policy of the Bank of Canada. The Economic Council claims that that policy concentrates on inflation, rather than a judicious mixture of other factors such as lower interest rates and so forth, as the sole target. Does the government intend to pay any attention to that piece of important advice offered by the Economic Council?

Senator Olson: Honourable senators, we seem to be entering into a debate. Perhaps we could dredge up from the order paper an order under which we could debate this, because I have a number of things I would be glad to contribute that would help Senator Roblin in his search for some comfort with respect to the Canadian economy. I am not under any illusion, however, that I will succeed in convincing him of anything. Perhaps that is not my job; my job is to give him the facts.

If my honourable friend would like to know some of the facts, I could begin by naming just a few: the real gross national product increased 1.8 per cent in both the first and second quarters of 1983, after having declined for six quarters prior to that time. Housing starts have increased substantially since the low of an 88,000 unit rate in September of 1982. In the first seven months of 1983, housing starts averaged 191,-000. These figures were calculated on a seasonally adjusted basis. We posted the largest monthly advance in more than two years. Retail sales increased 4.1 per cent in June, or 11.7 per cent from the level of a year ago, and that increase was higher than the minister forecast. Motor vehicle dealer sales increased 10 per cent in June, or 22.6 per cent from what they were a year ago. That is the largest gain since March 1979.

The Conference Board of Canada's index of consumer confidence soared to an 18-year high in the second quarter of 1983 to reach 123.3. Another particularly encouraging statistic indicates that consumers are showing more confidence in the current and future health of local businesses. A Gallup Poll opinion that came in on August 18 shows that the results compare with 40 per cent who offered the same opinion one year ago, but do not match the two-thirds level found in polls conducted in 1980 and 1981. Looking ahead for a period of six months, 57 per cent of the sample in July said that business conditions would be good or very good. Senior business executives have been more optimistic about the near-term prospects for the Canadian economy. That is according to the Conference Board survey of business attitudes. The list goes on.

The honourable senator does not want me to talk about Canada's balance of payments. He may not think it is important, but it is, because it also reflects the fact that our export of manufactured goods particularly, which is a high job-related industrial activity, held up better than that of any other country in the western world. Corporate profits have now increased for three consecutive quarters, at the rate of 15.1 per cent in the fourth quarter of 1982, 23.5 per cent in the first quarter of 1983, and 9.9 per cent in the second quarter of 1983. Those are pretty optimistic and encouraging statistics.

I should remind Senator Roblin that the OECD has projected that our economic recovery will be strong and that inflation will decline further. Canadian growth is expected to be about the average of all of the OECD countries in 1982, and will show the highest growth of the seven largest countries in 1984. Inflation is expected to fall to 5.5 per cent. I am not sure why the honourable senator did not quote that statistic, as I am sure he has it available. He should also know that the U.S. Conference Board reported that Canada has jumped from a minus-eight annual percentage change in economic output to a plus one during the past six months—the largest spread of any of the seven countries that the board surveyed. The list goes on and on.

The picture that Senator Roblin is trying to paint of the Canadian economy is neither accurate nor objective. He does a disservice to our country by being a purveyor of doom and gloom when that is not the reality.

Senator Roblin: If my honourable friend considers it a disservice to the country to be dissatisfied with the present administration—

Senator Olson: I did not say that.

Senator Roblin: —then he had better talk to the 62 per cent of the population that would like to see a change. If he wants to talk about statistics, what about the 23 per cent of the Canadian population who think that my honourable friend is all right? What about those on the unemployment lists, which are almost as long as they have been for the past 12 months? What about the fact that the Canadian economy declined during this depression period further than that of any other country in the industrial world that my honourable friend can mention. No wonder we see some come-back—and thank God

for it. Where would we be if there was not some come-back? But we have yet to reach the levels that we reached in 1981. The United States economy has recovered. They are now in a growth period, and we are not.

Senator Olson: That is not true; they are not in a growth period.

Senator Roblin: All right, I will make my honourable friend an offer, because he does not like my figures. I suggest to him that he convene the Standing Senate Committee on National Finance. I suggest that he refer this discussion to that committee, and let us do our best to get into a non-controversial atmosphere to establish the facts, so that we may have a proper basis for policy development. That is what I would ask my honourable friend to do. If he will give me an undertaking that he will refer this problem to the National Finance Committee for study, I will be happy with that, because I have confidence that the committee will examine the whole problem from a much broader and less partisan point of view than either my honourable friend or I might attach to it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in order to accomplish what Senator Roblin has suggested, no doubt the matter could be referred to the Standing Senate Committee on National Finance, but, on a point of order, the Question Period is not really the proper place to discuss it. That does not change what Senator Roblin has said because he would like the matter referred. Perhaps we could confer with the committee to determine whether it could be done through an inquiry which could be referred to the committee. I do not think that we can refer a question to a committee, but I am sure that we can find a way to get the matter before it, if it is decided that it is a good idea.

● (1430)

Senator Olson: That is one suggestion. We could also introduce an inquiry and have the debate on the floor of the Senate, where all honourable senators could participate. I followed the same procedure after the budget speech. I cannot recall whether Senator Roblin participated in that debate that I provided for him. I know that Senator Murray made a speech, and shortly thereafter the debate ended. So why don't we have a debate here in the chamber, and I can then lay it all out for the record, as it is, without any glorification or optimism, just the facts. Then Senator Roblin will have an opportunity to say whatever he likes.

Senator Roblin: Honourable senators, I do not think that the facts, as my honourable friend describes them, will be improved by debate in this house prior to taking an opportunity to examine the people who prepare these statistics and facts. The point of a committee review is to make sure that the Economic Council of Canada, the Conference Board of Canada, if they will come, the Department of Regional Economic Expansion and Development, or whatever its name is, and all the people who are concerned with these matters, have a chance to come forward and defend their figures, and then the minister can come forward and defend his figures. When we have examined the facts as best we can, we can have a debate as to what conclusions we should draw from them. But to draw the conclusions before we have the facts as established by the committee seems to me to be the wrong way around.

Senator Olson: I disagree with Senator Roblin. I think we should establish what it is we want to debate. The normal way of doing things is to have an inquiry and a debate on the matter. In that way, Senator Roblin, I and any other honourable senators who wish to can participate in the debate. If we decide at some point during the debate that we want to get more deeply into the matter, then we can refer it to a committee. However, we are dealing with a very general topic, so let us determine, here on the floor, the parameters of what we will ask of the committee, rather than going on a fishing expedition for statistics that are not satisfactory. At the end of the debate we can draw our conclusions. But I can tell you right now that those who participate in the debate will put their views forward and then, after hearing those views, we can determine whether we should send the matter to committee.

Senator Roblin: If we do not draw conclusions, how much further ahead are we? I can tell my honourable friend that I do not care whether or not he refers this matter to the National Finance Committee because, being a member of that committee, I can do it.

Senator Frith: Exactly.

Senator Roblin: I shall tell the committee at the first opportunity to take the matter of the whole economic policy of the government under consideration, particularly as it focuses on the problems we have with unemployment, inflation, the Bank of Canada and the gross national product. My honourable friend can sit in his seat or make any speech he likes, but I think that I will exercise what initiative I can to ask that committee to look into the matter directly. So I shall not ask my honourable friend to do it because he is not willing to do anything. I shall do what I can myself.

Senator Frith: That is exactly what we suggested.

Hon. Charles McElman: Honourable senators, I rise on a point of order. Isn't it necessary that the honourable senator first ask the Senate to make a reference to that committee?

Senator Olson: Of course it is, but he wants to circumvent that procedure.

Senator Roblin: I am certainly going to find out the best way to do this thing, but it seems to me that on the initiative of a member of the Senate the National Finance Committee can do it, if it wishes to take the matter under consideration. Since the chairman is not here today, I cannot ask him about it.

Senator McElman: You must have a reference from the Senate.

Senator Frith: Honourable senators, we shall have to look into the matter. However, it is my impression that only the Standing Senate Committee on Standing Rules and Orders can, of its own motion, study a matter. But I cannot imagine Senator Roblin having any difficulty if he proposes a resolu-

tion for some form of reference. I would be very surprised if the Senate were to block such a resolution.

Senator Roblin: I am not interested in the point of order. Whatever the order is, it will be complied with by members of the Senate. However, I think that you will find that the terms of reference of the National Finance Committee, as they currently exist, are sufficiently broad to encompass the kind of study I have in mind. I would not like to say that I am certain, because I do not have those terms of reference before me now, but I know that they are extremely broad and I would be surprised if they do not provide me with ample room to develop my thesis.

Senator Olson: Honourable senators, to close this mini-debate, I think that what Senator Roblin has said is great, but let us follow the proper procedure of debating the matter here and referring it to the committee afterwards.

Senator Roblin: I have had my debate with you.

Senator Olson: You don't have all the facts yet.

FOREIGN AFFAIRS

KOREAN WAR—COMMEMORATION OF THIRTIETH ANNIVERSARY OF CESSATION OF HOSTILITIES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government which has to do with the visit to Korea to commemorate the thirtieth anniversary of the end of the Korean conflict. At one time it was proposed that parliamentarians accompany the delegation, which proposal was later altered. I am wondering if the Leader of the Government could ascertain why parliamentarians who represent Korean veterans across the country were not represented in the delegation. Why was that changed?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I did not quite understand the purport of Senator Marshall's question. The delegation is to represent the armed forces which served in Korea, is it not?

Senator Marshall: As a matter of fact, the delegation is in Vancouver today. When the trip was originally planned it was proposed that representatives from both the Senate and the House of Commons would accompany the delegation. Their names were later removed from the list. The delegation has left, and I am wondering why representatives of the people of Canada were not included.

Senator Olson: Honourable senators, I will take that question as notice. I think Senator Marshall probably knows as much as or more than I do about what should be contained in the answer.

VETERANS AFFAIRS

AGING VETERANS PROGRAM

Hon. Jack Marshall: Honourable senators, it is 30 years since the Korean conflict, which means that another group of veterans is falling into the category of veterans who require more care. I relate this to the Aging Veterans Program which would be beneficial and, in fact, is beneficial to older veterans today. However, that program is restricted to those veterans who receive disability pensions. There are many veterans receiving the war veterans allowance who do not qualify for this program, particularly the Aging Veterans Program, which is a very good one. It provides medical care in the home, as opposed to having veterans who live alone travelling miles to a hospital.

After 30 years it makes one ponder the urgency of the situation. While we have heard over the past many months that further amendments would be made in veterans legislation to deal with better care for veterans who are getting older, nothing is happening. Perhaps the minister could make a statement on behalf of the Minister of Veterans Affairs in order to give us an indication of what will happen with regard to changes in the legislation, particularly dealing with proportionate pensions for widows, the Aging Veterans Program and other matters which have been left unattended.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take the honourable senator's question as notice. I will ask the Minister of Veterans Affairs for a reply insofar as he is able to supply one. I say that because I suppose there is the possibility that his proposals for changes to the legislation are either complete or are in an advanced stage. I do not know this for sure, but I will ask him, in any event.

Senator Marshall: Would the Leader of the Government take this matter as one of urgency, since about a month or two months ago I asked him a question with regard to developments concerning veterans legislation and I do not have an answer yet?

Senator Olson: I will check into this matter. I am not sure if the honourable senator is referring to a direct question, since sometimes he only implies in his comments that he is asking a question. If he could identify the page in *Hansard* where he raised the question, I will be glad to look into it.

Senator Marshall: It seems to me that Senator Austin, the Minister of State for Social Development, has under his umbrella of responsibilities veterans affairs. Since this is the case, I can understand why the Leader of the Government does not know everything. He knows everything about finance, but there are a great many other subjects about which he is probably not aware. Can the honourable senator advise me if Senator Austin will take responsibility for veterans affairs in order that I can put my questions to him?

Senator Olson: I imagine he could answer your questions. However, he is not in the chamber at the moment. If the honourable senator would rather have Senator Austin reply to his question, I would be happy to send that message to Senator Austin's office.

• (1440)

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES—REQUEST FOR ANSWER

Hon. Robert Muir: I would like to ask the Leader of the Government in the Senate if he is yet prepared to answer that short, simple question regarding the composition of the board of directors of the Cape Breton Development Corporation which he took as notice some days ago. At that time I asked why the vacancies on that board were not being filled. In fact, recent press reports say that new directors have been appointed.

If the leader would like to give me a confidential, for your-eyes-only letter, I shall take it this weekend to the President of the Cape Breton Development Corporation and, after he has perused it, I can then return it to the Leader of the Government in the Senate, in chambers.

Hon. H. A. Olson (Leader of the Government): The short answer to Senator Muir's question is: Not yet; I do not have it with me today.

THE ECONOMY

QUEBEC—JOB CREATION PROJECTS—DOCUMENT TABLED

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question raised by Senator Asselin on September 22 last. At that time, he asked for a list of the federal job creation projects in the province of Quebec. I now have a kit in which this subject is fully explained in both official languages and, rather than printing it in *Debates of the Senate* in the normal way, I propose to table it. It has a great many pages and the expense of printing it is beyond reason. I believe that, in any case, every senator has a copy of this kit in his office.

Therefore, if the Senate is agreeable, I will table this document.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Then, I table:

> Document issued by the Special Recovery Capital Projects Board concerning federal job creation projects in the Province of Quebec, being a reply to Senator Asselin's question of September 22, 1983.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—THIRD READING

The Senate resumed from Tuesday, October 11, 1983, the debate on the motion of Senator Stollery for third reading of Bill C-110, to amend the Export Development Act.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I raise a less contentious matter than the last one. I am to say a few words about Bill C-110 which has to do with the Export Development Corporation and the provision of more funds for that body.

This is probably one of the most important areas of government policy, because it has to do with the export of Canadian products. As we all know, this country has not been doing as well as we might have wished in the export field. There are many areas of export possibilities which we are not exploiting to the full. Anyone who attended the recent seminars on the Pacific Rim must have received an eye-opener as to the failure of the Canadian export machine, if I may put it that way, to maximize the possibilities of doing business in that part of the world.

Anything that is connected with the improvement of our posture as exporters is, in my opinion, a good thing, and it is a particularly good thing that the Export Development Corporation can help to improve the competitive position of Canadian exporters in the world. As we all know, the export business today does not operate under the rules of free trade; it does not operate under the rules of GATT, in a metaphorical sense. There are many non-tariff barriers to exports that any exporting country has to overcome.

Unfortunately for me, due to a misunderstanding, I did not speak on second reading, nor was I able to attend the committee meeting, which I had hoped to do. However, I was able to read the speech of Senator Charbonneau which I thought was an excellent critique of the export situation in Canada. I also noted the observations of Senator Stollery, Senator Frith, Senator Walker and Senator Lafond in committee, and I am grateful to them for ventilating many of the issues that I would, perhaps, have liked to talk about.

When a bill of this sort comes before us, we have the opportunity to emphasize the importance of exports and to satisfy ourselves that the EDC is maximizing the contribution it makes to the Canadian export industry. We can examine whether or not it is sufficiently entrepreneurial; whether it is sufficiently innovative in the assistance that it offers. We can ask ourselves whether it is performing the right functions with respect to insurance and financing. We can ask ourselves whether the relationship between this body and the private sector is as productive as it might be; we can ask ourselves whether the best and highest use of the funds available is actually being achieved. There are a number of questions which obviously arise. For instance, does the Export Development Corporation identify, in an adequate way, the export opportunities, as well as performing other functions which fall within its scope? I do not really know the answers to those questions, but I suspect that there is much good going on there.

The Economic Council of Canada, which came in for so much attention a short time ago, has also studied the Export Development Corporation, and they had a few observations to make on how it could be improved. The corporation has now responded to those observations and, after reading both sides of the story, I am not quite certain what should now be done. It would have been interesting to have had the Economic

Council of Canada before the committee as well as the Export Development Corporation to review these matters.

I would also have been pleased if some of the customers could have been there, particularly the small business sector whose export problems are sometimes particularly difficult. It would have been fruitful, perhaps, to hear what they had to say, and whether they had any suggestions as to whether the service could be improved. It would also have been of interest to invite the institutions in the private sector who are in the same field—the insurance companies, the finance companies; to hear from them whether they feel that the co-operative work they are engaged in with the Export Development Corporation is as fruitful as it could be. I regret that the Senate did not avail itself of the opportunity to cast the net a little wider than the precise details of this bill and make use of the opportunity to submit the concept of the Export Development Corporation to wider review.

However, I am not able to say to this body that there are glaring defects to which I would like to draw attention. I have to say that I do not know enough about the matter to make such a statement. It seems to me quite likely that, if we had had the kind of non-partisan and informed review that we usually manage to achieve in Senate committee examinations, it might have been possible for us to offer some constructive ideas for improvement. However, since that is not to be, perhaps my favourite committee, the Standing Senate Committee on National Finance, could consider this subject in the future and conduct the kind of examination that I have been suggesting.

All in all, honourable senators, I certainly approve of expanding these facilities and the capacity of the Export Development Corporation. I have no reason to vote against this bill. I like the work they are doing. I hope they are doing the best job possible, and that one of these days the Senate will take upon itself the responsibility to monitor the operations of this body to ensure that it makes the maximum contribution to the export trade in Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the observations made by Senator Roblin could be summarized, I suppose, as "half a loaf is better than none." In fact, perhaps a good part of the remainder of the loaf we could have had furnished to us by answers. However, honourable senators may have noted that the Export Development Corporation, according to the information we have received, regularly indulges in self-examination and review, and this bill is the result of such examination and review.

Also, as Senator Roblin has pointed out, the Economic Council of Canada did make reference to this body, and when Senator Roblin is drawing up his resolution to refer the matter to the Standing Senate Committee on National Finance—which he and Senator Olson were recently discussing—this subject might be something that would attract their interest.

Motion agreed to and bill read third time and passed.

• (1450)

THE SENATE

MOTION RE SUSPENSION OF RECORDING OF DAILY ATTENDANCE OF SENATORS WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator McElman, seconded by the Honourable Senator Denis, P. C.:

That the practice of recording the daily attendance of Senators in the Senate be suspended effective April 14, 1981, and remain suspended until the beginning of a new session of the 32nd Parliament, or the first session of the next succeeding Parliament, whichever may first occur.—(*Honourable Senator Frith*).

Hon. Charles McElman: Honourable senators, with the concurrence of my seconder, and with the permission of the Senate, I should like this motion to be withdrawn.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Duff Roblin (Acting Leader of the Opposition): I am curious enough to ask why.

Senator McElman: There has been an amazing lack of interest in the subject and no debate on it, so I thought that, since it has been many weeks since this matter was brought before the Senate, the only sensible and honourable thing to do was to bring about its demise.

Hon. Azellus Denis: Honourable senators, after a session of Parliament which has lasted over three years, I think there is plenty for the Senate to discuss without having to discuss this motion. Let me say that it is too bad for those who would have benefited from the motion.

Order discharged and motion withdrawn.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FOURTH MEETING—CORRECTION TO REPORT OF CANADIAN DELEGATION

Hon. Lowell Murray: Honourable senators, I should like to make a small correction to the appendix to *Debates of the Senate* of Tuesday, October 11, 1983.

At page 6025 the Canadian delegation to the Canada-United States Inter-Parliamentary Group is listed. I am identified as a senator from Nova Scotia. I should state that I am happy to have been born in that province, but I moved to Ontario 22

years ago and have spent most of my time since then in this province. I am a senator from Ontario.

I should also state that, although I was a member of the delegation and attended the briefings, for various personal reasons I could not, in fact, attend the meeting at Minaki Lodge.

Hon. Royce Frith (Deputy Leader of the Government): I suppose sports people would designate Senator Murray as "a senator out of Nova Scotia".

The Senate adjourned until Tuesday, October 18, 1983 at 2 p.m.

APPENDIX "A"

(*See p. 6046*)

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF STANDING SENATE COMMITTEE ON SUBJECT MATTER OF THE CONSTITUTION AMENDMENT PROCLAMATION, 1983

Thursday, October 13, 1983

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred the subject-matter of the Constitution Amendment Proclamation, 1983, has, in obedience to the Order of Reference of June 29, 1983, examined the said subject-matter and now submits its report.

Your Committee invited comments from the national groups representing the native people, from the provincial premiers and from the government leaders in the two territories. Both the Minister of Justice and the Minister of Indian Affairs and Northern Development appeared before your Committee and gave evidence. A number of native groups requested to appear and subsequently testified while some forwarded written submissions. A list of witnesses and others who submitted briefs and letters commenting on the substance of the proposed Amendment is attached as an appendix to this report.

The Assembly of First Nations did not take the opportunity afforded it to appear, although it did submit a written brief. Some of the native groups who are members of the Assembly did appear before your Committee and the Committee believes that these groups expressed generally the views of their colleagues.

Honourable Senators are aware that the proposed Amendment is a result of an Accord signed at a First Ministers' conference held on March 15-16, 1983, in Ottawa. It was executed by the Prime Minister of Canada and all the provincial premiers with the exception of the Premier of the Province of Quebec. The government leaders of the two territories and certain native groups signified their participation in the discussions leading up to the Accord by also signing it. The native groups which did so were The Assembly of First Nations, Inuit Committee on National Issues, Métis National Council and the Native Council of Canada.

The proposed Amendment to the Constitution which the Senate is now considering flows from that Constitutional Accord.

It should be noted that, contrary to the impression which was left with your Committee by some witnesses that the proposed Amendment must be passed by the government signatories prior to December 31, 1983, the Accord only requires that the proposed Amendment be laid before the applicable legislative bodies prior to December 31, 1983, since the First Ministers cannot bind Parliament or their legislatures to any Accord or agreement which requires legislative sanction.

Your Committee has ascertained that, to date, the following legislatures have passed the proposed Amendment: Nova Scotia on May 31, 1983; Alberta on June 3, 1983, Prince Edward Island on June 16, 1983; New Brunswick on June 28, 1983; and Manitoba on August 18, 1983.

Your Committee reports that, with the exception of the Coalition of First Nations, all witnesses and all correspondence directed to your Committee urged speedy approval, even though most native groups expressed concern as to the meaning of the two substantive sections of the proposed Amendment. Their insistence on its passage stems from the inclusion within the proposed Amendment of the requirement to hold two further Constitutional Conferences which the native people regard as being vital since they commit governments to negotiate aboriginal issues within a definite time frame. The Coalition of First Nations representing approximately 70,000 people from bands in British Columbia, Alberta, Manitoba, Quebec, and the Maritime Provinces object to it on the principle that discussions relating to aboriginal and treaty rights should occur only between the Government of Canada and the First Nations.

The Constitution Amendment Proclamation, 1983

The proposed Amendment deals with two specific matters of substance in addition to the procedural requirements to hold future constitutional conferences. In the first place, there is the broadening of the meaning of the phrase "existing treaty rights" to include existing or future land claims agreements. The second substantive amendment guarantees those existing aboriginal and treaty rights equally to male and female persons.

Definition of Existing Rights

The definition of "treaty rights" highlights a problem resulting from the use of the word "existing" to modify both aboriginal and treaty rights in section 35(1) of the *Constitution Act, 1982*. Neither the representatives of the native groups nor the two Ministers appearing before your Committee could agree on the meaning of "existing". Because they were unable or unwilling to attach a specific meaning to the word and were concerned that governments might attach a restrictive interpretation to it, all the native groups who addressed this issue would simply prefer to see the word removed. On the other hand, the federal government took the

position that what this word encompasses should be defined at future constitutional conferences.

Land Claims Agreements

Your Committee heard evidence which indicated differences of opinion or at least confusion as to the effect of the clause through which the meaning of treaty rights is enlarged to include "rights that now exist by way of land claims agreements or may be so acquired".

The Minister of Justice, in evidence before your Committee has confirmed that it was "impossible to be precise" about the effect of this section. In addition a letter received by your Committee from the Government Leader of the Yukon suggested there might eventually be a conflict between entrenched aboriginal rights and entrenched rights under a land claims agreement.

Equality Clause

The other major clause in the proposed Amendment is the so-called "equality section" which states:

"Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons."

Your Committee heard some evidence to the effect that this clause was not in fact the one to which the various native signatories to the Accord had agreed and that it apparently was changed to its present wording just prior to the signing of the Accord. This view appeared to support a statement made by Premier Richard Hatfield of the Province of New Brunswick when he introduced the proposed Amendment in the New Brunswick legislature. However, your Committee did not receive any material which would confirm this statement. On the contrary, the Office of Aboriginal Constitutional Affairs provided copies of each of the four drafts which were considered by the parties at the conference. The drafts indicate that there was a change in the "equality clause" after the first draft but that all three succeeding drafts contain the precise wording of the subsection as in the proposed Amendment.

As your Committee discussed the substance of this section with various witnesses it became clear that there was no unanimity regarding its possible effect.

The view of the Minister of Justice, as stated to your Committee and concurred in by the Minister of Indian Affairs and Northern Development, was that the equality clause "will not reach" section 12(1)(*b*) of the *Indian Act* which provides that an Indian woman who marries a non-Indian automatically loses her Indian status. On the other hand, the official response from the Government of Alberta which has already approved the resolution, was to the effect that this section of the proposed Amendment "will override subsection 12(1)(*b*) of the *Indian Act*".

Your Committee heard a variety of opinions from native groups on the effect of this section. It was obvious that some Indian witnesses did not wish to deal with the "equality clause" only as it relates to section 12(1)(*b*) but rather in the broader context of band membership. Most argued that the individual groups be allowed to determine their membership which would address both the issue of female equality and the readmission of others to the band who had lost their status due to the application or interpretation of other sections of the *Indian Act*.

Consent Clause

Another matter of substance raised by the native witnesses was that both the Constitution as it is presently worded and the proposed Amendment require only that the representatives of the aboriginal groups be invited to participate in discussions concerning possible amendments to the Constitution relating to aboriginal rights. Almost all native witnesses were adamant that constitutional amendments affecting their rights should be accomplished only with the consent of the aboriginal people affected. They stated that a consent clause should be entrenched in the Constitution, but were unable to specify how and by whom consent would be exercised.

Self-government

Many native groups claimed a right to self-government or self-administration, but the range of powers which they felt they should exercise varied widely. Your Committee is aware that this subject is presently being dealt with by a Special Committee of the House of Commons and will be debated fully after its report is tabled.

Conclusions and Recommendations

The series of hearings conducted by your Committee provided a forum for all parties to express views and to expose areas of misunderstanding, lack of consensus and possible conflict in the interpretation of the proposed Amendment. Nevertheless, all witnesses except one urged its speedy passage as it would provide the parties with a vehicle for the continuation of negotiations.

Your Committee therefore recommends that the Senate approve the Resolution proposing the Constitution Amendment Proclamation, 1983.

On the basis of the evidence presented at the hearings, your Committee makes the following recommendations to the parties involved in the constitutional negotiations:

—that as a first priority, they reach agreement on the definition of certain terms which are the foundation stones upon which any future agreements must be built; that is, they should agree on the meaning and scope of such fundamental terms as "existing treaty rights", "aboriginal rights" and "land claims agreements".

—that they should also reach a clear understanding of what portions of treaties, land claims agreements and aboriginal rights would be entrenched in the Constitution and which parts would be simply ancillary and capable of change by bilateral agreement.

—that, since the impact of the "equality clause" is unclear and the question of equality of the sexes is closely connected with the determination of membership within each

aboriginal group, they, as another early priority, resolve the issues of equality and membership.

Finally, your Committee is of the opinion that, when amendments to the Constitution are being proposed it is extremely important that the authorized representatives of the people in both the federal and provincial spheres have the time to consider and debate fully the implications of any change. Your Committee therefore recommends to the governments involved that such proposed amendments be tabled before the appropriate legislative bodies at the earliest possible moment in order to give them the consideration they require.

Respectfully submitted,

JOAN B. NEIMAN,
Chairman.

APPENDIX "A"

WITNESSES WHO APPEARED BEFORE THE COMMITTEE

The Honourable Mark MacGuigan, P.C., M.P., Minister of Justice;

The Honourable John C. Munro, P.C., M.P., Minister of Indian Affairs and Northern Development.

Prime Minister's Office:

Mr. Pierre Gravelle, Deputy Secretary to the Cabinet (Federal-Provincial Relations).

Federation of Saskatchewan Indian Nations:

Chief Sol Sanderson, President;

Ms. Delia Opekakew, Solicitor of the Federation;

Mr. Peter Manywounds, Sarcee Band, Council Member.

Native Women's Association of Canada:

Ms. Donna Phillips, Member of the Constitutional Committee of the Association.

Council for the Yukon Indians:

Mr. Dave Joe, Chief Negotiator;

Mr. Harry Allen, President.

Native Council of Canada:

Mr. Smokey Bruyère, President;

Mr. Gary P. Gould, Chairman of the Constitutional Committee of the Council.

Métis National Council:

Mr. Fred House, President, Louis Riel Métis Association of British Columbia;

Mr. Clem Chartier, National Representative of the Métis National Council;

Mr. Don McIvor, President, Manitoba Métis Federation.

Inuit Committee on National Issues:

Mr. John Amagoalik, Co-Chairman;

Mr. Charlie Watt, Co-Chairman;

Ms. Mary Simons, President, Makivik Corporation, Kuujjuaq, Que.;

Mr. Mark Gordon, Representative.

Coalition of First Nations:

Chief Joe Norton, Caughnawaga Reserve, (Que.);

Mr. Graydon Nicholas, President of the Union of New Brunswick Indians;

Mr. Ron Lameman, Co-ordinator, Treaty 6 Chiefs' Alliance (Alberta);

Mr. Eric Robinson, Co-ordinator, Brotherhood of Indian Nations (Manitoba);

Chief Billy Two Rivers, Caughnawaga Reserve (Quebec).

Grand Council of the Crees (of Quebec):

Chief Billy Diamond;

Mr. James O'Reilly, Legal Counsel;

Mr. Peter Hutchins, Legal Counsel;

Mr. Phillip Awashish, Vice-Chairman of the Cree Regional Authority, and Executive Chief of the Grand Council of the Crees (of Quebec).

Nishga Tribal Council (New Aiyansh, B.C.):

Mr. James Gosnell, President;

Mr. Frank Calder, Research Director;

Mr. James Aldridge, Legal Counsel.

Union of Ontario Indians (Anishinabek):

Mr. Joe Miskokomon, President of the Union; and Grand Council Chief of the Anishinabek Nations.

Hobbema Tribal Council:

Mr. Wilton Littlechild, Legal Counsel;

Mr. Rodney Soonias, Legal Counsel.

Assembly of Manitoba Chiefs:

Mr. Joe Guy Wood, Chairman of the Constitutional Committee of Chiefs.

APPENDIX "B"

WRITTEN SUBMISSIONS OR LETTERS:

Government of the Northwest Territories:

The Honourable George Braden Leader of the Elected Executive, Minister of Justice and Publics Services.

Government of Yukon:

The Honourable Chris Pearson Government Leader

Government of the Province of Saskatchewan:

The Honourable J. Garry Lane Minister of Justice and Attorney General

Government of the Province of Alberta:

The Honourable James D. Horsman, Q.C., Minister of Federal and Intergovernmental Affairs.

APPENDIX "C"

ORGANIZATIONS WHICH HAVE SUBMITTED BRIEFS:

Assembly of First Nations;

Dene Nations;

Alberta Associations of Enfranchised Natives.

APPENDIX "B"

(*See p. 6046*)

TRANSPORT AND COMMUNICATIONS

REPORT OF STANDING SENATE COMMITTEE ON SUBJECT MATTER OF BILL C-155

Thursday, October 13, 1983

The Standing Senate Committee on Transport and Communications to which was referred the subject-matter of Bill C-155, intituled: "An Act to facilitate the transportation, shipping and handling of western grain and to amend certain Acts in consequence thereof", has, in obedience to the Order of Reference of Thursday, September 22, 1983, examined the subject-matter of the said Bill.

Your Committee also wishes to report that the Minister of Transport, the Honourable Lloyd Axworthy, appeared before the Committee and responded extensively to a substantial number of questions.

Your Committee received submissions from Alberta Cattle Commission, Alberta Feed Grain Users Association and from Karen Chase, Willowfern Farms, Alberta, has held five meetings and has heard evidence from the following witnesses: from R.L. "Banks & Associates, Inc." Washington, D.C., U.S.A., Mr. R. L. Banks; from "Travacon Research Limited" Washington, D.C., U.S.A., Mr. John Edsforth, President; from "Snavely, Kings & Associates" Washington, D.C., U.S.A. Mr. Carl Snavely, President; from the Canadian Transport Commission, Mr. Keith Thompson, Senior Counsel; from the Ministry of State for Economic Development, Mr. Arthur Kroeger, Secretary; from the Department of Transport, Mr. Mike Farquhar, Director General, Railways & Grain Transportation; Mr. Denis Lefebvre, General Counsel.

Your Committee therefore proposes to resume its study as soon as the Bill has been given second reading in the Senate and referred to this Committee.

Respectfully submitted,

LÉOPOLD LANGLOIS,
Chairman.

THE SENATE

Tuesday, October 18, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

SIR ARTHUR HOCKADAY, DIRECTOR-GENERAL, COMMONWEALTH WAR GRAVES COMMISSION

Hon. M. Lorne Bonnell: Honourable senators, I would like to call to your attention the presence of a distinguished visitor in the gallery, Sir Arthur Hockaday, Director-General, Commonwealth War Graves Commission.

Hon. Senators: Hear, hear.

STANDING RULES AND ORDERS

FIFTH REPORT OF COMMITTEE PRESENTED

Hon. Hartland de M. Molson: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on Standing Rules and Orders.

The report was read by the Clerk Assistant as follows:

Tuesday, October 18, 1983

The Standing Committee on Standing Rules and Orders has the honour to present its Fifth Report as follows:

Your Committee, pursuant to its Order of Reference of Tuesday, October 11, 1983, has further considered its Fourth Report and recommends as follows:

1. That Rule 5 be amended

(a) by adding thereto, immediately after paragraph (*c*) the following new paragraph:

"(*d*) "Deputy Leader of the Government in the Senate" and "Deputy Leader of the Opposition in the Senate" mean the senators occupying, respectively, the recognized positions of Deputy Leader of the Government in the Senate and Deputy Leader of the Opposition in the Senate;"; and

(b) by re-lettering the remaining paragraphs accordingly.

2. That Rule 66 be amended

(a) by deleting subsection (3) and substituting therefor the following:

"(3) Subject to subsection (4), the senators nominated under this Rule shall, when their appointments are confirmed by the Senate, serve for the duration of the session for which they are appointed." ; and

(b) by adding thereto the following new subsections:

"(4) Subject to subsection (5), a change in the membership of a committee may be made by a notice filed with the Clerk of the Senate who shall cause such change to be recorded in the *Minutes of the Proceedings of the Senate.*

"(5) The notice referred to in subsection (4) shall be signed

(*a*) with respect to Government members, by the Leader of the Government in the Senate or any senator named by him, and

(*b*) with respect to Opposition members, by the Leader of the Opposition in the Senate or any senator named by him."

3. That Rule 67(1) be amended

(a) by deleting, in paragraphs (*e*) and (*f*), the words "twenty" and "five", respectively, and substituting therefor the words "fifteen" and "four";

(b) by deleting, in paragraphs (*g*) to (*l*), the words "twenty" and "five", respectively, and substituting therefor the words "twelve" and "four";

(c) by deleting subparagraph (*g*)(v) and renumbering the remaining subparagraph accordingly;

(d) by deleting subparagraph (*i*)(iv) and renumbering the remaining subparagraph accordingly;

(e) by deleting, in subparagraph (*k*)(v), the words "and consumer";

(f) by deleting subparagraph (*k*)(vii); and

(g) by deleting paragraph (*m*) and substituting therefor the following:

"(*m*) The Senate Committee on Agriculture, Fisheries and Forestry, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to agriculture, fisheries and forestry generally, and the Canadian Wheat Board."

4. That Rule 67(l), as amended pursuant to your Committee's Third Report, dated December 8, 1982 and adopted by the Senate on December 9, 1982, be further amended

(a) by adding to paragraph (*l*), the following new sub-paragraphs:

"(viii) fitness and amateur sports;

(ix) employment and immigration;

(x) consumer affairs;

(xi) youth affairs." ; and

(b) by deleting paragraph (*n*) and substituting therefor the following:

"(n) The Senate Committee on Energy and Natural Resources, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to energy and natural resources generally, including:

(i) natural resources, other than fisheries and forestry, and mines;

(ii) pipelines, transmission lines and energy transportation;

(iii) environmental affairs;

(iv) other energy-related matters."

5. That Rule 68 be deleted and the following substituted therefor:

"68. The Leader of the Government in the Senate, or, in his absence, the Deputy Leader of the Government, and the Leader of the Opposition in the Senate, or, in his absence, the Deputy Leader of the Opposition, are members, *ex officio*, in addition to the number of appointed members, of the Committee of Selection and all select committees of the Senate."

6. That Rule 70 be deleted and Rule 70A be renumbered as Rule 70.

7. That Rule 77 be amended

(a) by adding thereto, immediately after subsection (4), the following new subsection:

"(5) Subcommittees shall be composed of not more than half the number of members of a select committee, three of whom shall constitute a quorum." ; and

(b) by renumbering the remaining subsections accordingly.

8. That the amendments proposed herein come into force at the commencement of the next Session of Parliament.

9. That consideration be given, in the next Session of Parliament, to the establishment of a Special Committee on National Defence.

Respectfully submitted,

H. DE M. MOLSON,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Molson: With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, as a rule, I take the stand that committee reports should be available to honourable senators to study before discussion commences, for the obvious reason that not all honourable senators are members of the committee. Those who are members of the committee naturally understand what has taken place and are able to follow the proceedings with some care. Those who are not members of the committee must have an opportunity to read the proceedings of the committee before we are asked to discuss them. I understand that the changes proposed are not significantly different from those offered to the chamber the other day when the report was sent back for further consideration, but there are some differences. Indeed, one of my colleagues asked me a question about it which I could not answer, so it is obvious that at least one person who is supposed to be familiar with the report needs a little brushing up.

● (1410)

I would propose that we not give leave this afternoon, in view of the fact that two days' notice is required, but, if the house would like to proceed to consider this report on Wednesday instead of Thursday, I think we would be disposed to give leave for that because we would have overnight to read the report.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe the Senate will be sitting tomorrow for another reason. We have followed the practice of leaving all of Wednesday afternoon for committee meetings, but, as is known, there is another reason that the Senate should sit tomorrow. Under the circumstances, it is a reasonable suggestion that we meet a few minutes earlier than we normally would. I hope the chairman of the committee agrees that that would be an appropriate time to consider the report and deal with it.

Senator Roblin: Honourable senators, I am prepared to move an amendment to the motion, if that is required, that the report be taken into consideration tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): With leave.

Senator Olson: Perhaps I can suggest that Senator Molson's request, whether it was a motion or not, be amended to accommodate that result.

Senator Molson: Honourable senators, I am perfectly happy to have it dealt with tomorrow, since I am in no rush myself.

I would call the attention of the Acting Leader of the Opposition to the fact that only one day's notice is required for consideration of a report from a standing committee, not two days. Nevertheless, I am perfectly happy to proceed with its consideration tomorrow if that is the wish of the house.

Senator Frith: Rule 44 states that two days' notice is required of a motion to make a new rule. I suppose there may be a question whether we will simply be considering a report or whether the motion to adopt the report thereby makes a new rule and amends existing rules. However, since we are in agreement, we agree that this matter stand as the first order of business under Orders of the Day for the next sitting, which, as I will explain in a moment, will be tomorrow.

Motion agreed to.

DISTINGUISHED VISITORS IN GALLERY

HON. NEVILLE LEWIS, MINISTER OF SOCIAL SERVICES, JAMAICA, AND JAMAICAN HIGH COMMISSIONER

Hon. Heath Macquarrie: Honourable senators, I should like to draw the attention of the house to the welcome presence in our gallery of the Honourable Neville Lewis, Minister of Social Services of the sister Commonwealth state of Jamaica, who is accompanied *inter alia* by His Excellency Leslie Wilson, High Commissioner of Jamaica to Canada and Dean of the Commonwealth Diplomatic Corps.

Hon. Senators: Hear, hear.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, October 19, 1983, at five o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Last week we completed third reading of Bill C-110, an Act to amend the Export Development Act, and now, for what I feel are very good reasons, the Government would like to have Royal Assent tomorrow instead of Thursday, if possible, because it would be easier for Members of the House of Commons to attend in that case. That is why we move that the Senate sit tomorrow at 5 p.m., so that we can then have royal assent at 5:45 p.m.

As honourable senators have probably realized, we shall be starting at 5 p.m., with a question period and a debate on the report of the Committee on Standing Rules and Orders.

Motion agreed to.

● (1415)

[*English*]

THE LATE HON. LEON MERCIER GOUIN

NOTICE OF DEATH

The Hon. the Speaker: I wish to inform honourable senators that the Hon. Leon Mercier Gouin, a former senator, passed away yesterday. Although I was not a member of the Senate when he was, I intend to attend his funeral in Montreal tomorrow. I shall try to return to the Senate by 5 o'clock tomorrow afternoon.

THE HONOURABLE JACQUES FLYNN, P.C

PROGRESS OF RECOVERY FROM ILLNESS

Hon. Duff Roblin (Acting Leader of the Opposition): I am sure that honourable senators will be happy to know that this afternoon I spoke on the telephone to my leader, Senator Flynn, and learned from him that he expects to return to his home from the hospital later this week, probably on Thursday.

Hon. Senators: Hear, hear.

Senator Roblin: I am sure that Senator Flynn will be delighted to know that the news of his recovery was so warmly received on all sides of this house. I shall make sure that he is so informed. We expect that before too long we will see him back in the chamber.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to join with Senator Roblin in saying how delighted all honourable senators are to hear that Senator Flynn's recovery is progressing well. I, too, express the hope that we will see him back in this chamber as soon as he is able to return.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

PROPOSED JOINT CONSULTATIONS RESPECTING SHARED WATER—GARRISON DAM PROJECT

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to address a question to the Leader of the Government in the Senate respecting the meeting over the weekend of Mr. Caccia, the Minister of the Environment, with Mr. Ruckelshaus, his opposite number in the United States. It appears they agreed that there should be a common effort, and that Canadian officials will be allowed to participate, in the design of plans to study hazardous sites affecting shared waters, in the interpretation and evaluation of data, in final decisions on clean-up strategies and so forth.

When I read that statement of the minister, I naturally thought of the Garrison diversion project in North Dakota. I should like to know whether the Garrison diversion is one of the problem areas included in this offer of the United States for joint consultation.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I take as notice the question that Senator Roblin has raised because it concerns a number of issues. I give an undertaking to send a request to the Honourable Charles Caccia for a more detailed explanation of what is contained in the agreement, and, in particular, whether there was specific identity of waters that will be taken under consideration.

Senator Roblin: If I may pursue the matter a little further, I should tell my honourable friend that I should also like to know if the subject of the Garrison dam was on the table at all during those discussions. I will add some further information about the Garrison diversion in this respect.

According to newspaper reports that I have seen, the United States authorities have already invited the Government of Canada to participate in studying certain measures that the Americans already have on the drawing board respecting the

Garrison dam. As far as I am aware, no response has been made by the Government of Canada to the effect that it will take part in those joint discussions on the Garrison diversion. Perhaps the minister could find out whether my information is correct, and, if it is, perhaps he will provide me with an explanation as to why, while we now find it all right, in Halifax, to enter into joint discussions, we have declined the opportunity offered to us last July.

Senator Olson: Honourable senators, I can do that. I am not sure that I can agree, at this point, with Senator Roblin's interpretation of what the United States has offered by way of an invitation to participate, nor am I sure whether I can agree with his interpretation of what the response of the Government of Canada has been. I do know, however, that Senator Roblin's representation and, perhaps more forcibly, that of Senator Guay, on behalf of those who are affected by this development, have been conveyed to the ministers responsible on a number of occasions. I am sure that representation has been extremely useful in terms of drawing to the attention of the authorities in the United States the fact that we are greatly concerned about this matter.

• (1420)

Senator Roblin: I shall be able to form some opinion as to the efficacy of the minister's recommendations to the Honourable Charles Caccia, and others responsible, when I see the kind of answer he gives to the questions I have already put, because it would seem to me that, if his advice had been taken seriously by members of the Cabinet, it would have been included in the discussions held in Halifax over the past weekend.

Hon. Joseph-Philippe Guay: Honourable senators, can the Leader of the Government make an inquiry concerning future federal government representation at the invitation of the Americans, to discuss the matter of the Garrison Dam project, as suggested by Senator Roblin; and, in so doing, could he ensure that a member of the federal Cabinet will be present at the meeting in the United States?

I ask that question because on the last two occasions when we made representations to members of the American Senate and others in Washington, a minister of the Canadian government was not present. The delegation comprised members of the Manitoba government and only two members of Parliament; no federal minister was present.

On such an important matter, a member of the Canadian Cabinet should be present, and if Mr. Caccia is unable to attend, perhaps another minister could attend in his place.

Senator Olson: Honourable senators, from my usually extremely efficient staff I have received a reply to both questions, particularly the latter question asked by Senator Guay. That question was asked in the other place and the minister concerned, the Honourable Charles Caccia, responded by saying that he and the Secretary of State for External Affairs made representations to the American government in connection with both phase one and phase two of the Garrison Dam proposal. He went on to say that Canada's concern was once again registered strongly and firmly. That obviously means that concern had been expressed before, as I have mentioned to both Senator Roblin and Senator Guay on many occasions in the past.

The Honourable Charles Caccia further reported that the representations were well received and that there had been a worthwhile exchange of views which may lead to an improvement in mutual understanding of the proposal in the long term. The minister went on to say that they had agreed to a meeting of Canadian and American officials to be held in Washington in November. He pointed out that if that meeting is successful it is hoped that some of the concerns that have been expressed will be met.

I believe that answers Senator Guay's question, and part of Senator Roblin's, although I do not expect him to acknowledge it. There have been significant representations made by the Canadian government, and meetings, including the most recent one in Halifax, have been held at which both phase one and phase two of the Garrison Dam project were discussed. I have already explained what Mr. Caccia has said on that subject, and therefore I believe I have answered, at least in part, the honourable senator's question.

• (1425)

Senator Roblin: Honourable senators, I am quite prepared to express my pleasure to the minister that it was not forgotten in Halifax and that, if what he says is correct, it is a good thing, and I give him full credit for it.

Senator Olson: Good.

Senator Roblin: Now, if he will just tell me that the Garrison project is to be included in the basket of projects that will be subject to bipartisan scrutiny by the two governments, I will be even more appreciative of him. So I urge him to go ahead and get the answer to that question.

Senator Olson: Honourable senators, I have already undertaken to seek that answer. The question arises about whether at this stage there is in existence an agreed agenda for the meeting. However, I shall convey that matter to the minister as well. Perhaps Senator Guay and Senator Roblin would like me to urge that the matter be on the agenda.

VETERANS AFFAIRS

RELOCATION OF DEPARTMENT TO PRINCE EDWARD ISLAND

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Social Development.

Hon. David Walker: Hear, hear.

Senator Marshall: It has to do with the various portfolios for which the minister is responsible. I appreciate that there are 14 of them, which must be quite a workload. The portfolio that I am interested in deals with the minister's responsibility for veterans affairs. In view of the state of the move of the Department of Veterans Affairs to Prince Edward Island, which is now taking place and which is due for completion by 1984, I am hoping that the minister will answer questions

arising from the vast turnover of staff, which might have the effect of diminishing the capability and efficiency of the department until new people are trained. Will the minister tell us whether he is following this move, which is so important and which, I understand, is being monitored by a task force? Can the minister give us some details about the move, as to when exactly it will take place, whether he has been made aware of the concerns with regard to the vast turnover of staff, and what steps are being taken to make sure that it does not destroy the efficiency of the Canadian Pension Commission and the other agencies which look after veterans' benefits?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Marshall has invited me to make a speech on matters concerning veterans affairs but I think I shall decline and take his questions as notice. I shall provide him with an answer in the form of a letter, which could be followed by specific questioning in the Senate.

Senator Marshall: That is exactly what I hoped the minister would say because the Leader of the Government, as I indicated last week, cannot look after all the departments to which we address questions. I also understand that many of the 14 portfolios, whose subject matter the minister is responsible for, will come under the authority of the new committee on social affairs, science and technology, when the new rules come into effect. Perhaps the minister should take the opportunity to appear before this new committee to give us an overview of his responsibilities so that we may direct to him only questions concerning the regions for which we are responsible, thereby helping us to receive answers a little quicker than we do now.

Senator Austin: Of course, honourable senators, I would be pleased to respond to an invitation from the chairman of any committee of this house to appear before it to give an explanation with respect to the appropriate work of that committee.

Senator Marshall: Would the minister also be prepared to make a statement on motions in the chamber or, perhaps, give us the information that will help us in directing our questions?

Senator Austin: Honourable senators, it is perfectly satisfactory to me that questions from Senator Marshall be directed to the Leader of the Government and, where appropriate, in assistance to the leader, I would respond to them. It is also perfectly satisfactory to me that questions pertaining to the social development envelope be directed to me.

● (1430)

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—QUESTION NO. 59 ON ORDER PAPER WITHDRAWN

Hon. Jack Marshall: Honourable senators, perhaps I should bring this matter up in delayed answers, but I would like to deal with a question I asked in April 1981 with respect to the visit to Canada by the President of the United States. At that time he had been in office for two years and I was wondering how long he would last. I am heartened by the fact that the President has indicated that he will run again, which will give me another few years to wait for my answer. However, in the meantime I took advantage of the new access-to-information legislation, sent a cheque for $5 to the department responsible, and received an answer in letter form. I even received my $5 back. That was because the party who answered the letter said the question was such a good one.

In order to assist with restraint in spending I am wondering if question No. 59 could be removed from the Order Paper, since it takes up a fair amount of space. I have the answer, which might be the subject of a notice of inquiry in the future, since I am not too satisfied with it.

Hon. H. A. Olson (Leader of the Government): I take it, honourable senators, that this is notice to the officers of this house that Senator Marshall's question can be removed. I thank the honourable senator for being concerned with respect to federal expenditures.

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LTD.—REVIEW OF OPERATIONS

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Social Development. Several months have elapsed since he commenced a review with respect to the operations of Canadair. Is the honourable minister now in a position to report to this house on the review of that corporation and to inform honourable senators of the anticipated profit for the balance of the year?

Hon. Jack Austin (Minister of State for Social Development): I should like to thank Senator Phillips for his continued interest in Canadair. I am preparing a report to Parliament on the affairs of Canadair which I hope to be able to make within the next few weeks. In the meantime, I have authorized the release of a statement by Canadair today regarding a restructuring of the management of the company and with respect to other steps to strengthen the competitiveness of the company. It is a statement which I will send to Senator Phillips within the next few minutes.

Senator Phillips: I thank the minister for saying that he has authorized the release of a statement. He has now aroused my curiosity about the tabling of that statement in this chamber and the other chamber. Have the papers been tabled in either house? Did that form of courtesy occur to the honourable minister?

Senator Austin: It is not my statement, but a statement of the chief executive officer of Canadair combined with a statement of the chief executive officer of Canada Development Investment Corporation. It is for that reason I can make the statement available to Senator Phillips. I do not propose to make it my own statement, in any parliamentary sense.

Senator Phillips: Honourable senators, I have supplementary questions with respect to this matter which I will save until I receive the statement from the honourable minister. I will take my questions up then.

Senator Austin: Senator Phillips, you shall have it this afternoon. If other honourable senators would like to see a copy of it, then I would be pleased to send it to them as well.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I wish to ask a few questions with respect to this matter. First, I should like to say to the minister that when he replies to questions on this side of the house I hope he will keep in mind that the questions are of interest to a great number of senators. While it is in order for him to send a letter to Senator Marshall if he wishes to do so, the letter ought to be presented to Parliament if it is in response to a parliamentary question. I am sure the minister will keep that in mind. Also, when he distributes statements to senators I hope he will include all senators in the distribution. These are parliamentary matters and any material distributed should be sent to all members of the house.

With those cautionary words having been said, which the minister could probably do without, I should like to ask a question or two about this issue with respect to Canadair. When the minister makes his statement, will he include in it some comments with respect to the social benefits he perceives will accrue to these particular corporations which are losing so much money? I notice he made a statement last summer saying that there was a point beyond which the social benefits were not worth the losses that were being incurred. I think that is a sound position to take, if there are any social benefits, but it lacks something as a statement of policy because, unless the minister defines the parameters he has in mind in terms of dollars in considering this matter, he really has not presented the policy of the government.

In view of the fact that this corporation has lost more money than any other public corporation that I know of, it seems to me that the minister would be doing a service to this house if he would explain what he means by the social discount or the social benefits that accrue to these crown corporations, and define his terms so that the house and the public at large will have an opportunity to measure the success or failure of these policies.

Senator Austin: Honourable senators, I thank Senator Roblin for his remarks. At the time I issue my statement, I hope that I will be able to satisfy him.

Senator Roblin: May I ask my honourable friend whether he intends to make a statement about the role of the Auditor General in connection with both Canadair and the CDIC? Although I think I understand his role in connection with CDIC, I do not know the Auditor General's role in connection with Canadair. Would that be included in the minister's statement?

Senator Austin: Honourable senators, discussions are continuing with the Auditor General with respect to an appropriate role in the affairs of CDIC and its family of corporations, and I shall certainly have something to say once those discussions are completed.

Senator Roblin: I ask my honourable friend to consider another matter. When the subject of Canadair was first discussed in this chamber, my friend made a statement concerning the board of directors of that corporation which led me to believe that the minister did not entirely approve of what they were doing. In fact, the minister went much further than that and expressed a very keen sense of anxiety about the way in which the members of that board had been operating. However, I find that during the summer the entire board was re-appointed.

When the minister makes his statement, perhaps he will tell us exactly how his mental processes work, in that at one period of time he finds it possible to be rather scathing of this board's activities and yet, shortly thereafter, he re-appoints the entire board. There probably is a good reason for this action on the part of the minister, and perhaps he will provide it to us.

Senator Austin: I shall endeavour to do so, honourable senators.

Senator Roblin: I have a final question on the point. When will we get this statement of the minister?

Senator Austin: Analytical data is now being processed by Canadair and, as soon as that is completed and delivered to me for my own perusual and appraisal, which I think will be within the next three or four weeks, I shall be able to make a statement to this house.

Senator Roblin: That is none too soon. However, the minister triggered another thought in my mind when he was responding to Senator Phillips and said that he was presenting a report from Canadair and CDIC but was not making it his own, in the parliamentary sense. How can the minister do that? He is responsible for these corporations and, if he presents a report to this house, he has to take responsibility for what is in that report. If he does not wish to do that, he has to inform this house of the parts of the report for which he is not accepting responsibility.

Senator Austin: Honourable senators, what I said was that I had authorized the making of a statement by the chief executive officer of Canadair, associated with the chief executive officer of the Canada Development Investment Corporation. I am not proposing to present that statement as a parliamentary document but, as a corporate document, I am willing to send it to Senator Phillips and anyone else who is interested.

I want to be very clear that I endorse what is found in this corporate statement. I am not in any way denying my support of what is said therein. However, I am not proposing to table it as a document or speak to it in this house at this time.

Senator Roblin: I object to that, honourable senators. While I am pleased to hear that my honourable friend does not disown what is in the report and that he makes it his own, the fact that he presents it here and speaks about it makes it a parliamentary document. Therefore, my honourable friend must table it, and I suggest that he do so without any further hesitation.

● (1440)

Senator Austin: I said that I had a document in my possession which I would make available to Senator Phillips. I do not

think that that makes it a parliamentary document. I am also prepared to let other senators have it on request, and I do not think that that would make it a parliamentary document, yet it is not a secret document but a public document, as of today. I am not sure what it is Senator Roblin is complaining about.

Senator Roblin: My complaint is that I do not want the minister passing notes around to senators in answer to particular questions. If the minister has something to say in this chamber about a document, as he did, then the document ought to be tabled, and I think that the minister should table it.

Senator Austin: Honourable senators, I will confer with the Deputy Leader of the Government and ask his advice. If it is decided that it should be tabled, I will be pleased to do so.

GRAIN

UNITED STATES MARKETING POLICY

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Did Mr. MacEachen and Secretary Shultz discuss the grain marketing policy of the United States insofar as it affects world market conditions?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I do not have any knowledge, at the present time , as to whether that was discussed with Secretary Shultz.

CANADA DEVELOPMENT INVESTMENT CORPORATION

SALARY OF CHAIRMAN

Hon. David Walker: Honourable senators, since the Minister of State for Social Development has a huge debt of $2.5 billion hanging around his neck, will he, when he reports, be good enough to tell us what salary he has allocated to Mr. Strong, the new chairman?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I wish to advise the Senate that I do not propose to answer questions from Senator Walker. He well appreciates the reason for that, I hope.

Senator Walker: Little boy blue is mad today. You will learn, sonny boy, that you will not go far by taking that attitude.

I then ask the Leader of the Government in the Senate whether it would be proper to ask him to instruct the recalcitrant minister to let us know the salary of his great friend, Mr. Maurice Strong, the chairman of the board of the Canada Development Investment Corporation.

Hon. H. A. Olson (Leader of the Goverment): The answer is very simple; no, it would not be proper.

[Senator Austin.]

NATIONAL PAROLE BOARD

GATING OF INMATES

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate which relates to a subject that was thoroughly discussed and debated in this chamber and in the other place last week.

My question pertains to the 11 Canadians who were denied the most basic right of all, the right to freedom, by an illegal decision of the National Parole Board. Has the government resolved that an *ex gratia* payment will be paid to those 11 Canadians who were denied their freedom for periods of up to two months?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall refer that question to the Solicitor General of Canada.

Senator Hastings: When bringing this matter to the attention of the Solicitor General of Canada, would he suggest that an $800 per day payment be an equitable payment to those Canadians?

Hon. Duff Roblin (Acting Leader of the Opposition): Where did you get that figure from?

CAPE BRETON DEVELOPMENT CORPORATIONS

BOARD OF DIRECTORS—VACANCIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Muir on September 22 concerning the appointment of members to the board of directors of the Cape Breton Development Corporation.

Honourable senators, I have made enquiries of the Minister of State for Economic and Regional Development and I can inform Senator Muir that, as of yesterday, no appointments had been made to fill the vacancies on the board of directors of the Cape Breton Development Corporation.

When an appointment is made, I will ensure that Senator Muir receives that information.

TRANSPORT

RUMOURED RESUMPTION OF PASSENGER RAIL SERVICE FROM HALIFAX TO MONTREAL VIA MONCTON AND SAINT JOHN

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Riley on September 22 concerning VIA Rail service to the Maritimes.

The minister has received copies of the report "A proposal for the implementation of direct VIA Rail service linking central Canada and the Maritimes: a cost effective solution" dated June 8, 1983, prepared by the Coalition for Improved Rail Passenger Service (CIRPS). In their report, CIRPS presents a plan for the restructuring of maritime rail services to restore a daily train between Halifax and Montreal via Saint John, Fredericton Junction and Sherbrooke.

VIA Rail officials are reviewing these proposals and are impressed by the amount of time and effort devoted by CIRPS to the formulation of these recommendations. VIA Rail officials have contacted CIRPS to obtain additional technical information used by CIRPS in order to analyse the merits of the proposal.

Once VIA Rail has completed its detailed technical evaluation of the CIRPS proposal, the government will be in a better position to respond to the proposal.

AIR CANADA

REFUSAL TO PUBLISH AUDIT REPORT

Hon. H.A. Olson (Leader of the Government): Honourable senators, I have the answer to a question asked by Senator Marshall on October 4 concerning the Air Canada audit.

The answer is: The recent Air Canada audit has not been made public because it is an internal working paper. A copy has been made available to Transport Canada to assist them in their official audit which the minister may make public.

The final answer I have today relates to the same subject. My notes indicate that Senator Nurgitz raised his question as a partial modification of Senator Marshall's question of October 4.

The answer is: The report, or audit, has been submitted to Transport Canada in its entirety to assist the ministry in its official audit of Air Canada operations. Portions not deemed proprietary may be included in Transport Canada's report, at the discretion of the minister; and parts pertinent to aviation safety may be used by Transport Canada for the benefit of aviation in general. The Air Canada audit was commissioned as an internal working document and it should be recognized that none of the internal working papers of the company's domestic or international competitiors are published, either in their entirety or in part.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—CONSIDERATION OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of the Constitution Amendment Proclamation, 1983, which was tabled on Thursday, October 13, 1983.

Hon. Joan Neiman: Honourable senators, I should like to make some comments with respect to the proposed Consititution Amendment Proclamation, 1983 with respect to aboriginal rights and which was referred to the Standing Senate Committee on Legal and Constitutional Affairs just before the Senate adjourned for the summer.

As honourable senators are aware, a couple of special committees of the Senate also met during the summer and fall on matters considered by the government to be of equal importance and priority, and they siphoned off some colleagues who are usually of great assistance and support. Fortunately, we still had a competent nucleus, very ably supplemented by two non-members, Senators Steuart and McElman. They attended almost every one of the 13 committee hearings, which began before the Senate reconvened in September, and they were of tremendous assistance not only during the hearings but also in preparing the report you are considering. All our committee members—and, in particular, myself— are indebted to them for their assistance.

● (1450)

Because we are considering the first amendment to the Constitution of Canada and also because it touches on an area which is of vital importance not only to our native people but also to all governments and the people of Canada, your committee felt it should report in some detail both the evidence it heard and the conclusions which could be drawn from that evidence. I am sure that the views which will be expressed by other honourable senators who attended the hearings will assist this chamber in its consideration of the proposed amendment. However, I believe that I can say on their behalf that your committee concluded that the only part of the proposed amendment on which there was unequivocal endorsement was that which sets out the timetable for future constitutional conferences with the native groups. Personally, I regret that the native groups feel so little confidence in— and indeed are mistrustful of—our good faith and the determination of our governments to proceed as quickly as possible to a resolution and recognition of their claims that they can be reassured only by having agenda items incorporated into the Constitution. I believe that detracts from our written Constitution which I think should express only the highest principles of a country and the rules by which it governs itself.

I hope that our native groups will take some comfort and encouragement from what our Prime Minister said when he spoke recently on the historic occasion of the Joint Resolutions of Parliament respecting language rights in Manitoba. At one point in his address he said that, although we cannot undo the past, we can be just in our time. Later in his address he observed in referring to small minorities:

> —I think it is fundamental to our existence as a people and, indeed, to our survival as a nation that we say no matter how small the minority, if they have rights, those rights will be respected.

While I do not fault the native groups for insisting on the inclusion of an amended timetable in the Constitution, I suggest that they share some of the responsibility for there being no clear consensus amongst the witnesses, many of whom will be charged with the duty of negotiating their constitutional rights as to what the two substantive sections of the proposed amendment actually mean and encompass. All parties to future negotiations must prepare themselves to lay on the table "in the sunlight," to use the words of the

distinguished Leader of the Opposition in the other place, in clear terms their claims, their offers and their counteroffers. Until that is done, no meaningful progress can take place. Honourable senators know that the financial and social costs flowing from uncertainties and delays, not only to the native peoples but also to all the people of Canada who pay for interim and patchwork solutions, have been enormous and will continue to escalate. Therefore, I urge all parties to these constitutional negotiations to get on with the job of finding the solutions and reaching the agreements which are so urgently required.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I wish to move that we adjourn debate on this report, but I should like to explain why. Since I shall be attending two sittings of the Special Joint Committee on Senate Reform, starting tomorrow afternoon, I shall be unable to take part in the present debate either tomorrow or Thursday. I therefore wish to move adjournment of the debate until Tuesday. However, if meanwhile another senator—I am thinking for instance, of Senator Steuart, who also took part in the committee's proceedings—should wish to speak, I shall, of course, have no objection. In my absence, another senator from our side, could, on my behalf, move adjournment of the debate until next Tuesday.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, regarding the adjournment motion and the reason given by Senator Tremblay for requesting adjournment of debate until next week, I simply wish to second his invitation to any other senator who may wish to take advantage of this opportunity to speak in the debate.

[*English*]

Hon. D. G. Steuart: Honourable senators, I should like to intervene briefly in the debate in order to support the recommendations of the committee and to agree with this resolution. When the resolution was proposed to the Senate, I questioned a number of points. The first was the speed with which we were asked to pass this resolution. Approximately three months intervened between the time the Accord was agreed upon by the participants—the federal government, the provincial governments and the aboriginal peoples—and when it was presented to us in the dying days before the adjournment. The Leader of the Government concurred that there was no demand by the government that we pass it, but the feeling still remained that we were not given ample time to have the hearings. For that reason we put it off, and as a result were accused by some people of holding up the process. I think that the report makes it clear that, in fact, we did not hold up the process but carried out the responsibility that is rightfully ours.

The other questions I raised, to which some answers were obtained in the hearings, dealt with equal rights for males and females, and specifically with what aboriginal rights meant; in fact, I wanted to know for whom the Assembly of First Nations was speaking.

[Senator Neiman.]

I was also concerned, as we all were, that everyone involved, including the general public, who, at that time I was convinced, and still am, were a forgotten party in this whole process of the first amendment to Canada's Constitution should be given ample opportunity to be heard. The one-day hearings held by the other place had not afforded ample time for them to be heard. People told us that they desired to put forth presentations, but were either not invited to do so or did not feel that they had ample time to do so.

Consequently, the resolution was referred to committee. We had some excellent hearings and my congratulations go to the chairman. I think the report reflected precisely the reactions of those who attended the committee hearings.

• (1500)

In supporting the report, I would again emphasize one or two points. In future, the Senate should urge all those taking part—the federal government, provincial governments and the aboriginal peoples in this case, or anyone else involved in the future—to give their legislatures, their Parliament and their constituents ample time to consider important amendments to Canada's Constitution. If we do not do this, surely we are making a mockery of the very idea that a constitution should consist of entrenched laws that are over and above ordinary laws. We should call on people to take time and give serious consideration before these laws are changed.

I should like to stress another point which I found remarkable, and I am sure other members of the committee also did, the fact that certainly the federal government—and possibly the provincial governments—has not really given enough thought to what it has embarked on. We asked the Minister of Justice and the Minister of Indian Affairs and Northern Development what they meant by aboriginal or native rights. Their answer—and it was a fair answer, I suppose, up to a point—was that it would take a great deal of time to delineate these rights. In fact, a special committee is already considering that question. The native people have laid before this committee something like 90 different subjects that they want to discuss as rights.

We tend to think of rights as being land rights, mineral rights, hunting rights, fishing rights and educational rights, but, when they are talking of something like 90 different rights, we realize that we have not gotten down to serious business yet. We now have some idea of the breadth of this whole subject.

We should also be considering the question of a land base. We heard representations from not only the status and non-status Indians but the Métis organization. Although I have dealt with the Métis organization for many years, I was somewhat surprised to hear that this organization represents only those Métis living in the western provinces—Manitoba, Saskatchewan, Alberta and a few in British Columbia—and that they do not represent people of mixed blood who live in other parts of Canada. I was surprised to hear them say that they represented 400,000 people but I think that is probably true. In Saskatchewan alone I believe there are as many as 90,000 or 100,000 people of mixed blood who are neither

status or non-status Indians; they are Métis and they are demanding all these rights and a land base.

As an example, the status Indians in Saskatchewan, who number about 70,000, have a land base. They have been before the courts, and it is agreed by the federal government and by the provincial Government of Saskatchewan that they are entitled to at least one million acres more. These Indians are also claiming another 600,000 or 700,000 acres of land which they feel were taken away from them illegally. Even the million acres which has been agreed to by both the federal and provincial governments and which has been in the process of being handed over in the last six or seven years is indicative that only a small start has been made. Almost every time an acre of land is transferred, either from the Crown in the right of the federal government or the Crown in the right of the provincial government or from a private entity, it brings on a crisis in the province of Saskatchewan. This painful process on all sides has dragged on for years.

I mention this because we are now talking of a very large land base for a group of people who number far more than the status Indians. They are now claiming a serious land base in the province of Saskatchewan as well as in the other provinces of western Canada, and I am sure they will eventually make the same claim in provinces of eastern Canada as well.

I point these things out to demonstrate that the gap between what I feel the federal government is talking about, what I feel the provincial government is talking about, and what I believe the public is thinking about, and what the native people are asking for is tremendous. The longer it takes to settle this matter, the greater will be the expectation of the native people because they are being funded by the federal government and by some provincial governments to carry out their studies; this lends a certain legitimacy to their claims, and I think rightfully so. The longer these things are allowed to drag on, the greater will be the gap and the more serious could be the confrontation, if the final settlement offered by both levels of government to all aboriginal groups falls far short of what they expect. In that event, I think we could be in for a very serious confrontation.

I do not have any answers. All I am saying is that we should urge the federal government and the provinces to settle these outstanding issues as quickly as possible, because this is, in my opinion, a time bomb.

The government implied that the question of who is a Métis and who is a non-status Indian would be settled as between the government and the native people. The native people told us very clearly that they would settle it; that it was their business. They also told us that they would settle the question of male and female equality and that it was literally none of the federal or provincial governments' business. The question of whose business it is needs to be settled.

The fact that our special Senate committee held hearings on this resolution proves that we, in the Senate, intend to take our full and rightful responsibility with regard not just to this amendment but to future amendments to the Constitution. The hearings have proven beyond a shadow of a doubt that what we did was right and necessary. This should be a clear signal to the federal government that in future negotiations they had better not pass over the Senate lightly, as I think they were tempted to do in this instance, but that we have a role to play and that we intend to play that role very seriously.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, concerning the adjourned motion, as Senator Tremblay suggested, other senators could speak tomorrow and Thursday in any case. If I understood correctly, even if Senator Tremblay continues to move for adjournment, he is willing to let others speak in the meantime.

Perhaps another senator could adjourn the debate on his own behalf, until tomorrow or Thursday. Otherwise, I simply want to point out that it would be desirable to continue debate tomorrow or Thursday and then next Tuesday.

[*English*]

Hon. Peter A. Stollery: Honourable senators, as a reasonably active participant of the committee, I should like to say a word or two about this first amendment to the Canadian Constitution.

I should like to emphasize the feeling expressed by Senators Neiman and Steuart. I find it shocking to believe that, if the Senate committee had not held reasonably extensive hearings, the first amendment to the Constitution of Canada would have taken place with almost no participation from representatives other than those in Cabinet.

I would express the hope that in the future, when the Constitution is amended again as it inevitably will be, the process will not be conducted by just a few people in the country and without the involvement of the Canadian public. I emphasize that I consider that to be wrong.

Again I express my support for the fine work that has been done by Senator Neiman, but I should like to emphasize that, when there is another amendment to our Constitution, it should not come to this chamber without the Canadian public having been given at least some idea that the Canadian Constitution is being amended and that that could have an important meaning to them.

[*Translation*]

The Hon. the Speaker: It is moved by the Hon. Senator Tremblay, seconded by the Hon. Senator Murray, that this debate be adjourned until the next sitting and automatically adjourned, if no one should speak, until next Tuesday, to give Senator Tremblay an opportunity to speak. Is that the gist of the resolution?

Senator Frith: Yes, Mr. Speaker.

The Hon. the Speaker: Thus, if no one speaks tomorrow or Thursday, the order will automatically stand on the order paper for next week.

Senator Frith: Honourable senators, we still have the option of speaking tomorrow or Thursday, but it is understood that if no one intervenes, in the meantime, the order will stand in Senator Tremblay's name. I think that in that case, Mr. Speaker, if everyone agrees, it is preferable to adjourn until the next sitting of the Senate and thus give all senators an opportunity to intervene, it being understood that Senator Tremblay will be unable to do so until next Tuesday.

The Hon. the Speaker: Do the mover, the seconder and honourable senators agree with the suggestion?

Hon. Senators: Agreed.

On motion of Senator Tremblay, debate adjourned.

[*English*]

VETERANS AFFAIRS

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE ENTITLED "THEY SERVED—WE CARE"—ADVISABILITY OF IMPLEMENTATION OF RECOMMENDATION NO. 7—DEBATE CONCLUDED

On the order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the motion moved in the other place on 27th April, 1983, requesting the government to consider the advisability of implementing Recommendation No. 7 of the Standing Senate Committee on Health, Welfare and Science's Report entitled: "They Served—We Care", and to certain observations regarding the proceedings of the Standing Committee of the House of Commons on Veterans Affairs as they pertain to the aforementioned report.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, order No. 8 has been adjourned in my name to give any honourable senator the opportunity to speak to it. If no one wishes to do so, then I suggest that we consider this order debated.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

OFFICIAL LANGUAGES

CONSIDERATION OF FIFTH REPORT OF SPECIAL JOINT COMMITTEE—DEBATE ADJOURNED

On the Order:

> Consideration of the Fifth Report of the Special Joint Committee on Official Languages, tabled in the Senate on 21st April, 1983.—(*Honourable Senator Murray*).

Hon. Paul Yuzyk: Honourable senators, this order stands in the name of Senator Murray, the joint chairman of the committee. I am most grateful to him for allowing me to speak at this time. With leave of the Senate, I should like to proceed.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[The Hon. the Speaker.]

Senator Yuzyk: Honourable senators, I wish to address myself briefly to the section entitled "Safeguard for Other Languages" of the Fifth Report to Parliament of the Special Joint Committee of the Senate and the House of Commons on Official Languages, which report was tabled in both houses on April 21, 1983.

It is stated in that section that the Commissioner of Official Languages, Mr. Maxwell Yalden, feels that the present wording of section 38 of the Official Languages Act is too negative. Section 38 of that act reads as follows:

> Nothing in this Act shall be construed as derogating from or diminishing in any way any legal or customary right or privilege acquired or enjoyed either before or after the 7th day of September, 1969, with respect to any language that is not an official language.

The committee found that the legal formulation of this section was, indeed, negative. Furthermore, the committee felt that:

> —this section refers specifically to rights or privileges and, in this sense, it is an important section since it safeguards all present and future rights or privileges.

Moreover, the committee noted that section 22 of the Canadian Charter of Rights and Freedoms of the new Canadian Constitution provides the same safeguards in almost the same words.

The committee also took into consideration section 27 of the Charter of Rights and Freedoms, which reads as follows:

> This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

To make the legislation consistent with the spirit of section 27 of the Charter, the committee agreed that a new section might be added to the Official Languages Act. It recognizes that:

> —this could have a positive psychological value and would, to some extent, acknowledge Canada's cultural diversity within the context of its status as an officially bilingual nation.

After consultation with various legal authorities, the committee decided:

> —that a negative formulation of this positive concept is the most appropriate.

The following recommendation was submitted:

> That a new section be added to the Official Languages Act to stipulate that nothing in this Act shall be interpreted so as to affect adversely the use, preservation and enhancement of any other language in use by Canadians.

This new wording is not as negative as the wording of section 38 of the present act. It is, however, still negative and a "nothing" clause. I propose a more positive formulation by adding to the above recommendation the following paragraph:

> Wherever and whenever feasible, any of the third languages, sometimes referred to as the heritage languages, may be taught in the public and secondary schools of the

provinces and at universities, with possible funding from the federal and provincial governments; they may be used in the courts, in government services at all levels, in CBC radio and television at the national, regional and local levels, and in the federal Parliament, provincial legislatures and city and municipal councils.

Honourable senators, I am not proposing anything new. This was recommended by the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada in its report that was tabled in both chambers on March 16, 1972. It is important to note that, in its two years of intensive effort, that committee, composed of 24 MPs and senators of the four federal parties, held 145 public meetings, including 72 sessions in 47 cities and towns located in all of the provinces and territories. The 1,486 witnesses who appeared before the committee ranged from acknowledged experts, leaders in various walks of life, representatives of various institutions and organizations, to students and ordinary people such as labourers, farmers, trappers, housewives, and so on. The evidence was published fully in both official languages in the records of Parliament—93 volumes—and is available to all who may wish to study this important material. In my opinion, the report reflected a fair cross-section of the Canadian population.

• (1520)

Giving recognition to the multicultural reality of Canada and the fact that nearly one-third of the population of our country is comprised of ethnocultural groups and languages of non-British, non-French origin, this joint committee, over 10 years ago, stated in its report:

> The Constitution should explicitly recognize the right of Provincial Legislatures to confer equivalent status with the English and French languages on other languages. Federal financial assistance to support the teaching or use of other languages would be appropriate.

In the same chapter of this report, the committee advises that:

> The Constitution should therefore provide in its section on languages rights that Provincial Legislatures may confer rights on other language groups with respect to use in the Legislatures themselves, or in government administration, the courts and education in publicly-supported schools.

My addition to the proposed amendment to section 38 of the Official Languages Act is fully in conformity with the recommendations in the report of the special joint committee that was tabled in 1972. It is apparent that subsequent committees dealing with the Canadian Constitution have paid no attention to the early recommendations.

The Canadian Charter of Rights and Freedoms recognizes that Canada is a bilingual and multicultural nation. Canada is a nation of minorities. If there are safeguards for the English and French languages, it follows that there should be safeguards for the other lanugages, which are also Canadian.

My proposed amendment of section 38 of the Official Languages Act, which applies equally to section 22 of the Canadian Charter of Rights and Freedoms, is practical and timely. Compulsion is not even implied, nor is the prohibition of any language. In the field of education there would have to be a demand, and sufficient numbers must warrant such classes. Its psychological value is inherent. Much of this is now practised in Alberta, Saskatchewan, Manitoba and Ontario, and satisfactory progress is reported.

Honourable senators, I recently discussed this amendment with Premier Howard Pawley of Manitoba for over an hour. I assured him of my support for the guarantee of the rights of the French in Manitoba and that it was absolutely necessary to redress the wrongs of the past but, at the same time, to accept the partnership of the present. He was aware that most of the other ethnic groups were sympathetic and supportive but asked for some guarantee of their rights, as several greatly outnumbered the French in the province.

Premier Pawley studied my proposed amendment, which appealed to him. He stated that he would like to see it incorporated in the Official Languages Act and also the federal Constitution. The premier undertook to have this amendment discussed in his caucus, where it would be modified and adapted to the provincial jurisdiction. This would greatly help to arrive at a reasonable and acceptable solution of the Manitoba language question and the implementation of cultural rights. I understand that the Franco-Manitoban Society, which speaks on behalf of the French population of the province, endorses the idea of a clause in the resolution that would guarantee the rights of other languages. This is proof that partnership of all the ethnocultural groups is the essence of the true spirit of Canadianism.

Honourable senators, I move:

> That the Fifth Report of the Special Joint Committee on Official Languages be referred back to the committee with instructions to consider the following as an addition to recommendation No. 11:
>
> "Wherever and whenever feasible, any of the third languages, sometimes referred to as the heritage languages, may be taught in the public and secondary schools of the provinces and at universities, with possible funding from the federal and provincial governments; they may be used in the courts, in government services at all levels, in CBC radio and television at the national, regional and local levels, and in the federal Parliament, provincial legislatures and city and municipal councils."; and
>
> That a message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this house in the aforementioned action.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Yuzyk, seconded by the Honourable Senator Macdonald:

> That the Fifth Report of the Special Joint Committee on Official Languages—

Honourable senators, shall I dispense?

Hon. Royce Frith (Deputy Leader of the Government): No, Your Honour; please continue.

The Hon. the Speaker:

—be referred back to the committee with instructions to consider the following as an addition to recommendation No. 11:

Senator Frith: You may dispense with the rest, Your Honour.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: No, Your Honour.

Honourable senators, I should like to move that the debate on this motion be adjourned. I take it that debate has already commenced.

On motion of Senator Frith, debate adjourned.

● (1530)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FOURTH MEETING—REPORT OF CANADIAN DELEGATION—DEBATE CONCLUDED

Hon. Henry D. Hicks rose pursuant to notice of October 11, 1983:

That he will call the attention of the Senate to the Twenty-fourth Meeting of the Canada-United States Inter-Parliamentary Group, held at Minaki Lodge, Ontario, from 16th to 20th June, 1983.

He said: Honourable senators, this year the Canada-United States Inter-Parliamentary Group met from June 16 to 20 at Minaki Lodge. Minaki Lodge is a newly refurbished lodge near Kenora, Ontario in which the Government of Ontario has invested a good deal of money belonging to the taxpayers of that province. I must say that it is a marvellous setting and it provided an excellent meeting place for members of the Congress of the United States and of the Parliament of Canada. It is sufficiently remote that we were not distracted and could work hard for the relatively short time in which these meetings were held.

The previous meeting was held at Key Largo, Florida in March 1982. Those are the only two meetings of this organization I have had the privilege to attend. I would say generally that this year's meeting was held in an atmosphere of more friendliness, more understanding and more compromise than was the case even the year before.

As some honourable senators who have attended these meetings will know, the work of the parliamentarians centres around three committees. The first committee deals with trade and economic questions. The Senate was represented on that committee by Senator van Roggen. A feature this year, which had not obtained in Key Largo, Florida in 1982, was an introductory roundtable discussion in each of the committees. That served the purpose of letting congressmen and senators from the United States and members of the House of Commons and Senate of Canada become acquainted with one another so that the subsequent, more specific discussions could take place more expeditiously and in a very good atmosphere indeed.

The full report was tabled and appended to *Hansard* on October 11, 1983 and commences at page 6025. I shall not, as I did last year, go through all the items on the agenda and make comments on each of them. Senators who are interested can review the report.

After the introductory roundtable discussion in Committee I, there was a discussion on bilateral policy issues affecting trade and investment. In this respect I should point out that our American friends were much less unhappy—perhaps I should put it that way—about the Foreign Investment Review Agency and the National Energy Policy of Canada than they were a year ago. They seemed to appreciate the modifications that had been made to both those policies and frankly admitted that they were not as concerned as before. The next item was specific trans-border trade problems, which dealt with the U.S. Auto Content Bill implications for Canada and the United States regarding the international grain marketing situation, airline routes and fares, agricultural products and so forth, after which there was a concluding roundtable discussion.

Committee II dealt generally with defence and energy questions. One of the co-chairmen on that committee was Senator Roblin and two of its members were Senators Doody and Lafond. That committee report commences on page 6033 of the October 11 *Hansard*. After an introductory roundtable discussion having to do largely with public attitudes in the nuclear arms debate, various questions were touched upon such as missile testing, air defence modernization and defence spending levels. Here, of course, our American friends, no matter how politely they go about it, are critical of the relatively low defence spending levels on the part of Canada in comparison with other NATO countries. I think I have said in this chamber before, and probably most honourable senators know, that the proportion of our gross national product spent on defence is lower than that of any other NATO country save Luxembourg and Iceland which do not maintain any armed forces. But here again there was tacit acknowledgement on the improvement in Canada's defence effort over the past three years. I certainly hope that trend continues, and I am sure our American friends do also.

Committee II also dealt with energy problems: world oil supply, pricing and markets; the role of OPEC; the impact of lower prices on energy development and certain bilateral energy issues; Canada's natural gas exports to U.S. markets; the prospects for the Alaska Gas Pipeline, the impact of the National Energy Policy, and electricity. Again, considerable discussion on public attitudes toward the nuclear arms debate did not see our American friends and our Canadian delegates differing too much, although a number of the Americans were frankly surprised at the resistance in Canada to the testing of the Cruise Missile, saying that they had not anticipated it and were not expecting Canadians to be as concerned and antagonistic as they are.

Finally, Committee III dealt with environmental and multilateral problems. Its report commences on page 6037. I was the Canadian co-chairman of that committee and was ably supported from the Senate by my seat-mate and colleague, Senator Lapointe. After the roundtable discussion the committee dealt with environmental and fishing issues, such as acid rain and the law of the sea. Here I should say that our American friends were much more hopeful and agreeable to doing something about the acid rain problem than they had been in Florida only a year and a half ago. There was some optimism that we would take significant steps forward in dealing with acid rain. Events subsequent to June, with the intervention of the United States executive, have perhaps dashed some cold water on the hopes raised by the attitude of our American friends. We dealt also with toxic wastes, and, indeed, a good many of the delegates on both sides of the table felt that in many areas the disposition of toxic wastes posed and even greater threat to health and the environment than acid rain, though I suspect that in the long run that will not turn out to be true because the toxic-waste problem is probably susceptible of solution in much less time and much more effectively than is the problem of acid rain. We then dealt with the question of multilateral issues, the Law of the Sea, the international debt crisis and the Middle East.

In the final plenary session of the meeting we dealt—perhaps not at as great length as we should have—with the problems of Central America. The discussion largely consisted of our American delegates explaining their point of view and emphasizing the difficulties in policy they face in dealing with the tremendously difficult problems of Central America. I think one could only say that, while the Canadian delegates were sympathetic to the American point of view, we felt more strongly than our American friends that, generally speaking, a country should be allowed to determine its own form of government and to run its own affairs. Having said that, we acknowledged quite openly the great security problems which the United States encounters as a result of what is going on in Central America.

I have already said, honourable senators, that to me the general atmosphere of friendship and understanding this year seemed to exceed that of only a year or so ago. I would not like you to infer from that, however, that the American congressmen are not firm advocates of policies that are of concern to their own government and their own people. Indeed, they are very firm advocates. I do not think I could overstate the quality of the interventions by most of the American delegates. They were well prepared and they put forth their case strongly. At the same time they were willing to listen to the Canadian case as well.

• (1540)

I cannot compliment the quality of the American delegates without complimenting that of the Canadian delegates. In Committee III I was pleased with the contributions which were made, not only by my colleague, Senator Lapointe, but by members of the other place as well. I believe that the senators who sat on the other two committees would say the same thing.

Sometimes we are apt to complain that Americans do not know very much about Canada and are not very interested in our problems. That may be true with respect to a great many of our friends south of the border, but it certainly is not true of the congressmen who participated in the Canada-United States Inter-Parliamentary Group. Those American delegates were very well informed about the situation in Canada and the relationships which exist between Canada and the United States. It is a pleasure to know that there are members of the United States Congress who are so knowledgeable about Canada and her problems, even though they do not always agree with the point of view.

Honourable senators, before closing my remarks, may I mention that we have just received an invitation from the two American co-chairmen to meet next year in Puerto Rico from March 8 to March 12. The Canadian executive of the Canada-United States group has sent off an acceptance of that invitation this afternoon.

This organization which has been active for more than 20 years, provides a forum for informal discussion between United States congressmen and Canadian parliamentarians—without authority to make decisions, of course. In my view it is an extremely useful organization. Having attended the meeting in Florida in 1982 and the meeting held at the Minaki Lodge in June of 1983 I can attest to the benefits of these kinds of exchanges. Correspondence with the American co-chairmen on a number of vital matters affecting Canada and her relations with the United States has taken place in an atmosphere which I believe would not have been possible had we not met and discussed matters beforehand. As a result of that correspondence a great deal more attention has been given to Canada's attitudes than would have been the case, had the correspondence taken place along official lines, coldly, as between people who do not know one another.

This is a valuable institution. I hope it continues to be as effective in the future as I believe it has been in the past.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: As no other senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 5 p.m.

THE SENATE

Wednesday, October 19, 1983

The Senate met at 5 p.m., the Speaker in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

YUKON TERRITORY

GULF OIL DEVELOPMENT ON NORTH SLOPE

Hon. Earl A. Hastings: Honourable senators, in posing my question to the Leader of the Government in the Senate on the proposed development by Gulf Oil at Stokes Point on the Yukon North Slope, I appreciate that the minister will have to take it as notice. Has the Minister of Indian Affairs and Northern Development received a report from the Yukon North Slope Project Review Group; and, if so, would he undertake to table it in the Senate in the interest of enlightened debate and discussion on this subject?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall ask the minister, first, if he has received that report, and then, whether or not it ought to be tabled.

AIR CANADA

REFUSAL TO PUBLISH AUDIT REPORT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. In giving a delayed answer yesterday dealing with the audit report of Air Canada, the Leader of the Government read into the record a response, which I took to be Air Canada's, saying that the audit report has now been filed with the Minister of Transport and that it is now up to that minister to decide whether or not that report should be published.

I appreciate that my question is a slightly different one, but I ask the Leader of the Government to enquire of his colleague, the Minister of Transport, whether those portions of the audit report that concern safety on Air Canada could be disclosed to the public. Obviously, the purpose of obtaining such a report was to satisfy Canadians that air travel on their national carrier in this country is now safe, and to keep it secret seems foolhardy.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall certainly make that request of the Minister of Transport. However, I think it was clear in the response that was given yesterday that this report is regarded by both Air Canada and the Department of Transport as an internal working document of Air Canada for the purposes that they set out to investigate and, therefore, no doubt a report will be made to the public. However, what Senator Nurgitz is asking now is for a complete or partial tabling of that report, and the reply given yesterday was fairly firm on that.

Senator Nurgitz: I would like to point out to the Leader of the Government that Air Canada, which at one time had an unusual and outstanding safety record, has, in recent years, had a series of what its president calls "incidents" which are all directly related to safety. In the past several months, there was the aircraft which skidded off the runway in Regina; there was the Gimli incident; there was the Cincinnati incident. It was for the purpose of satisfying Canadians that our national carrier is safe that the audit report was conducted, and whether or not that report is internal, Canadians are concerned about safety. If we are to be confident about flying on our national carrier, surely to goodness the Minister of Transport has an obligation to tell Canadians that that carrier has a clean bill of health. Perhaps that raises the burning question of whether, indeed, it has a clean bill of health and, consequently, the report cannot be released for other reasons.

Senator Olson: Honourable senators, I would not like Senator Nurgitz or anyone else to cast doubt on the safety of Air Canada's maintenance procedures or any of the other things that go into the running of a safe airline. As Senator Nurgitz pointed out, until these recent incidents, Air Canada had been one of the best airlines in the world, if not the best, and I am sure that they want to maintain that standard. However, if for any reason it has slipped, they would want to re-establish it. Doing an investigation and making a report is not in the same category as the request he is making now for the release and tabling of internal working documents while they are carrying on the investigation. Nevertheless, I will make the request that Senator Nurgitz has asked for, and perhaps I regret that I put a qualification on it.

GRAIN

CANOLA—PROPOSED FREIGHT RATES

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board concerning a matter of significant importance to the prairie grain growers, and that is freight rates on canola, which is rapeseed. It has been announced that the Government of Canada intends to impose a commercial freight rate structure on canola products east of Thunder Bay. I suggest to the minister that that is hardly in keeping with the federal government's stated objective of establishing parity in freight rates from origin to destination. As I said, this is a matter of crucial concern to the oilseed industry, especially in the province of

Saskatchewan. I hope I shall get an answer from the minister that will reassure us that additional burdens will not be imposed on canola growers in the prairie provinces.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, Senator Buckwold certainly has raised an important issue. Canola refined products have been moving east of Thunder Bay in recent years under a special rate regime—a minimal compensatory rate. The proposition has been put forward that if you were moving on a regular rate, on the Crow rate, or something closer to compensatory rates, that was also the way to go with regard to the rates on refined products east of Thunder Bay. Any major change from those minimal compensatory rates to rates that are relatively compensatory would be a very substantial increase indeed. I do not think there is any doubt about the foundation of Senator Buckwold's question, namely, that it would make it more difficult for the oil-crushing industry on the prairies, which industry has seen some very difficult times in recent months. A lot of discussion has been going on with regard to this question. Of course, there are different points of view. I consider the statement made by Senator Buckwold important and pertinent, and in the ongoing discussions it will be noted.

Senator Buckwold: I have a supplementary question. I am pleased to hear that I have made an important statement, but I did not get much reassurance from the minister. At a time when we are going through the problems of the Crow rate and the additional costs that could be imposed on prairie farmers, with some benefit, I might say, for them, to have this added to the burden which is being considered is something that I hope will be carefully reviewed. I am not sure where it stands, and perhaps the minister can tell us whether it is a fait accompli or that somebody just made an announcement. Certainly, the Government of Saskatchewan has protested, as will all the farm organizations. I feel it important that we get a substantive statement from the minister to the effect that this is going to be at least delayed.

● (1710)

Senator Argue: Honourable senators, there are ongoing discussions, and I have participated in them for many months. I may say to Senator Buckwold that there have been proposed amendments to the legislation to extend the existing rate beyond the commodity to which it has been applied. In response to the honourable senator, I repeat that these discussions are ongoing. His point of view has been well stated, but I am not able to give a definitive answer at this time.

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LTD.—REVIEW OF OPERATIONS

Hon. Orville H. Phillips: Honourable senators, yesterday I asked the Minister of State for Social Development a question concerning Canadair. He was kind enough to offer to provide me with a copy of a statement issued that day. Much to my surprise, I did receive a copy of the statement in the afternoon. I should like to thank him and to point out that we, on this side, are unaccustomed to those on the other side making a statement and keeping their word. That is the sort of action I would commend to the Leader, and Deputy Leader, of the Government.

The statement itself does not contain very much that is new. Apparently, the number of positions has been reduced by 25 per cent. It is most interesting, honourable senators, to note that the number of vice-presidents has been reduced from 22 to 12. I did a quick calculation on the loss per vice-president, and it works out to approximately $115 million. I wish the company had reduced the number of vice-presidents to one some time ago, before it ran up this horrendous loss. Be that as it may, according to the Canadair news release, the total saving from all of the reductions will be approximately $27.5 million.

Hon. Royce Frith (Deputy Leader of the Government): "And my question is—"?

Senator Phillips: I am doubtful, honourable senators, if this saving is large enough to place us in the profit column. In looking over the minister's reply of yesterday, I notice that he avoided my question.

Senator Frith: "Which leads us to the following question:—"!

Senator Phillips: If the deputy leader could just contain himself for a minute, I should like to repeat my question to the minister. What is the anticipated profit of Canadair for the balance of this year? I feel that, because the minister is an astute businessman and an astute politician, the news must be good. As an astute businessman, the minister would not have associated himself with this statement unless the news was good. As an astute politician, he is not going to put his neck on the chopping block again for a record corporate loss in Canada. Therefore, I come to the logical conclusion that Canadair will make a profit, and I ask him what is the anticipated profit for 1983.

Hon. Jack Austin (Minister of State for Social Development): To go directly to Senator Phillips' question, I must advise honourable senators that I do not have an anticipated profit figure to give to the Senate at this time. I have said before two committees of the other place that I would bring forward, in the fall, an analytical statement and a financial forecast and proposal as soon as I had the information available to me. This, I said in answer to Senator Roblin, I expected would be three or four weeks from now. At that time I hope to give honourable senators an answer with respect to profitability or non-profitability.

To avoid ambiguities, however, I would like to say that I put on the record in June, and I repeat now, that the investment of some $1.350 billion will not be recovered from the ongoing program of Canadair, or, indeed, from the ongoing program relating to the Canadair Challenger. My proposal will relate to recovery of the incremental financing to produce and sell 15 Challengers annually. I want to be very clear that that will be the scope of my proposal.

I am prepared to defend the desirability of Canadair's continuing to produce Challengers. They are highly successful technically, and I believe that they will be highly successful in marketing terms. They are a very important part of Canada's manufacturing technology and of our ability to offset our foreign purchases in the aerospace industry. I note with approval that the Leader of the Opposition in the other place, during the course of his questioning earlier today, accepted the premise that Canadair and the Challenger should be continued.

Senator Phillips: Honourable senators, I am rather pleased that the minister is paying attention to the remarks made by the Leader of the Opposition in the other place, and I hope that he will give all his remarks the same diligent attention he gave to the remark to which he just referred. I am intrigued by a sentence in the news release which states that the company is lowering the volume of sales necessary to realise a profit on Canadair operations. Ordinarily, we think of increased volume and increased sales as producing a higher profit, but this company is going the other way; it is reducing its sales in order to make a profit. Can the minister give us some figures on the number of aircraft on order, with firm commitments? I am sure that he will understand my skepticism concerning information supplied by that company with regard to their orders. I would also like to know the number of aircraft produced this year and the number scheduled to be completed in 1983.

Senator Austin: I am happy to assist Senator Phillips in reading the news release of Canadair. The sentence to which he has referred says:

> —significant progress has been made in reducing costs and lowering the volume of sales necessary to realize a profit on all Canadair operations.

By lowering the cost side, Canadair will be able to produce fewer aircraft and still recover its incremental costs of production. I believe that Senator Phillips is aware that 84 challengers have been delivered to customers to date. In the past five or six weeks we have been able to conclude sales of five Challengers. With respect to the long-term forecasts for orders and the financial data Senator Phillips is pursuing, I believe that answers to those questions will be most appropriately given in a statement which I will be making in committees in the other place within three or four weeks. I want to be very clear with Senator Phillips that I want to be quick to complete any undertakings and to say that the character of the information for which he is asking has a commercial quality which is proprietary in nature, and that if responses of that kind are to be given I will only give them *in camera* in committees of the other place, or of this chamber, with the usual undertakings with respect to confidentiality.

Senator Phillips: Perhaps I misunderstood the minister's reply, but did he say that the appropriate place to give the information I have requested is a committee of the other place?

Hon. H. A. Olson (Leader of the Government): And here.

[Senator Austin.]

Senator Phillips: Surely, this chamber has the same right to that information as the other place? Why does the minister have this reservation for the other place in three weeks? The minister merely has to dial 183-9 and seven digits to phone Montreal to obtain the information. The exercise should not require three or four weeks and the reservation to retain the information for committees of the other place.

Senator Austin: If Senator Phillips will examine my answer in today's *Debates of the Senate*, he will see that I previously said that there are two committees of the other place before which I have appeared that have terms of reference which include the Canada Development Investment Corporation and Canadair, and before which I said I would re-appear to provide the appropriate information with respect to the financial program of Canadair and the Challenger.

• (1720)

Of course, if a committee of the Senate wishes to proceed and is properly seized with such process, I will always be willing to respond to the due process of this chamber. I indicated such in the latter part of my answer just given, when I said that were I to respond in the other place, or here, to questions you were asking, I would want to do so *in camera* because of the commerciality of the information being requested.

Hon. Duff Roblin (Acting Leader of the Opposition): I should like to ask a couple of questions with respect to the finances of Canadair in order to be sure that we have an understanding of the matter. The minister said that the $1.4 billion would not be recoverable from this organization. I understand that, in addition to that sum, an amount of some $400 million will be required for the further financing of Canadair to the end of 1984, though it might have been 1983. Is that correct?

Senator Austin: To the end of December 1984, it is estimated that some additional $400 million will be required by Canadair, of which approximately half will be required to pay interest costs on the debt now being carried by Canadair; but those numbers are not final.

Senator Roblin: The minister said that the $1.4 billion that we disposed of a short while ago is not recoverable through the commercial operations of Canadair. Does he estimate that the additional $400 million will be recovered from Canadair in its commercial operations, or does he not think so?

Senator Austin: I have not sufficent information to advise this chamber how much of the additional financing will be recoverable or how much will not be. Therefore, Senator Roblin, I will have to ask you to wait until such time as I have the information and can provide it to Parliament.

Senator Roblin: Leaving that, then, for a later date, I come back to the $1.4 billion we have been discussing. I would assume that, as a general statement, the interest charges per year on that are approximately $140 million. How much of that $140 million is now being charged to Canadair to be met from its cost structure?

Senator Austin: All of the interest on Canadair's debt is being charged to Canadair, but I do not have the precise annual amount. One of the reasons the debt of Canadair is as large as it is, and the reason that permits you to say it is the largest corporate loss in Canadian history—I am not sure of the accuracy of that statement, but certainly it is one of the larger losses—is that the Challenger program has been financed largely from debt rather than from equity. That was based on the original estimations of Canadair's management as to the size of the investment required to put the Challenger into production and sale.

The second reason—and I thank you for the opportunity to explain the size of the debt—is that I decided to take it all in one year. Normally—and this is my personal opinion—if I had been running Canadair I would have taken losses in some of the previous years as well. So, if we look at a time frame for writing off some of these losses, we might find that it is not as sizeable in historic corporate loss terms.

Senator Roblin: I appreciate the minister's statement about the write-off. I imagine that if he were dealing with an ordinary supplier of capital, such as a commercial bank or the financial market, he would have written off the whole company long before now. It is only because he has an understanding friend in the person of the Minister of Finance that the company is still there. I think that is a clear fact.

What I am trying to get from the minister is a statement about who is paying the interest on this $1.4 billion we are talking about. Is it being charged to the firm? If I understand him correctly, he tells me that it is. If it is being charged to the firm, then what are we to make of the statement issued yesterday about its profitability? Does the statement mean that the profitability of the firm is such that it is covering the interest charges on this debt as well as other expenses of running the company, or, in fact, is that debt being supported from some other source? Would the minister clarify that for me?

Hon. David Walker: He doesn't know.

Senator Austin: What we are saying is that if we did not have to carry the interest costs we believe the operations of Canadair would be placed on a profitable basis.

Senator Roblin: Some of my colleagues seem to know the answer already. I would like to be sure what this statement of profitability means. The statement of profitability issued on October 18, which I have in my hand, means that profitability is being calculated or referred to without reference to the interest owing on that debt, and that if we are talking about the profitability of this firm, it is really after it has received a gift of free capital of $1.4 billion. I take it that is what the statement is based on. Really, to say it is profitable, without any reference to return on capital invested, either dividends or debt, strikes me as not giving the full story.

I want the minister to confirm for me, if he will, whether the statments about profits, in this document I have here, comprehend the interest on the debt, or whether they do not.

Senator Austin: I have said repeatedly, from the beginning of this Canadair story, that we would not recover, from any operations of Canadair, the capital of approximately $1.4 billion sunk in the development of the Challenger.

This statement is very clear. It talks about "incrementally profitable," and what is meant is that Canadair can be placed on a basis of profitable operation provided it does not have to carry the $1.4 billion in debt.

I have said repeatedly, in this chamber and elsewhere, that that debt is not recoverable, and it may serve Senator Roblin's interests and, perhaps, the interests of the Leader of the Opposition in the other place to misunderstand what we are about in endeavouring to save the Canadair operation, but, frankly, the Acting Leader of the Opposition's line of questioning is a mystery to me.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if Senator Roblin would let me intervene for a moment.

Senator Roblin: I should like to reply to a statement which I regard as—

Senator Walker: Insolent.

Senator Roblin: No, not insolent; I would not say that. I would not accuse anyone on the other side of being insolent. The minister is obviously a little nettled. I have not said anything this afternoon that I think entitles him to be nettled; I merely asked for clarification.

After many exchanges here, he has clarified the matter and he makes it quite clear that the $1.4 billion is to one side, and the interest required to support that will not come from Canadair; it will come from the Consolidated Revenue Fund—in other words, from the taxpayers of Canada. That is clear, and that is what we have to know.

It seems to me, if one is talking about the operation of a company, it should at least be clear that it is profitable if one takes no account of the cost of capital that is already sunk into its business. I think the statement would have been more enlightening to the people of Canada had it been clear on that point.

The minister has been perfectly clear this afternoon; I now understand him. I only hope that this $410 million, which will be required to the end of 1984, will be worked into the cost structure for that period. We will certainly find that the sale of 18 of these units per year will not cover the cost of that investment of capital.

Although I will reserve my judgment until the minister gives me what he thinks are the facts, I suspect that the overall cost to the public in this matter will be close to $2 billion. When we talk about the profitability of this corporation, we should always remember that it got its capital for nothing.

• (1730)

Senator Austin: We will come back to this exchange between Senator Roblin and me. I simply want to say that I have always made it clear that any proposal that we make will not recover the $1.4 billion in debt. I wish also to say to the honourable senator that I have not been nettled in any way by his remarks. I always enjoy his questions.

Senator Roblin: I always enjoy the answers, because they provide me with plenty of ammunition.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if there is to be debate on the consideration of the Fifth Report of the Standing Committee on Standing Rules and Orders, that will have to stand. However, it may be felt that we have had sufficient debate on the subject and that we are ready to complete our consideration of it. If that is so, we could do that, and then immediately adjourn to await the arrival of the Deputy Governor General.

Hon. John M. Godfrey: Honourable senators, I wish to speak on it.

Senator Frith: Then I suggest that all remaining orders stand.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

October 19, 1983

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 19th day of October, 1983, at 5.45 p.m., for the purpose of giving Royal Assent to a certain bill.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Export Development Act.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): I am wondering how long Senator Godfrey proposes to be in debating Senator Molson's motion on the Fifth Report of the Standing Committee on Standing Rules and Orders. Since we still have a few minutes left, I wonder if His Honour would consent not to pay too close attention to the clock. May I have the consent of the Senate to have Senator Molson deal with the Fifth Report of the Standing Committee on Standing Rules and Orders?

Some Hon. Senators: No.

Senator Frith: Then, there being no consent, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 20, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets and/or supplementary budgets of the following committees:

Special Committee of the Senate on Canadian Security Intelligence Service

Standing Senate Committee on National Finance

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, October 25, 1983, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

AIR CANADA

REFUSAL TO PUBLISH AUDIT REPORT—OPERATIONAL SAFETY

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to follow up on a question asked yesterday by Senator Nurgitz about Air Canada. The Leader of the Government will recall that the question at issue was the report made by outside experts about Air Canada's safety record, which report apparently gave it a clean bill of health—and that is most gratifying. The request was that the report be made public. The minister said that he did not think that was likely, but that he would look into it.

On the same day as my colleague asked the question, a report was carried in the press in which a representative of Air Canada made a statement about the flight to Gimli. It was to the effect that the flight should never have taken off from Montreal because the aircraft was not airworthy at that time. It was also mentioned that in investigating this matter there was a standing dispute between the men in charge of flying the aircraft and those in charge of maintenance on the ground as to who was responsible for that condition whereby the aircraft was not airworthy. That statement cuts right through the report which states that the Air Canada operation is indeed a safe one. To me, at least, it suggests that there is a problem. I would not like this matter to be left hanging like this, because many people fly with this airline, and if we have been comforted by the clearance report on its safety procedures, and we then read this subsequent statement from airline representatives to the effect that the Gimli aircraft was, in fact, not airworthy and that there was a dispute, which apparently remained unresolved, as to who was responsible for it, that leaves us with a most unsatisfactory situation.

I realize that the Leader of the Government does not hold the portfolio of Minister of Transport and I can hardly expect him to deal with this question now. I suggest to him that, in the interests of reassuring the public with respect to the methods of operation of Air Canada, he take that apparent conflict under advisement in order to see whether we could get a clear statement from the Department of Transport or from Air Canada that would put the matter to rest.

Hon. H. A. Olson (Leader of the Government): Honourable senators, several interesting questions arise as a result of the comments that have been made and the question that has now been asked by Senator Roblin, together with the questions asked earlier by Senator Nurgitz and Senator Marshall, I believe it was, about the so-called Air Canada audit.

Air Canada is concerned about their reputation as a result of the three significant incidents that occurred recently. That is why they are having this internal audit respecting safety procedures including anything else that may be relevant to restoring the confidence of the public in Air Canada's safety record. I hope that that will be the result of the internal audit of this matter.

The next question that comes up, however, is whether or not the minister and the company should release internal working papers, which is the proper description of what is being asked for. There is no question in my mind that there will be a report made public after they have completed the investigation, and there are probably additional working papers to the one that has been identified. Therefore, as I tried to explain yesterday, the Minister of Transport has acknowledged that he has received a copy of this internal audit, and I conveyed that information to Senator Nurgitz.

As the minister stated in the reply I was authorized by him to make in this chamber, he believes that it was an internal working document for a number of reasons I will not repeat now. Certainly, that, in addition to other internal working papers, and perhaps a number of other significant matters that are involved in this safety audit, will lead to a report that will be made by Air Canada to the general public but, more particularly, to the Minister of Transport in order that he will be able to advise the general public on the consequences of this audit. I think we should leave it at that until they have completed the report. Quite frankly, that is what I said yesterday, and that is what the minister indicated was appropriate for me to say in reply to that question.

Senator Roblin also raised the point that some unnamed person—and I do not question that it was reported in the press—apparently an employee or official of Air Canada, has said something about a number of unsatisfactory procedures, whatever they may be, having to do with the unfortunate emergency landing at Gimli and whatever else. I do not think that I or the Minister of Transport can be held responsible for that matter. I do not believe that the Minister of Transport or Air Canada has authorized someone to express an opinion with respect to this matter while the review is under way. I hope that Senator Roblin will not give a great deal of weight to that statement, when he is already aware of the fact that Air Canada is doing its very best to conduct a thorough and complete safety audit of all these concerns, in a proper manner, to maintain the safety record of Air Canada and to reassure Canadians in general. The audit may take two or three days, or two or three weeks, to complete. If they find certain things that are below the very high standards of Air Canada, I am absolutely certain that they will indicate those problems and suggest remedies.

● (1410)

Senator Roblin: Honourable senators, I agree with a good deal of what the minister has said and I do not think that there is any disposition on our part to create undue alarm or to say things about Air Canada which would in any way detract from their splendid record. That is really not the point of this exercise. However, Air Canada placed the matter in the public domain, not I. The person from Air Canada who did so is named in the newspaper report, and my friend can look it up. Furthermore, the person is described as the public relations spokesman for Air Canada, and it is this spokesman, as far as one can tell, who has officially responded to press inquiries about the Gimli situation. So, immediately one has to ask oneself, "Did the clearance that we are talking about, that was given just a few days ago, include the Gimli situation or did it not?"

It is people at Air Canada who brought this matter into the public domain. I did not, nor did the government, but the government is responsible. I simply say to the minister that I hope he can persuade someone in authority, either in Air Canada or the Department of Transport, to deal with this specific point which has been placed in the public domain by the airline itself, so that those who fly Air Canada—and that includes a great many people in this country—can be assured that the bare facts that were disclosed in the newspaper statement do not reflect any danger to the travelling public.

Senator Olson: Honourable senators, I accept Senator Roblin's comments and question, which I will refer to the Minister of Transport. I now understand somewhat better than I did a few minutes ago the reason for this matter being pressed, and I can assure all three honourable senators who have asked questions, as well as anyone else who is interested, that we are concerned about the matter of confidence in the airline. Furthermore, if there are contradictory statements coming from people who may be authorized, such as the statement identified by Senator Roblin, I think the matter should be cleared up.

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LIMITED—REVIEW OF OPERATIONS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Social Development with regard to the Canadair issue and the report of employees of the crown corporation leasing their private aircraft to the company. Will the minister confirm whether Mr. James B. Taylor, who was recently appointed chairman of the board of Canadair Inc., the marketing wing of the corporation, is one of the three persons who have been found to have leased jet aircraft back to the company?

Hon. Jack Austin (Minister of State for Social Development): I will take the honourable senator's question as notice.

Senator Nurgitz: Perhaps the minister could tell us whether Canadair is contemplating some plan to review this question of unjust enrichment—for lack of a better term. Is a plan being contemplated to recover those moneys which employees have wrongly earned interest on or made a profit from as a result of these transactions?

Senator Austin: I shall endeavour to obtain that information with respect to adjustments which have been announced by the president of Canadair, and report again next week.

FOREIGN AFFAIRS

GRENADA—SLAYING OF PRIME MINISTER AND MEMBERS OF CABINET

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government. It is in reference to the truly shocking incident which took place in Grenada not long ago. Is the minister in a position to give the Senate any information with respect to that tragic situation?

I recall that our high commissioner in Bridgetown is responsible for Grenada, and I do not know whether or not the new high commissioner has taken over his duties. Has the government given any indication of its view in this regard? Has there been time to consider recognition of the new regime, if we may call it that? In general, can the minister bring us up to date

with respect to the terrible situation in a sister Commonwealth state and part of the world in which Canada is rightly considered a very important country?

Hon. H. A. Olson (Leader of the Government): Honourable senators, it is fair to say that I anticipated a question being asked this afternoon with respect to the unfortunate situation in Grenada. Perhaps because of the insufficiency of time and because there is not a completely clear picture of what is transpiring in that country, the government is not yet in a position to move forward in order to recognize whatever form of government is in place there now.

Senator Macquarrie, all I can say is that we must wait a few more hours, perhaps even days, until the situation is clarified.

CANADIAN WHEAT BOARD

ALLOCATION OF PRODUCER CARS FOR OFF-BOARD SALES

Hon. D. G. Steuart: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board. I have some matters I would like the minister to look into, and perhaps he can provide an answer next week. My question is with regard to the allocation of producer cars.

As a result of the sharp increase in the price of feed grain, some farmers have contacted me to say that they have the opportunity to sell feed grain at a very advantageous price outside the system. As the minister knows these farmers are entitled to cars in order to carry this out. However, it is one thing to be entitled to cars and another thing to obtain them. They have suggested that there may be undue pressure brought to bear from all elevator companies in order to place a block in the road to prevent their obtaining the cars. Can the minister look into the situation to ascertain if there is any justification for their claim, or if the requirements for producer cars are being looked after the way it was intended they should be under the legislation?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I would be very happy to look into the situation. The whole question with respect to the number of producer cars and the proportion of them in the system has been something which has received a great deal of study in recent months and years. As far as the opportunity to market barley outside of the Wheat Board system is concerned, the quotas are larger. That has been the practice for off-board barley as opposed to Wheat Board barley.

In that way, the private sector is given a greater opportunity for access to barley than is enjoyed by the Canadian Wheat Board. That has been the pattern for a long time, and it continues to be the pattern today.

● (1420)

Recently, I announced an increase in the initial price of barley available to producers who sell to the Canadian Wheat Board. The Wheat Board's export price exceeds by a very considerable amount the prices obtained off-board. Therefore, it is beyond question that it is in the financial interests of the producers of western Canada to market their barley through the Wheat Board system. However, they do have the right under the current arrangement to have access to the off-board market. As I say, the whole question of the proportion of producer cars in the system is something that has received a lot of attention. I shall be very happy to look into the prevailing situation and report on it and any other particulars that might be of interest to Senator Steuart.

CORPORATE SHAREHOLDING LIMITATION

BILL S-31—STATUS

Hon. Lowell Murray: Honourable senators, I have a question for either the Leader of the Government in the Senate or the deputy leader. My question arises from statements attributed to a Liberal member of the other place, Mr. Loiselle, in today's *Le Devoir* concerning the fate of Bill S-31. Mr. Loiselle purports to be announcing in Quebec what the intentions of the government are with regard to possible amendments to Bill S-31.

First, may I ask the Leader of the Government or the deputy leader whether Mr. Loiselle was speaking for the government in making those statements?

And, secondly, I ask the Leader of the Government or the deputy leader whether the Senate could be informed of the intentions of the government in regard to this bill.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall not comment on the statements made by a member of the House of Commons with respect to this matter, since I am at this time unaware of what he is reported to have said. I shall look into the matter and find out whether Mr. Loiselle was enunciating the government's position on this bill.

Insofar as Bill S-31 is concerned, however, I believe that the new Minister of Consumer and Corporate Affairs is studying the government's position with respect to whatever amendments came forward in the discussions that took place during the pre-study sessions on the bill in the Senate, and I understand that she will soon be in a position to appear before that Senate committee.

Senator Murray: I do not mean to be offensive, but one could almost learn more from reading *Le Devoir* than from listening to the minister. His colleague, the Minister of Consumer and Corporate Affairs, Madame Erola, is quoted in that same article as having also said that the government was disposed to accept some of the amendments that were suggested by honourable senators in committee.

Senator Olson: That is right.

Senator Murray: My question to the leader is whether the minister's appearance before the committee and the proposed legislative action on the bill will take place before prorogation of the current session.

Senator Olson: Honourable senators, I thought that was what I said. If I did not, I certainly express the hope that that will happen. I suggest it was qualified very realistically by my

saying I am not sure on which date the Minister of Consumer and Corporate Affairs is prepared to come back to the Senate.

I have known for some time, as have other honourable senators and the present minister and the former minister, that a number of good and useful suggestions were made in the Senate committee. We have to wait until she is prepared to come before us, as Senator Murray knows, because, as he would want, we have to be exact and precise about the amendments that will be made. I am sure he would rather have that than have further speculation. However, he does not need to be patient for very long; in just a few more days I think the minister will be prepared to tell the Senate committee completely and precisely what the amendments are that she is prepared to accept on behalf of the government.

Senator Murray: Is it the intention of the government to have this matter disposed of by both houses before prorogation?

Senator Olson: I never predict what the other house will do, but once the government has put forward a piece of legislation that satisfies the members of this house and the other house, we like to have it passed into law as soon as possible.

Whatever answer I give must be somewhat less than complete because I have no way of influencing the speed of the passage of legislation through the other place, much as I would like to. By the way, Senator Murray knows where the blocks are.

UNEMPLOYMENT INSURANCE

1984 PREMIUM

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to ask the Minister of State for Social Development a question relating to the unemployment insurance premium, and I use the word "premium" rather loosely, because everybody knows it has ceased being a premium and is now a wage tax. Can the minister tell the Senate what premium rate has been set by the Unemployment Insurance Commission for the coming year?

Hon. Jack Austin (Minister of State for Social Development): I will take the question as notice.

Senator Roblin: I should like to go a little further and ask the minister when he thinks he will make his reply. If he is going to give it on Tuesday, I will refrain from making further comment on this matter until that time, but if it is going to be much beyond that, I might make my comment now.

Senator Austin: I cannot see any reason for not replying on Tuesday.

SPORT

OLYMPIC STADIUM, MONTREAL—COMPLETION OF ROOF

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Asselin on April 20, 1983, concerning the completion of the Olympic Stadium roof in Montreal.

I can assure Senator Asselin that the federal government has no plans whatsoever to pay for, or to contribute to, the completion of the roof of the Olympic Stadium in Montreal.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Donahoe on September 20, 1983, relating to when the construction of the Trans Quebec and Maritimes Gas Pipeline to the Maritimes is to begin.

Because of its length, I ask that the answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> Trans Québec and Maritimes (TQM) presently holds a National Energy Board (NEB) certificate of Public Convenience and Necessity (GC68) to construct a gas pipeline to carry Alberta gas from Québec City to the Atlantic Coast. However, the company and its parent sponsors—TransCanada PipeLines (TCPL) and NOVA, an Alberta corporation—have stopped planning and design work on the pipeline inasmuch as it now may be more feasible to serve the Maritimes with natural gas from the Venture gas field near Sable Island, off the coast of Nova Scotia.
>
> Mobil Oil Company and other exploration companies have intensified their exploration and gas field development efforts in the last year with the objective of bringing Sable natural gas to market as early as 1987.
>
> Pipeline sponsors including TCPL and possibly NOVA have shown an interest in transporting Venture gas to the domestic and export markets. It could be expected that a pipeline facilities application will be submitted to the NEB in 1984. Construction of the appropriate pipeline could start in 1985, two years before gas deliveries would begin.

TAR SANDS AND HEAVY OIL UPGRADING—CAPITAL INVESTMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Roblin during a discussion of the Esso Resources Cold Lake project. Senator Roblin asked whether the heavy oil from that project was being shipped to the United States under exchange arrangements. That discussion can be found on pages 5969 and 5970 of *Debates of the Senate* of September 22, 1983.

The answer is fairly long, and, therefore, if Senator Roblin is satisfied that it be taken as read, I will be happy to follow that procedure.

• (1430)

Senator Roblin: I am happy to have it taken as read.

(*The answer follows*:)

While a small volume of Canadian oil is being exported to the U.S. under exchange arrangements, currently it is all light crude oil. No heavy crude is involved. There are two forms of exchanges: U.S.-based crude is returned to Ontario via the Interprovincial pipeline system as part of a mid-continent exchange, and foreign crude is delivered to Quebec or Atlantic refineries via tanker, as part of an east coast exchange. In both cases, light crude oil is exported from western Canada to either the U.S. mid-continent or the Pacific coast to complete the exchanges.

All heavy crude oil surplus to domestic refinery requirements, currently about 70 per cent of Canadian output, is being exported to the U.S. At present most of Esso's Cold Lake heavy crude production is used at its Edmonton refinery to manufacture asphalt while a smaller portion is exported to Koch Oil in Minnesota.

While current plans for bitumen projects such as Cold Lake or Wolf Lake (BP/Petro-Canada) involve the export of the production, there is nothing preventing these exports being converted to exchanges involving light crude imports in the event this proves advantageous in commercial and supply terms to the participants. Further, it could be noted that these export projects provide interim investment and foreign exchange benefits, and help to develop the resource base which, when economic and market circumstances permit, will serve as a feedstock to heavy crude upgraders in Canada.

INDUSTRY

MAISLIN INDUSTRIES LIMITED—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I was rather disappointed that the minister did not have another reply for me, because I asked about the Maislin Trucking Company situation a few weeks ago. My question had to do with what the government loss would be as a result of the expected bankruptcy. According to the news of today, that company is now bankrupt. I am wondering when the minister will give me an answer.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not giving an answer because of the way the question was put. I have to explain that; because Senator Roblin has asked what the loss is, that is, what the Government of Canada will be expected to pay, I cannot answer because that is not known at the moment.

The Government of Canada has given some guarantees or undertakings. I believe the maximum of that amount is $34 million, but, until the accounting and the rest of the procedures required under the bankruptcy are completed, we will not know what the amount is.

Senator Roblin: I appreciate that, but the minister could surely give us a figure which indicates the order of magnitude; after all, a few months ago the Receiver in Bankruptcy issued a figure as to the total assets and liabilities of the company, and they do not match; there is a considerable discrepancy. The receiver can give my friend a very good idea of how close they are to the final figure. I ask my honourable friend to consult the receiver and get his estimate. I would be satisfied with that.

Senator Olson: Honourable senators, Senator Roblin is asking me or the minister responsible to do something to which he would take very severe objection, and that is to speculate on these kinds of things.

I have given him the maximum figure for which underwriting was provided, but there were obviously some terms and conditions attached to the guarantees, and until the necessary procedures have been followed and those terms and conditions have been applied, it would be, in my view at least, irresponsible to speculate whether it is 10 per cent or 90 per cent.

I think Senator Roblin would severely criticize me, or the minister directly responsible, if we started to speculate while the receiver was doing an audit and providing for the rest of the terms and conditions applicable not only to the guarantees but also to a bankruptcy of this nature.

Senator Roblin: I do not think I would be quite as severe on my friend as he anticipates. I would probably find it in my heart not to be quite so harsh. However, I would point out to my friend that the terms of the bankruptcy are now settled. The receiver's report was in the paper this morning.

If my friend does not want to report on it right now, I cannot make him do so. All I can say is that one of these days he is going to have to face up to it.

Senator Olson: Not one of these days; we are doing it right now.

Senator Roblin: You won't tell us.

CANADIAN PARLIAMENTARY REVIEW

ARTICLE ENTITLED: "THIRTY YEARS A SENATOR" BY THE LATE HON. JOHN J. CONNOLLY

Hon. Ann Elizabeth Bell: Honourable senators, before the Orders of the Day are called, I draw your attention to an excellent article in the current issue of the *Canadian Parliamentary Review*. I believe it is one which, if you have not already read it, you will enjoy reading. The article which appears at page 20 is by our esteemed late colleague, Senator John J. Connolly, and is entitled: "Thirty Years a Senator."

Please read it, if you have not already done so. It will bring him to life for you. It is a most interesting and delightful article.

Hon. Senators: Hear, hear.

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FIFTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Fifth Report of the Standing Committee on Standing Rules and Orders, which was presented on Tuesday, October 18, 1983.

Hon. Royce Frith (Deputy Leader of the Government), for Hon. Hartland de M. Molson, moved that the report be adopted.

He said: Honourable senators, for the record I believe that Senator Molson has let it be understood—at least, he has certainly said so to me—that he would be glad to yield to Senator Godfrey respecting this order. After Senator Godfrey has spoken, the debate can be adjourned in Senator Molson's name.

Hon. Duff Roblin (Acting Leader of the Opposition): I think honourable senators would be delighted to hear from Senator Godfrey.

Hon. John M. Godfrey: Honourable senators, I am speaking today on the Fifth Report of the Standing Committee on Standing Rules and Orders. On October 4 of this year, when Senator Molson spoke to the fourth report of the committee, he made the statement that all of these changes are lengthy but not terribly significant. I agree entirely with that statement. It is because I do not consider this report to be terribly significant that I want to speak today. I should like to refer particularly to the Report on Certain Aspects of the Canadian Constitution, which is a report that the Standing Senate Committee on Legal and Constitutional Affairs brought out in November 1980. Senator Stanbury was the chairman of a subcommittee that studied the subject. The report is divided into two parts, the second of which concerns reform of the Senate.

That report contains several recommendations which are relevant to what I am saying today, and one of them is that there should be a standing Senate committee on regional affairs. Another of the recommendations is that there should be a standing Senate committee on human rights. Honourable senators have already heard me speak at length on this subject, so I shall not repeat what I have said.

On April 29, 1982, I gave notice of a motion concerning this idea of establishing a committee on human rights, and it was to the effect that the Standing Joint Committee on Regulations and other Statutory Instruments be empowered to look at bills with a view to alerting committees to possible infringements of the Canadian Charter of Rights and Freedoms. I moved the motion on February 9, 1983, and spoke to it again the next day. After that speech I was told that my motion would have a much better chance of being adopted if the Standing Senate Committee on Legal and Constitutional Affairs rather than the Joint Committee on Regulations and other Statutory Instruments were to be given this additional power. I spoke to Senator Neiman about this matter. I must say that she was very enthusiastic about the idea. Senator Neiman gave notice of a motion on May 24, 1983, which was really in substitution of my motion. At that time I tried to withdraw my motion. Senator Flynn had some technical objection to my doing so, which is the reason for its remaining on the order paper at the present time.

When I discovered that the Standing Senate Committee on Rules and Orders was considering the question of committees, I spoke to Senator Molson. He had had conversations with Senator Olson as to what should be happening. I asked him whether he was considering the Report on Certain Aspects of the Canadian Constitution, which is three years old but nothing has resulted from it. I mentioned, in particular, this question of a standing Senate committee on human rights. Senator Molson replied that the matter had never been raised, which rather surprised me. I asked him if he would bring it up at a meeting of the committee. It so happened that I was able to attend the meeting, so I raised the question myself.

At the committee meeting there was general conversation which really came down to the suggestion that there should be added to the powers of the Legal and Constitutional Affairs Committee another subparagraph, "Canadian Charter of Rights and Freedoms." Some members pointed out that that is already included in the word "constitutional." If that is so, I ask: Why can it not be put in specifically? As I have said, there was discussion in the committee, the end result of which was that Senator Molson sort of said, "Don't muddy the waters."

● (1440)

Hon. Charles McElman: Honourable senators, I rise on a point of order. I draw the attention of the honourable senator to the fact that there are rules that apply to the discussion that is now taking place. One is that those meetings are held *in camera*. There is also a prohibition in our rules against discussions in this chamber of committee proceedings. Therefore, I would ask the honourable senator to observe those rules.

Senator Godfrey: Honourable senators, I humbly apologize. I had completely overlooked that. I agree that I should not have repeated what was said in committee. I tender my apologies.

The end result is that we have this report. There is no mention of human rights, or of the Legal and Constitutional Affairs Committee being specifically charged with the Canadian Charter of Rights and Freedoms. In that connection I should like to describe what has been done in Australia, because the same subject came up in the Australian Senate. It does not matter whether the Senate is elected or appointed. So far as this subject is concerned, there is no reason why we cannot do the same as has been done in Australia.

The Second Commonwealth Conference on Delegated Legislation was held in Ottawa in April of this year, at which a paper was presented by Senator Michael Tate of the Australian Senate. In that country they have what is called a Scrutiny Committee, which more or less does what we suggested in our report on human rights. Before that Scrutiny Committee was finally appointed, they first had a trial period

during which the Australian Legal and Constitutional Affairs Committee operated with those powers.

In his paper presented to the conference, Senator Tate made reference to Senator Missen, who was really the spark plug of the whole idea in Australia. Before the Scrutiny Committee was appointed, Senator Missen produced a document listing provisions and bills in that year which should have been examined by such a committee. The report on the paper presented to the conference states:

> The document contained 79 examples of clauses in bills to which the Senate should have been alerted . . . The issue was not that these provisions should not have been passed, but rather that the Senate should have been made aware of the presence of the provisions, and a deliberate decision made about them. (In defence of his motion, Senator Missen circulated generally a "Memorandum to Government Senators" which summarized most of the then-current issues surrounding the proposal . . .). The central idea, as Senator Michael Tate put it, was that as a result of regular committee monitoring, the Senate would be legislating "with open eyes".

That is the proposal I have made, that the Senate should be alerted and should legislate "with open eyes".

> There would be proper debate as to the conflicting considerations, and this would help minimize any inadvertent infringements of civil liberties.

The Australian government was opposed to the formation of that committee in the Senate. However, ten government senators crossed the floor and voted for the proposal. After the trial period:

> The Minister argued that the Committee had contributed to improving the legislative process without inconveniencing the Government's legislative program. He stated that many of the Committee's "recommendations" had been readily accepted by the Government. Of course, the Scrutiny of Bills Committee operates by drawing attention to matters or possible problems worthy of closer consideration, and never actually recommends solutions or proposes draft amendments. The Minister was referring to instances of the Government acknowledging, after considering the Committee's comments, that a problem did in fact exist in legislation, and proposing an amendment as a solution.
>
> Of no less importance was the Minister's statement that "there has been a hidden flow-through effect into the Departments":
>
> > The very existence of the Committee is causing officials to think more closely about provisions in legislation concerning personal liberties and the delegation of legislative power and parliamentary scrutiny.

The last paragraph of the report says:

> The Senate Standing Committee for the Scrutiny of Bills is an important buttress strengthening the legislative process and protecting the civil liberties of Australians. The Committee is the most recent addition to the Senate's committee system, and as such it contributes to the success of the Senate as a constructive house of review.

I mentioned to Senator Molson that I would not cause any difficulty in having the report adopted. I merely wanted to draw these facts to the attention of the Senate. The reason I have been unable to get the concurrence of my fellow senators on this matter is because, obviously, I am much less effective than was Senator Missen in the Australian Senate.

Senator Frith: Honourable senators, so far those who have spoken are not opposed to it but have simply wished to use the occasion to express their views on relevant aspects of this subject. If no one else wishes to speak to this order, I propose to adjourn the debate.

Hon. Duff Roblin (Acting Leader of the Opposition): Apparently, Senator Haidasz intends to adjourn the debate. Before he does so, I should like briefly to raise a point. I wish, first, to thank Senator Molson for his understanding in agreeing to hold the matter over for a few days in order that we might read the proceedings of the committee.

I should like to be reassured of the interpretation of recommendation 5, dealing with rule 68, which appears at page 6061 of *Debates of the Senate*. I refer to the Leader of the Government, or his deputy, and the Leader of the Opposition, or his deputy, being members *ex officio*. The recommendation is that:

> —the Leader of the Opposition in the Senate, or, in his absence, the Deputy Leader of the Opposition,—

Which is my case. Presumably, the words "in his absence" mean absence from that committee and not absence from the Senate. If that is so, then I am satisfied.

Senator Frith: Honourable senators, that is the intention behind that wording. It will be recalled that at one stage there was a suggestion to use the word "and"; that the Leader of the Government in the Senate, the Deputy Leader of the Government, the Leader of the Opposition in the Senate, and the Deputy Leader of the Opposition should all be *ex officio* members. The wording is meant to make clear that it is "or" and only in the case of absence from the committee.

On motion of Senator Haidasz, debate adjourned.

NATIONAL DEFENCE

CONSIDERATION OF SECOND REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Tuesday, October 11, 1983, the debate on the consideration of the second report of the Subcommittee on National Defence of the Standing Senate Committee on Foreign Affairs entitled: "Canada's Maritime Defence," tabled in the Senate on June 15, 1983.

Hon. Henry D. Hicks: Honourable senators, this report, in itself and in what it has to say about the state of Maritime Command in Canada's defence forces, has been adequately dealt with by Senators Lafond and Marshall.

I do not find it necessary, therefore, to comment on the contents of the report, except to refer, as I shall do a little later, to two of its final conclusions.

● (1450)

In general, honourable senators know that the Subcommittee on National Defence has been meeting over a period of the last three years. We have filed a report on manpower in Canada's armed forces. We hope that it has had some useful influence in affecting government policy, albeit not as significantly as many of us on the committee would have wished. We have now completed our report on Canada's Maritime Defence, making recommendations which are, indeed, very expensive for Canada but which we obviously felt were necessary, under the circumstances. We are now in the process of commencing a study of air defence which will, no doubt, add other areas of necessary expenditure, capital and current, to Canada's defence budget.

I should like to pay tribute to those who assisted us in making this report. The witnesses were of uniformly high quality and, particularly, I must say that the serving personnel, officers of high rank and others, who came before us seemed to impress us all as being men of extreme dedication, of great competence and of a quality which Canada scarcely deserves, considering the shabby way we have treated our armed forces during the past two decades and, particularly, during the past decade.

The one expression of fear that I have about this report is that we may have gone too far in our recommendations. I remember, when I first came to this chamber 11 years ago, that the then Lamontagne Committee on a Science Policy for Canada had just completed its main body of reports and had recommended that we should increase our expenditures on research and development to 2.5 per cent of the gross national product. At that time our R&D expenditures in Canada were, if my memory serves me correctly, something under 1 per cent of the GNP. I think we watched the government with regret do absolutely nothing about that recommendation. When we made a supplementary report a little later, we lowered our sights and said that they should try to achieve an expenditure of 1.5 per cent of GNP by the mid-1980s. The government adopted that as a target, and has been moving towards it, again, I think, at a rate which will scarcely achieve the full 1.5 per cent in the time that we on the Lamontagne committee would have wished.

By the same token, in making the very large recommendations that we have made—capital expenditures over a 12-year period of $550 million constant 1983 dollars per year in order to bring Maritime Command's equipment up to scratch—have we recommended more than we can expect the government to adopt? My only comment on that is that we found the circumstances and the needs so urgent that we felt it would not have been honest for us to have made any other recommendation. Therefore, we have made substantial recommendations concerning defence expenditures in relation to Maritime Command in this report.

[Senator Hicks.]

It may well be that Canada was justified—it certainly was in the eyes of some—in allowing its armed forces to run down in the 1960s and, particularly, the 1970s. We had hopes that the détente with the Warsaw Pact countries would justify a decreased expenditure on defence, and so we let our own defence expenditures deteriorate substantially as did our great neighbour to the south, the United States of America. Unfortunately, and to our dismay and disappointment, our Russian friends took advantage of our marking-time period to accelerate the provision of weapons in all forms to their armed forces—nuclear, tactical and strategic. And I should like to refer particularly to the buildup of Soviet naval forces.

At the beginning of the 1970s—that is only 12 or, at the most, 14 years ago—the Soviet navy was probably the kind of navy that you would have said could perform a limited sea-denial role along her own coast. In less than 15 years, the Soviet buildup has been such that her navy can now maintain a sea-control role, or a near sea-control role, in every ocean on this planet. This is the situation which confronts us, and that is why we made the recommendations in detail which have been referred to, as I said, by the two preceding speakers, Senator Lafond and Senator Marshall.

I want to underline, once more, for honourable senators and the general public the two general conclusions that we reached.

At page 97 the report states:

> The sub-committee is fully conscious that the implications of the recommendations contained in this report involve increases in defence expenditures. Pains have been taken to spell out these costs. The report argues that, to rebuild Canada's maritime forces an additional $550 million a year in constant 1983 dollars must be added to the capital budget of the Department of National Defence over the next twelve years and earmarked for this purpose.

That is over and above the cost of the Canadian patrol frigate program which is going to add six new frigates to Maritime Command.

It goes on to state:

> The ongoing costs for personnel, operations and maintenance of implementing the recommendations would be approximately $80 million a year (in constant 1983 dollars). In the sub-committee's first study, *Manpower In Canada's Armed Forces*, the cost implications of the recommendations amounted to $350 million a year (approximately $400 million in 1983 dollars). Taken together, these recommendations of the two reports would see defence expenditures mount, in relation to Canada's GNP, from about 2 per cent to about 2.3 per cent.

We would still be the lowest of the NATO powers except for Luxembourg and Iceland.

The report continues:

> The sub-committee has not completed its studies of Canada's armed forces. As it looks at other commands, such as Mobile Command and Air Command,—

Which we are now engaged in studying.

> —the sub-committee fully expects to encounter situations demanding additional expenditures. The sub-committee finds it is being drawn inexorably towards recommendations which would ultimately see Canada's defence expenditures rising to somewhere between 2.5 per cent and 3 per cent of its GNP.

That is still only approximately half the expenditures of the leading spenders among the NATO allies. I suspect, although the figures are difficult to get, that this is only one-third or one-quarter of the expenditures of the Warsaw Pact countries.

The final recommendation in the conclusions states:

> For years, Canada has placed great emphasis upon reducing the risk of nuclear conflict. Canada has been singularly active in pursuing this goal in international forums and through informal consultations. In addition, this country has sought to distance itself more and more from employment of nuclear weapons. First, Canada refused to develop them itself. Later, Canadian forces were withdrawn from nuclear roles. Shortly, the last nuclear weapons held by Canada, those deployed with its NORAD forces, will be replaced by conventional systems. It would be utterly inconsistent with Canada's past attitudes and present policies not to continue to act in a manner which has the ultimate effect of reinforcing efforts within the Alliance to minimize the possibility of nuclear war. Canada should, in particular, do everything possible to enable the Alliance to espouse a strategy of "no early use" of nuclear weapons.

This next sentence is the frightening one:

> By running down its forces, as it did in the late 1960s and through the 1970s, Canada contributed not to raising but to lowering the nuclear threshold.

• (1500)

Unfortunately, nuclear weapons are cheaper than the most sophisticated modern conventional weapons. So, in recommending that Canada improve its conventional weapons systems we are not recommending that war be made cheaper but probably that it be made more expensive though, hopefully, less disastrous in the effect it may have on humanity in the short run and, particularly, in the long run.

Honourable senators, those are the recommendations that we have made. There is, of course, an alternative to accepting these recommendations. The alternative is for us to recognize our inability to defend ourselves, or even to play a significant role in our own defence, and hence to acknowledge our dependence on our NATO allies, particularly the United States of America, and to adopt an attitude of willingness to let others defend us, with the consequent abandonment of our claims to sovereignty. Thence, we would redefine our defence tasks to the minimal effort that we could now put forth in the technological and strategic situation of the 1980s and the 1990s, and this, with our present equipment in many areas, and particularly in MARCOM, would be a pathetic and perhaps almost meaningless contribution.

Those of us who have served in Canada's armed forces and who know something of the performance of Canadian military men in the twentieth century, particularly in the two great world wars, are proud of the fighting forces and the reputation of Canadians in time of war. The effort that we must make now, if we are to continue to play a role in NATO and to defend our own sovereignty, is not too great for us. The proportion of the expenditures which these recommendations propose to the Government of Canada would still leave us, as I said before, well down the scale in the level established and maintained by most of our NATO allies, and well below the level being maintained by the countries belonging to the Warsaw Pact.

I do not think I need say any more. The effort, as I said, is not too great for us, nor is it beyond our means and capabilities. Let us hope that the Government of Canada will carefully attend to the recommendations which have been made in this report, in addition to our previous report and in anticipation of a fuller picture which will emerge as we complete our studies of air command and mobile command.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Tuesday, October 25, 1983, at 2 p.m.

THE SENATE

Tuesday, October 25, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

HIS EXCELLENCY HASYM DJALAL, AMBASSADOR OF INDONESIA

The Hon. the Speaker: Honourable senators, I should like to call your attention to the presence of a distinguished visitor in the south gallery, His Excellency Hasym Djalal, the Ambassador of Indonesia.

Hon. Senators: Hear, hear!

[*Translation*]

THE CANADIAN AVIATION SAFETY BOARD ACT

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-163, to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*English*]

BRETTON WOODS AGREEMENT ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-168, to amend the Bretton Woods Agreement Act (No. 2).

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

CANADA ELECTIONS ACT

BILL TO AMEND (NO. 3)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-169, to amend the Canada Elections Act (No. 3).

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*English*]

ATHLETIC CONTESTS AND EVENTS POOLS ACT

INQUIRY RE PROCLAMATION

On the tabling of documents:

Hon. Jack Marshall: Honourable senators, did the deputy leader include in his announcement a notice that the act creating the Canadian Sports Pool Corporation has been proclaimed by the Governor General?

Hon. Royce Frith (Acting Leader of the Government): Yes, one of the documents tabled relates to fitness and amateur sport.

CANADIAN SECURITY

SPECIAL SENATE COMMITTEE—AMENDMENT OF ORDER OF REFERENCE

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Order of Reference establishing the Special Committee of the Senate on the Canadian Security Intelligence Service be amended by deleting the words "27th October, 1983" and substituting therefor the words "3rd November, 1983".

He said: Honourable senators, the terms of reference of the Special Senate Committee studying the subject matter of Bill C-157, to establish the Canadian Security Intelligence Service, provides that it is to report by Thursday, October 27, 1983.

My information is that the committee will likely complete its report today, or certainly by Thursday, but that it will take about a week to have it properly printed and translated. That is the reason permission is being asked to substitute "3rd November, 1983" for "27th October, 1983".

Our colleagues on that committee have effectively complied with the order of reference by completing their work by the deadline date, but another week will be required to have the report printed. That is why I am asking the Senate to extend the term for one week.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I think this matter has been reviewed by the committee itself, and, actually, the request comes from the

committee. Therefore, we have no reason to oppose this extension.

It does raise the question as to when this report will be debated because it will be presented, presumably, to this chamber and to the other place on November 3, and the probabilities are now that the session will be prorogued shortly thereafter. One really does not get the impression that it can be debated before prorogation.

Will it be the policy of the administration to re-present this report in the next session so that we will have an opportunity to examine the recommendations in this chamber?

Senator Frith: For the very reasons put forward by Senator Roblin, that will certainly be my recommendation.

Motion agreed to.

AVIATION SAFETY

BILL C-163—TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO ADJOURN FROM PLACE TO PLACE IN CANADA

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Transport and Communications, which was authorized to examine and consider the subject matter of Bill C-163, intituled: "An Act to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof," in advance of the said bill coming before the Senate, or any matter relating thereto, be empowered to adjourn from place to place in Canada for the purpose of such examination.

• (1410)

He said: Honourable senators, the wording of this motion is used to justify the travelling of a committee to various places in Canada, but the request of the chairman of the committee was simply that the committee be permitted to attend a meeting that has already been arranged at the Ottawa International Airport. I felt that honourable senators would be glad to support this more traditional wording as opposed to that which would permit the committee to conduct its meeting at a specific place, if honourable senators could be assured that, at the present time, the committee has no intention to travel elsewhere. The committee has authority to meet only in the Parliament Buildings, so there is a technical requirement for this motion, which gives it authority to sit elsewhere.

If honourable senators do not wish to support this motion, I will ask for leave to amend it, but that is the reason it is worded more broadly than is necessary in this instance.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(*g*), moved:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, 27th October, 1983, at two o'clock in the afternoon.

[*English*]

He said: Honourable senators, although we now have before us three pieces of legislation, which might tempt us to change our agreed-upon schedule and sit tomorrow as well as on Thursday, I have decided not to ask for a change in our usual plan. If we were to do so, it would wreak havoc with the plans of the committees. Difficulties for the committees arise if, on very short notice, we inform the chairmen of a Wednesday sitting when, in the week prior, it has been indicated to them that they can use the Wednesday afternoon to meet, as, for example, in the case of the Standing Senate Committee on Transport and Communications, which has a 2 o'clock meeting arranged for tomorrow afternoon.

For that reason, honourable senators, in spite of the fact that there is an increase in our legislative business, I feel that it would not be fair to the committee chairmen to schedule a sitting of the house tomorrow afternoon. With respect to the three pieces of legislation that are before us, we can deal today with some of the debate on second reading. Perhaps, on Thursday, we can complete second reading of those bills. If some are not too controversial, we might even finish dealing with them on Thursday. For that reason I am not asking that the schedule for this week be changed.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

GRENADA—REQUEST FOR STATEMENT

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to ask the government whether we can now expect a statement regarding the situation in Grenada. I do so for two reasons; first, because it is a country that has had a long association with the Commonwealth of which we are a member, and secondly, because it is situated in the Caribbean area, which is a part of the world in which Canadian interests have been pronounced and intensive over some period of time. So I would request any information that the government can give us on developments in Grenada.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have some general information on the situation in Grenada and also more specific information dealing with particular aspects.

The Government of Canada is appalled by the killings in Grenada and deeply saddened by the loss of a Commonwealth colleague. Prime Minister Bishop's ideology was not ours, but he believed in dialogue and he was a friend. It is still unclear exactly what happened last week in St. Georges, but there is

no doubt that it was a day of terrible tragedy for Grenada and the West Indies. We extend our heartfelt condolences to the family of Maurice Bishop and to the families of those other colleagues and supporters who were also killed.

I should add that in anticipation of possible violence our government did make an appeal to the existing authorities in Grenada on October 19 to avoid violence. The message was delivered by the First Secretary of the High Commission in Barbados, Mr. Joe Knockaert, who has been in Grenada throughout the crisis. The message was received but, alas, in vain. We are awaiting further clarification of what took place, but it appears that units of the People's Revolutionary Army opened fire on a crowd demonstrating in favour of Prime Minister Bishop. That fire seems to have been returned by some soldiers loyal to the Prime Minister. A "Revolutionary Military Council" has been formed and has announced that it has taken control in Grenada.

Many of the 85 Canadians in Grenada who have registered with our High Commission in Barbados are part-time residents who are not on the island at present. In his report of October 23, 1983, our officer in Grenada said that, of all the Canadians he had been able to contact, 24 wished to leave while others—estimated to be about 15—wished to remain.

Early yesterday the Barbadian authorities issued a declaration prohibiting Grenada-bound aircraft from leaving Barbados. They have since granted an exemption for the aircraft which we had chartered to bring out all Canadians who wished to leave Grenada and which had been scheduled to land in Grenada yesterday morning. New flight clearances for the aircraft to land in Grenada today are now being sought. In his latest report, following the lifting of the curfew, our officer reported that people in St. Georges are moving about freely and the situation is relatively calm. The aircraft we have chartered is standing by ready to go to Grenada when new arrangements for it to land there have been completed.

On the question of possible recognition of the new regime in Grenada, our High Commissions in Bridgetown, Kingston, Port of Spain and Georgetown have been in touch with their host governments, in most cases at the head-of-government level, and we are continuing to study the attitudes of those governments to the evolving situation in Grenada, with specific reference, in this case, to the question of recognition. The fact remains, however, that the situation in Grenada is still not clear, and I am unable at this point to add anything further to what has already been stated.

Honourable senators, I have asked for and received some material dealing with more particular aspects, but a good deal of the information is included in the general statement I have just read.

Senator Roblin: Am I not correct in stating to my honourable friend that there has been some development in Grenada since the events he has just referred to? There have been news reports of an intervention in Grenada by the nations of the Caribbean and the United States. Can my honourable friend say whether that information is correct and, if so, can he tell us what form that intervention is taking.

• (1420)

Senator Frith: Honourable senators, the information I have with regard to the possible landing of United States troops is as follows: The United States government has directed a small flotilla of naval vessels, including the aircraft carrier USS *Independence*, to waters off Grenada to offer assistance, if need be, in evacuating U.S. citizens. There is speculation, however, that the Americans, possibly in league with members of the Caribbean Regional Defence Pact, might be planning to launch an invasion of Grenada. Questions may well arise concerning Canadian reaction to this speculation.

So far as the government is aware, U.S. vessels have been positioned in Grenadian waters, but beyond sight of the island, to assist in a possible evacuation of U.S. citizens wishing to leave Grenada, should American authorities decide on such a course of action.

Honourable senators, I have no more official information. I heard on the radio this morning that British and American forces had landed and taken possession of two airports on the island; I have heard about the possible landing of Barbadian or other Caribbean troops on parts of the island, as have honourable senators. I have received nothing to indicate whether those reports are true.

Hon. Heath Macquarrie: Honourable senators, I raised this issue last week and I commend the Deputy Leader of the Government for coming to the chamber with statements. I shall not criticize him, because the Leader of the Government is not present; however, I think it is pretty well known that the President of the United States announced on the media that an invasion composed primarily of American personnel with participation of some countries in the Caribbean had taken place . I do not think the British are involved. Because this invasion has taken place, I would like to know whether the Canadian government was informed of this important action by our ally, the United States, and whether or not the Canadian government indicated that this was a good thing to do under the circumstances. If so, how does that relate to what it seemed to me the Minister of State for External Relations indicated last week and yesterday, that we are prepared to extend normal, *de facto* recognition to this atrocious regime which killed Prime Minister Bishop and many of his people.

I am not interested in embarrassing the Deputy Leader of the Government. Indeed, I have the highest regard for him. However, can he bring the Senate up to date on just what is happening in connection with the invasion that has clearly taken place and on how all that relates to what I believe the Minister of State for External Relations said not only yesterday but before? Where do we stand on this matter? We merely want to know the facts; we do not want to criticize or embarrass.

Senator Frith: I thank Senator Macquarrie for his question. Perhaps I was not clear, but I was trying to say that I do not have anything official from the government or from the

Department of External Affairs confirming the invasion. I am not suggesting that there is any doubt as to whether the invasion took place; merely that I am unable to add anything from official sources at present. I just received a note that there is further material on its way and when I receive it I shall pass it on to the Senate.

As to the question of recognition, perhaps I may be permitted to add that the Prime Minister of Dominica, an adjacent island in the cluster of islands around Grenada, went to the University of Toronto Law School with me and has been a friend of mine ever since—some 35 years or more. I phoned her just after I heard about this matter. She was on her way to the meeting of government leaders in Trinidad. She was quite concerned about the question of recognition, and, therefore, I paid particularly close attention to what the Honourable Jean-Luc Pepin said. I thought he said that the government normally waits a decent interval before giving recognition, and, in a subsequent statement when asked to explain, that before giving recognition to the new government in Grenada the government will want to give more consideration to the views of our colleagues, particularly our Commonwealth colleagues in the Caribbean. Beyond that, I will certainly take the question as notice in order to obtain a clear picture with respect to how we stand in regard to recognition. I am as interested in that question as Senator Macquarrie and I will try to clarify it. I will supply additional and more up-to-date information as I receive it today.

Senator Macquarrie: Honourable senators, I am sure my acting leader, who is an outstanding parliamentarian and a man of great judgment and understanding, will be glad to wait until there is further word through the voice of the house leader on the other side. I must confess to a certain inadequacy, perhaps a certain antiquity, in that I do not know well the charming Prime Minister of Dominica. However, I did have the honour and pleasure of knowing the late Prime Minister of Grenada. I am somewhat proud, and I hope not vain, with respect to the fact that there was nothing I said about him when he was alive that I cannot repeat now in the euphoria of the tributes which are paid to him at the time of his untimely death.

I would like the Leader of the Government to know that many of us are concerned about these comments dealing with recognition. While the use of Mr. Pepin's phraseology—the objective approach—conveys favourably to many of us, there are some of us who think, and with deep anxiety, that it was perhaps not a good thing to talk about business as usual while the blood was still dripping from the hands of the murderers of Maurice Bishop.

Senator Frith: Honourable senators, I have a little more information now. The first piece of information deals with the request from the revolutionary military council for Canadian assistance in evacuating foreigners. I believe there was some information in the press with respect to that point. The government has received no direct request for such assistance. Of course, if that type of assistance were given it could be construed—

Hon. Martial Asselin: When was the request made?

Senator Frith: On October 24.

I know Senator Macquarrie will realize that such assistance, if granted, could be considered at least *de facto* recognition. However, no such request was received.

With respect to the question of Canadian awareness that the United States plans to intervene in Grenada, we were aware that many countries, including the U.S.A., were planning to attempt evacuation of their citizens. This information is from the Department of External Affairs. We were also aware that some eastern Caribbean states wished to take some form of action to contain the deteriorating situation and to rescue their own citizens. We were not apprised, however, of the timing of the evacuation attempt by the U.S.A. and other states, nor of the nature of that action. We were not invited to participate.

Senator Macquarrie: Honourable senators, I listened carefully to what the honourable senator said. Were we apprised of the fact that there was to be an evacuation effort? If we were so apprised, were we made aware of the timing and nature of such an effort? In other words, did we know about it? The matter of consultation is of enormous importance. This is not a minor event in the course of history. I know such situations have occurred before, but I must say again that this is not a minor occurrence, especially in these terribly dangerous times which fluctuate with appalling anguish and potential for worldwide destruction.

• (1430)

Senator Frith: Honourable senators, the information I have on that question with respect to the Caribbean states is that we were aware that certain Caribbean states wished to take some form of action to contain the deteriorating situation and to rescue their own citizens. However, we were not specifically apprised of the timing of the evacuation attempt by the United States or other states, nor of the nature of that action, and were not invited to participate.

Hon. Lowell Murray: Can the deputy leader tell us if it is the position of the government that what has taken place today on the part of the United States is, in fact, an evacuation attempt rather than an invasion or an occupation of that island?

Senator Frith: I have no information on the government's judgment of the events; I do not know whether it considers them an evacuation attempt or something else. I expect that, in order to make that judgment, the government will need more facts; when we have them, I shall share them with the Senate. When those facts are sufficient to become a basis for a judgment by the government, I shall take the question as notice on that subject also.

UNEMPLOYMENT INSURANCE

NEWFOUNDLAND—ELIGIBILITY OF FISHERMEN FOR BENEFITS

Hon. Jack Marshall: Honourable senators, I wish to ask a question of the Minister of State for Social Development with

respect to fishermen's unemployment insurance. Some concern has been expressed by the Government of Newfoundland with respect to the qualification of fishermen for unemployment insurance. At the moment, fishermen must be employed for ten weeks before they are eligible, six of which must be during the fishing season and the remainder at other types of employment. This has caused some concern and there has been an attempt made to have the regulations changed, which I understand the Minister of Employment and Immigration is supporting.

Has the Minister of State for Social Development anything further to report on that request by the Government of Newfoundland?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I shall make inquiries on that subject and, if there is anything further to report, I shall do so at the next sitting, on Thursday.

Senator Marshall: Honourable senators, I have another question for the Minister of State for Social Development having to do with the make-work programs that exist today in Canada. There is a further difficulty for fishermen in this area in that, in order to qualify for employment on one of those projects, an individual has to be unemployed for two months. The other difficulty is that self-employed people cannot qualify for those projects and, since fishermen are classified as self-employed, I am wondering if any consideration has been given to rectifying these inequities in the regulations so that more people, including fishermen, can qualify for make-work programs or for unemployment insurance. Perhaps the minister could inquire of his colleague, the Minister of Employment and Immigration, with respect to this matter.

Senator Austin: I shall look into the matter and endeavour to report to Senator Marshall on Thursday.

[*Translation*]

NATIONAL DEFENCE

QUEBEC CONSTRUCTION OF F-18A AIRCRAFT—ALLOTMENT OF CONTRACTS

Hon. Martial Asselin: Honourable senators, before we proceed with answers to previous questions, I would like to know whether the Deputy Leader of the Government, perhaps at a subsequent sitting, could provide some clarification on the economic spin-offs of the F-18 contract. When this program was announced, we were told that the economic spin-offs for Quebec would be around 49 per cent. In addition, every three months the Department of National Defence and the Department of Supply and Services were making an assessment to see how economic spin-offs were being shared among the provinces.

However, for sometime now, why I do not know, the Ministers concerned have decided to drop their quarterly assessment. In any case, last week we were given to understand that the Government could not keep its promise and that the best Quebecers would be able to do in terms of economic spin-offs from the F-18 contract would be 35 per cent instead of 49 per cent.

I would also like further clarification on why the Government raised the hopes of Quebec manufacturers who were expecting to get their share. Why, I repeat, did the Government deceive Quebecers about economic spin-offs that will not materialize?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have no information on economic spin-offs or apportionment with respect to the F-18 program. My Cabinet colleagues may have such information. If not, I will take the question as notice.

[*English*]

Hon. Jack Austin (Minister of State for Social Development): I will be so bold as to endeavour to answer Senator Asselin's question. It is true that there is disappointment in Quebec and in the federal government with the degree of sharing in the F-18 contract which Quebec industries have been able to achieve. A major part of the reason has to do with competitive bidding and the ability of the Ontario industrial establishment to make itself more effective in cost competitive circumstances. However, Senator Asselin may have noticed, if he has been reading the media in Quebec, that Quebec was successful in acquiring three of the federal government's six frigate construction projects.

Senator Asselin: I am not talking about that; I am talking about the F-18 project. Please reply to that.

Senator Austin: Senator Asselin knows that three of those six frigate projects were assigned to the Quebec industry. Indeed, Senator Asselin may have also noticed that a large project has gone to the province of Quebec in the form of the manufacture of Bell helicopters. That project will establish a new industry in the province of Quebec. That project will be financed substantially by the federal government.

So, in the round, the Quebec industry has been relatively fairly treated in terms of the federal government's purchasing and industrial support programs.

Hon. Lowell Murray: I have a supplementary question for the minister. Will the minister tell us why the government has ceased publishing the details of the regional spinoff for the F-18 project?

If the minister has been reading the English language media, he will have noticed that his colleague, Mr. Lumley, has said, in effect, that he is not interested in that subject and no longer asks his department to provide that information.

Senator Austin: That information is very well known, and there is no sense publishing that which is well known.

The federal government has not hidden its disappointment with the lack of success of the Quebec industry in bidding for the F-18 contracts; nor have I hidden my disappointment with the lack of success of British Columbia or western Canadian industrial enterprises in participating in the F-18 project.

Senator Asselin: I wish to reply to what has been said by the minister concerning the F-18 project.

[*Translation*]

Once again, I believe that Quebecers realize that the government has deceived them by promising them 49 per cent of all economic fallout for the F-18 project. In addition, the minister has admitted himself that the actual fallout will not reach the promised figure. I hope that the people of Quebec will take note of this and remember it in due time.

[*English*]

Senator Austin: Indeed, I hope Quebecers will also remember the efforts by the federal government with respect to the work done on the F-18, the work done on the frigate program, the work done on behalf of Bombardier to supply transit cars to the city of New York, as well as the work done to acquire a major project with respect to helicopters. I think that the province of Quebec has received a reasonable proportion of all of the major industrial contracts which have been available. My complaint is of the same regional kind, in that western Canada has not had the benefit of major work in any of those areas.

● (1440)

UNEMPLOYMENT INSURANCE

1984 PREMIUM

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Roblin asked me to reply today to a question he put with respect to unemployment insurance and the establishment of premium rates for 1984. As Senator Roblin knows, each year at about this time the Unemployment Insurance Commission sets premium rates subject to the approval of the Governor in Council. The Minister of Employment and Immigration will undoubtedly make an announcement on the matter public within the next few days. The calculation of the unemployment insurance premium rate is carried out on an annual basis according to the Unemployment Insurance Act. The commission, pursuant to the statute, calculates a range for the premium by defining the rate required to balance the account based on an average of the previous three years' expenditures and the rate required to eliminate the accumulative deficit in the account, which in the April 1983 fiscal plan was projected to be $4.2 billion in 1984.

Under the statute, maximum insurable earnings will automatically rise by 10 per cent on January 1, 1984 from $385 to $425 a week. The statutory increase is based on an eight-year moving average of employee earnings according to T-4 submissions. Therefore, those employees who have enjoyed, or will enjoy, a salary increase that brings them up to the $425-a-week level, will notice an increased payroll deduction for unemployment insurance.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, would my honourable friend undertake to convey to his colleague who is responsible for this reply some observations on the unemployment insurance situation, because the rate of unemployment, to say nothing of inflation, over the past two or three years has been so gross and so unexpectedly higher than anything that was contemplated when unemployment insurance was invented that it has ceased to be an insurance scheme at all. It is a social policy which may be a very good one, I do not debate that, but the way in which it has been financed is that the cost of this policy has been shifted more and more to the employers and the employees and, thus, becomes part of the wage. When it becomes part of the wage, it becomes subject to all the escalations that go into the calculation of prices. What turns out to be an increase of unemployment insurance of a relatively small amount, by the time it gets to the retail stage becomes a very large amount and has its effect on prices in the economy and on the purchasing power of individuals.

There was a very large increase in unemployment insurance—possibly a third, if my memory is correct—this time last year or thereabouts. The minister shakes his head, and he may have the right figure before him. I point out to him that the cost estimated for unemployment insurance this year is going to be approximately 25 per cent over the money that was raised last year for this purpose. It seems to indicate that the employers and the employees can expect a very large increase in this premium if the calculations that my honourable friend mentioned are, in fact, used as the basis of the figure.

What I am saying to him is that the ground is shifting underneath us here. Unemployment insurance is no longer what it used to be. It is not an insurance policy, although it has some aspects of insurance, but it has also incorporated into it, with the last amendment of the statute, a very large element of social policy. I have no objection to that, but I object to the way it is being paid for. I think the economy would be a lot better if the money required was taken at the tax level rather than at the wage level, which is, in effect, a wage tax.

In my province we have a wage tax—I guess we had to keep company with Quebec—and it has had a marked deleterious effect. I suggest that increases in the unemployment insurance premium would have the same effect on industry across Canada.

I thank my friend for allowing me to make this little speech on the subject, but I want him to use his good offices to have this matter examined from the overall economic point of view rather than simply as a measure for raising money.

Senator Austin: I take it that what Senator Roblin is asking for is that there be no premium rate increase for 1984. Whether that turns out to be the case will await the decision of the Minister of Employment and Immigration. Senator Roblin has launched us on an interesting discussion with respect to unemployment insurance, and I should like to join him in a debate because it is one of the most important subjects affecting Canadians.

With the substantial increase in unemployment in the past calendar year and this one, the federal government was faced with the decision of whether to maintain the system as one of insurance or whether to provide some important social benefits, which Senator Roblin says he takes no objection to. The last decision taken by the government was to provide very substantial loans to the Unemployment Insurance Fund

instead of seeking to raise premiums both to the employer and the employee. The feeling was that raising those premiums would result in lower profits and larger unemployment—as the cost being borne by the employer and the employee would be a drag on economic recovery.

Additionally, Senator Roblin's point on taxpayer contributions was included in the new system. In fact, we have provided very substantial funding by taxpayers in order to allow unemployment insurance benefits to be paid in a rather generous fashion, including the use of section 38 for such programs as NEED. Many of these programs have been the bulk of employment and economic activity in communities across Canada. I have had that experience in British Columbia.

With those comments, I thank Senator Roblin for his interest. When the Minister of Employment and Immigration, the Honourable John Roberts, makes his announcement, I shall endeavour to convey it to Senator Roblin.

Senator Roblin: I would not like my honourable friend to think that I am expecting no increase in unemployment insurance premiums. I certainly am expecting it because there is this increase in the ceiling. Every time you increase the ceiling, that, of course, is an automatic addition to what employers and employees pay. Apparently, that is embedded in the statute, from what my honourable friend said. Therefore, I am sure that we are going to get an increase, but I wish Senator Austin could bring a statement to this chamber on the finances of the Unemployment Insurance Fund in order to show, in a concrete way, the sources of funds in 1982 and those estimated in 1983. Perhaps then we can look at the situation for 1984.

The real motive behind my concern in this matter is the fact that the government has forecast unemployment for the next five years at not under 10 per cent. I suggest that that kind of unemployment is really eating at the vitals of the premium system of financing the Unemployment Insurance Fund in the country. We need what that fund does, but I am concerned about the method of financing. To a large extent, I think it is counterproductive.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, perhaps this is an appropriate time to raise a point of order. The exchange that has just taken place between Senator Austin and Senator Roblin is becoming a rather common event during Question Period. Honourable senators know as well as I do, and in many cases better than I do, that it is our custom in the Senate to be the masters of our own procedures and points of order. It may be that honourable senators find that this development is satisfactory and desirable. As Senator Roblin, with his customary courtesy thanked Senator Austin for allowing him to make an additional statement, there is no question of subterfuge. Senator Roblin quite frankly said that he is making a statement supplementary to the answer that was given to him. The difficulty I have found recently in taking objection—I am doing it now because we have just heard a perfect example of it—is that often the exchange is interesting, as Senator Austin has said today. In the course of the questioning and in the course of the statement, a very important and interesting question was raised, namely, whether unemployment insurance has evolved into a wage tax instead of an insurance system. That is something that we could debate.

• (1450)

It may be that we should allow these mini-debates to take place, because on each occasion that they have happened recently, mostly at the instance of Senator Roblin, the result has been both important and informative. I would simply draw this question to the attention of honourable senators.

Strictly speaking, of course, Question Period is a time to ask for information, but I think it is accepted that everyone expects a certain amount of rhetoric to be introduced both into the questions and into the answers. However, we have come to the stage where, quite often, after an answer is given, the senator asking the question will make a statement or comment or, as they say in the sports business, "do the colour" on the answer to the question.

We decide how we want to proceed. I noticed that no senator raised any objection. I am raising an objection because, in strict order, that is not what our rules call for, but it may be that that is what honourable senators want to take place.

Senator Roblin: I do not suppose my honourable friend would expect his observation to go without notice on this side of the chamber.

I believe the form of the questions in the Senate is good because I am not in the sporting business; I am in the public affairs business. I find it possible to elicit a good deal of helpful information and opinion from the government when Question Period allows us the opportunities that we take advantage of in this chamber in order to deal with public matters.

I think it would be a serious mistake for the house leader to suggest that we should adopt the rigid, iron-clad rules which prevail in the House of Commons with respect to Question Period.

Hon. Robert Muir: No muzzling!

Senator Roblin: That is a good expression, and I appreciate it. I think that is the case.

My memory is sufficiently long that I can remember when positions in this chamber were changed, and my honourable friend was over here and we were over there. At that time, as I remember, my honourable friend was quite adept at dealing with Question Period and at introducing into the flow of his thought those items he wanted to be ventilated or expressed; and I admired his skill.

I suspect that, in the natural flux of events, before long he will have an opportunity to demonstrate that skill again, because he will be on this side of the chamber and we shall be over there. I suspect that, when that happens, my honourable friend will find a great deal of virtue in the way in which the Senate of Canada conducts its Question Period.

Senator Frith: Honourable senators, as usual, I totally agree with Senator Roblin. It would be a great mistake for me to suggest that we stick to the iron-clad rules of the House of

Commons. It would be a great mistake for me to do that, and I would not.

I thought I made it quite clear that I believe the way in which we conduct our business here is much more satisfactory and more desirable than the way business is conducted in the other place, to the extent that it is done too strictly in the other place.

Of course, if we want to go into the fanciful hypothesis of a difference in our geographical positions in this chamber, I would find it hard to imagine that Senator Roblin, were he ever in my place, would not have raised this point long ago. He would not have sat as patiently as I have while this new technique was evolving and is continuing to evolve.

I want to make it clear that I still feel it is up to us to decide. I took great pains to say that, frankly, I find this device useful in terms of raising interesting questions, but it is a matter of order as to whether we want to continue to allow it to happen. To what extent we want these comments to take place during Question Period is a matter of discretion.

I have drawn this to honourable senators' attention because my duty is to draw it to the attention of the Senate and have the Senate decide how it wants to proceed.

Senator Roblin: I think I can conclude this interchange by saying that, when *Hansard* comes out tomorrow, I shall clip out the honourable senator's statement because I am sure that, on a future occasion, I shall find it to be a useful guide.

Senator Frith: Honourable senators, it is just that I am a better bootlegger than Senator Roblin. When I was on that side, I did bootleg my rhetoric a little.

Hon. Martial Asselin: I am sure the honourable senator remembers that he did it once for an hour and a half.

Senator Frith: It was always a question.

Senator Asselin: It wasn't a question; it was a statement.

Hon. Frederick W. Rowe: Honourable senators, on the point of order raised by Senator Frith, it seems to me that, if we are going to ignore our own rules, which is essentially what we have been doing this afternoon, isn't the simple solution to change our rules instead of breaking them? I, for one, would be glad to go along with any change that would give us the opportunity we have taken this afternoon to hear points expressed by both sides.

Senator Asselin: We are not changing the rules. Are there any rules about questions?

Senator Frith: I am interested in any other views.

Hon. Heath Macquarrie: Honourable senators, as Senator Godfrey once told me, I should not try, too often, to paint the lily, having heard the eloquence of other senators on this very important point of order.

I am one of the old-timers who has spent a long time in the other place, and neither my constitution nor the Constitution of Canada will allow me to be in this place as long as I was in the House of Commons. When it comes to procedure and accomplishment, I am totally committed to the superiority of this place. The flexibility of our procedures is, in my judgment, the essence of our capacity to accomplish things.

I am wondering if in this regard we might pick up something from the thought process of Senator Frith, who is a very thoughtful man— and I know Senator Marshall has mentioned this from time to time. There may be formal occasions when we have to break our rules or perhaps make fuller use of them and use the process of procedure of making statements. Today it might have been just as well if Senator Frith had made a general statement to begin with; then we could have ventilated the matter in that way.

Apart from all that, I have sat here and become more impressed than ever by the brilliance and prescience of Senator Frith. I never saw a man who, so early in the game, was preparing himself for an important role on this side of the house, and I commend him, to use a senatorial expression, for his pre-study of the operation.

Senator Asselin: It is surprising that the ministers are not complaining about it.

The Hon. the Speaker: Honourable senators, I rarely intervene, even when I am aware that rules are being broken, since it happens quite often. Perhaps honourable senators are quite correct when they say that our procedure is much more flexible than that in the other place and that communication is better. However, if ever one senator decides to have the rules apply strictly and calls on me to do so, I shall have to apply the written rules.

Very often during Question Period, in violation of the rules following a question and answer, a speech is made and sometimes even a debate ensues. As long as honourable senators agree to that procedure, there will be no problem; but if one senator ever demands that from now on we abide by the rules, we shall be in some difficulty, and I shall have to proceed according to the rules.

Senator Asselin: As long as the ministers are not complaining.

Hon. D. G. Steuart: We would be out by 3 o'clock.

FOREIGN AFFAIRS

GRENADA—SAFETY OF CANADIAN NATIONALS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have some additional material on the situation in Grenada.

According to our latest information, at present there are approximately 40 Canadians in Grenada. The airlift, which had been planned to take place yesterday, had to be cancelled as final clearances were not obtained in time to use the airport which is open only during daylight hours. Most of the 24 Canadians who had planned to leave on our chartered plane yesterday are now in the Rosspoint Inn. As at 0630 hours today, all were safe and well.

• (1500)

Five CUSO employees who had also planned to leave yesterday returned to their residence, which is located on high

ground overlooking the harbour in St. Georges. In telephone conversations with their employer this morning, the latest of which took place at 1030 hours, they said that shells were continuing to come very close to their location.

Information on their situation and location was given to the U.S. State Department task force in Grenada, together with the request that steps be taken immediately to protect their safety. Our embassy in Washington was later requested to follow up, as appropriate, with a view to reinforcing this request.

The U.S. authorities have been requested to take immediate steps to protect the safety of the five Canadians known to be in a danger area. We are continuing to follow the situation with respect to other Canadians with a view to providing assistance as needed and as possible.

INDUSTRY

CAPE BRETON, NOVA SCOTIA—COAL—DONKIN MINE AND PRINCE MINE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have two delayed answers in response to questions asked by Senator Muir on September 22, 1983, concerning the Cape Breton Development Corporation.

The first answer has to do with mines. At the site of the Donkin-Morien Project two tunnels are being driven towards the coal seam which outcrops on to the ocean floor. A tunnel-boring machine, which has been constructed by Lovat Tunnel Equipment, Inc. for the National Research Council, the Department of Supply and Services, the Department of Energy, Mines and Resources and the Cape Breton Development Corporation, has been installed in one of the tunnels. It is anticipated that this tunnel-boring machine will complete its driveage to the coal face by the fall of 1984. At that time, additional samples of the coal will be taken and, following the results of the testing and the marketability of the coal, a decision will be made on whether or not to develop a coal mine at this site.

At the Prince Colliery development work is continuing, although problems caused by a sandstone intrusion have slowed it down considerably. Nevertheless, it is believed that the full production schedule planned by the corporation will still be reached in 1984. The bad roof conditions, which were experienced earlier in the room and pillar section of the colliery, have been left behind. The pavement is not particularly soft and is causing no problems with either safety or production. The machinery is working well, and nothing has happened to give cause for concern for the future of the Prince Colliery. It is anticipated that in another year this colliery will be at its most productive level of operation.

I imagine that there is no one in this chamber who understands that answer quite as well as Senator Muir. I understood parts of it, however, and I believe that it addresses the question he raised.

[Senator Frith.]

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Royce Frith (Acting Leader of the Government): The second of my delayed answers concerns the appointment of members to the board of directors of the Cape Breton Development Corporation.

Honourable senators, I should first like to correct a mistake which appeared in the answer given to Senator Muir last Tuesday, October 18, 1983, at page 6066 of Senate *Debates*. The reply was provided by the Minister of Industry, Trade and Commerce and Regional Economic Expansion, not the Minister of State for Economic and Regional Development. Since that time, the Minister of Industry, Trade and Commerce has provided further details on the board of directors of the Cape Breton Development Corporation.

The chairman, Mr. D. S. Rankin, appointed by the Governor in Council, relinquished that office to become president of the corporation on January 1, 1979. The three other directors appointed by the Governor in Council were Mr. Arthur J. Leblanc, whose appointment expired on July 31, 1979; Mr. Kenneth A. MacInnis, whose appointment expired on April 30, 1983; and Dr. Larkin Kerwin, whose appointment expired on September 30, 1983. In addition, two directors were appointed by the Lieutenant Governor in Council of Nova Scotia. Mr. Tom Kent's appointment expired on January 31, 1982, while the appointment of Dr. John Burke will continue until February 29, 1984.

There are vacancies for the position of chairman of the board, in which capacity the president has been acting, three directors appointed by the Governor in Council, and one director appointed by the Lieutenant Governor in Council of Nova Scotia. There have been some comments in the press indicating that the vacancies have already been filled. This is pure speculation. There are currently two directors on the board, the president, Mr. Rankin, and Dr. John Burke. The minister has promised to inform the Senate as soon as the vacancies are filled.

Hon. Robert Muir: Honourable senators, I should like to thank Senator Frith for his answers. What concerns me, however, is this: How often are the meetings of the board of directors now being conducted and who will conduct the business of the corporation? The deputy leader informed honourable senators of some retirements which occurred in 1979 and 1982, which I was aware of when I asked the question.

I just wonder how a corporation can be run when most of those who sat on the board of directors have retired. Who is running the corporation? There is Mr. Rankin—who is doing his best, I presume—and Dr. John Burke. Is there a third person involved?

I wonder whether the deputy leader could find out how soon these appointments will be filled. If the feds cannot manage to fill these positions, it might be a good idea to get in touch with the Province of Nova Scotia to ascertain what will be done about that appointment, plus the others which have been vacant for so long.

CANADIAN WHEAT BOARD

ALLOCATION OF PRODUCER CARS FOR OFF-BOARD SALES

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer in response to a question asked by Senator Steuart on October 20, 1983, regarding the allocation of producer cars for off-board sales of feed grains.

The number of producer cars which may be allocated is fixed by regulation 81(3) of the Canada Grain Act, which reads as follows:

> The Commission shall not in any week allocate to application made by producers of grain other than rapeseed more than 5 per cent of the railway cars that are available for the shipment of any one type of grain to a particular destination.

Thus, if 1,400 cars are available for a shipment of barley in a week, 5 per cent or 70 producer cars would be allocated. No distinction is made between board and non-board barley—that is, it is the producer's choice. Applications are processed in the order received.

The Canadian Grain Commission advises that current barley backlog is 7 to 8 weeks, whereas feed oats and feed wheat backlog is significantly less. Feed grain cars are allocated in connection with the regulations and without regard to pressures from any source. To be eligible for a producer car, producers must have the necessary Canadian Wheat Board delivery quota.

FOREIGN AFFAIRS

GRENADA—SAFETY OF CANADIAN NATIONALS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I promised that I would keep the Senate up to date with information respecting the invasion of Grenada, as I receive it. I have just been handed a memorandum dated October 25, 1983 at 3.20 p.m.

Two thousand Americans and 300 other troops from six Caribbean nations invaded Grenada early this morning, after setting out from Antigua. According to my information, the other nations involved are Jamaica, Barbados, St. Kitts, Antigua, St. Vincent and Dominica.

We knew last night that the invasion was a possibility in the contingencies outlined by the United States. We were not asked to participate.

As of noon today—which is a little more recent than the information I passed along a few moments ago—the Canadians were safe. Five CUSO volunteers were near the trouble area and the U.S. task force has been alerted to their presence there. The rest of the Canadians are staying in the Red Point Hotel in the capital. Canada has an official of the Department of External Affairs on site, monitoring the situation.

President Reagan gave three reasons this morning for the invasion: first, to restore democracy to the area; secondly, to ensure stability; and thirdly, to protect the 1,000 American nationals on site.

Canada was not consulted about the invasion because it is not Canadian practice to invade other countries. We are simply concerned with getting our nationals to safety. That is why we made arrangements to have a plane stand by to airlift them out.

This memorandum adds very little information to what I have already related to honourable senators, but I wanted to announce any additional information as soon as I received it.

Hon. Martial Asselin: Does the deputy leader have any information to the effect that the invaders—the Americans and those of other countries—had to fight against Soviet and Cuban troops?

Senator Frith: No, honourable senators, I have received no such information. Should I obtain additional information, I will share it with the Senate.

• (1510)

CANADIAN AVIATION SAFETY BOARD BILL

SECOND READING—DEBATE ADJOURNED

Hon. D. G. Steuart moved the second reading of Bill C-163, to establish the Canadian Aviation Safety Board and to amend certain acts in consequence thereof.

He said: Honourable senators, Bill C-163 is to establish the Canadian Aviation Safety Board, to be known as the CASB, which will investigate and report on civil aircraft accidents, incidents and potentially hazardous situations.

The establishment of a federal aviation safety board was a key recommendation in volume 1 of the Dubin Report on Aviation Safety. The bill closely follows Mr. Justice Dubin's detailed recommendations on the structure and powers of the board. Volume 1 of the Dubin report, released in May 1981, was wholeheartedly supported by the aviation community and, incidentally, received the support of all parties in the other place.

Investigations into aircraft accidents are now carried out by Transport Canada, which is also responsible for air safety regulations. Once the CASB is established, air accident investigation will be completely independent from Transport Canada, thereby removing any potential for conflict of interest.

The object of the board will be to advance aviation safety and prevent accidents. The board will have no judicial, quasi-judicial or regulatory function. It will conduct its investigations to determine the underlying contributing factors and causes, but it will not indicate where blame or liability lies.

The board will co-ordinate its activity with police and provincial coroners. If an accident involves both military and civilian aircraft or facilities, the board will then co-ordinate with the safety investigators in the Department of National Defence.

The main purpose of the bill is to establish the Canadian Aviation Safety Board, which will conduct independent investigations of "aviation occurrences". It will be a completely

independent body in order to avoid the potential for conflict of interest which exists when the investigations are conducted by the body which is responsible for the regulations, as is now the case with Transport Canada.

The main provisions of the bill, dealing with the board's jurisdiction, will be examined when the bill is before the committee for clause-by-clause study. The bill is the first piece of legislation resulting from the three-volume Dubin report.

Extensive revisions to the Aeronautics Act are yet to come. When introducing the bill in the other place, the then Minister of Transport, the Honourable Jean-Luc Pepin, stated:

> These legislative changes form an integral part of a comprehensive approach to improving air safety.

He went on to say:

> They complement the improvements Transport Canada is making to the enforcement of air regulations and to airworthiness certification.

Honourable senators, with that brief resumé of the principles of the bill, I urge that honourable senators support the motion for second reading.

On motion of Senator Marshall, debate adjourned.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE ADJOURNED

Hon. A. Irvine Barrow moved the second reading of Bill C-168, to amend the Bretton Woods Agreements Act (No. 2).

He said: Honourable senators, the purpose of Bill C-168 is to provide for an increase in Canada's subscription to the International Monetary Fund from 2,035 million SDRs to 2,941 million SDRs, or, expressed in Canadian dollars, an increase of approximately $1.2 billion to a total of $3.8 billion. I should point out that "SDRs" means special drawing rights. This is part of the general increase in members' subscriptions—or quotas, as they are called—agreed to last spring by the Fund's board of governors, which will raise the total of such quotas from special drawing rights 61 billion to special drawing rights 90 billion. The overall increase results from the regular five-year review of fund quotas and is designed to ensure a better balance between the size of the Fund's resources and the needs of members for balance of payments financing over the next few years.

The International Monetary Fund is the central institution of the international monetary system, and Canada places great importance in ensuring that the Fund has sufficient resources to carry out its operations, particularly in the current global economic situation where many creditors rely on the Fund to provide leadership in encouraging debtor countries to pursue appropriate economic policies. Quotas provide the Fund with its main line of resources which are lent to countries in balance of payments difficulties. This assistance permits members to correct their imbalances without taking protectionist or other restrictive or disruptive measures. As an economy which is heavily dependent on international trade and the international flow of capital, Canada has an interest in supporting the Fund in its efforts to maintain an open trade and payments system.

Quotas also serve to limit the amounts which members can borrow under the various facilities of the International Monetary Fund. They determine the size of individual allocations of special drawing rights when SDRs are created; and, finally, they determine the voting strength of members and the composition of the Fund's executive board.

The increase in Canada's quota will allow us to maintain our relative position in total IMF quotas, reflecting the importance of Canada in the world economy, and will ensure our capacity to participate in Fund operations, including our ability to elect an executive director. It will also increase the resources available to Canada in the event of balance of payments need and our eligibility for future allocations of SDRs.

As I mentioned, in terms of Canadian dollars our subscription will increase by approximately $1.2 billion. However, the actual Canadian dollar cash payment is approximately only $3 million; 25 per cent, or about $300 million, will be paid in U.S. dollars or SDRs from our international reserves, while the balance of about $900 million will be supplied in the form of non-interest-bearing demand notes. The decrease in the Exchange Fund Account's holdings of U.S. dollars or SDRs will be fully offset by an increase in what is called our "reserve position" in the IMF. That is the amount that we are entitled to draw on demand from the IMF for balance of payments purposes and constitutes a part of our official international reserves. Thus, these transactions will affect the composition of our reserves, but their total will be unchanged.

In the past two years the IMF has increased the scale of its lending activities to meet the difficult payments problems which have arisen. Its continued ability to operate effectively is crucial to the smooth operation of the international monetary system.

I believe that all honourable senators will agree that it is important to strengthen the financial position of the IMF and for Canada to continue to play a prominent role in this institution. It is therefore in Canada's interest to accept the proposed increase in its quota as authorized by the bill, which I recommend to honourable senators for their consideration.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

• (1520)

CANADA ELECTIONS ACT

BILL TO AMEND (NO. 3)—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Acting Leader of the Government) moved the second reading of Bill C-169, to amend the Canada Elections Act (No. 3).

He said: Honourable senators, Bill C-169 purports to amend the Canada Elections Act under four main subjects. May I say at the outset that the fact that I am introducing and supporting this bill on elections has nothing whatever to do with views

I have otherwise expressed regarding elections in the Senate—but, who knows, some day those views may be relevant.

The bill introduces quite a number of amendments to the Canada Elections Act, all dealing with one of the most important parts of the act, the question of election expenses. The changes which, incidentally, were given unanimous agreement by the three parties represented in the other place, implement recommendations from the Chief Electoral Officer and the political parties following the 1979 and 1980 general elections. So the bill is an update of a number of provisions and a revision of others. The four major areas dealt with by these amendments are the indexing of election expense limits for parties and candidates, a reimbursement formula for candidates' expenses, a new reimbursement formula for political parties' expenses and the elimination of election expenses incurred by third parties, which deals with the so-called special-interest-group feature.

With respect to indexing of election expense limits for parties and candidates, those limits have not changed since they were set in 1974, and owing to the steady increase in election costs they are now considered to be too low. Candidates can now spend only $1 for each of the first 15 voters, $.50 for each of the next 10,000 voters and $.25 for each remaining voter, while parties are now allowed to spend $.30 for each voter where they have candidates. It is felt that that situation ought to be remedied, if we want candidates to run effective electoral campaigns. It is really a matter of adjusting the rates to what has happened to all expenses in the intervening period.

The adjustment formula chosen on the recommendation of the Chief Electoral Officer and the three parties is an annual indexing based on the consumer price index starting in 1981, the year following the last general election. That formula will obviate the need to amend the Canada Elections Act periodically to raise the limits, if Parliament is satisfied that the indexing formula is appropriate as it occurs. Following this amendment, candidates and parties at the next federal election will be authorized to spend about one third more than they were authorized to spend in 1979 and 1980.

The second major item of the bill deals with a new reimbursement formula for candidates' expenses, or what is sometimes called a rebate or reimbursement formula. Honourable senators will perhaps know that at present reimbursement is based on the cost of mailing, first class, one item to each voter. Mailing costs in 1974 were $.07 per item; they are now $.32. This means candidates in the most populated electoral districts could easily obtain reimbursement of 100 per cent or more of their expense limits. Honourable senators will remember that we just talked about the limits going up by about 30 per cent. For example, the cost of mailing having gone from $.07 to $.32 in a big riding such as York Scarborough would cause the candidate to be reimbursed more than he or she was allowed to spend. So, obviously, that section has to be adjusted. The adjustment, of course, would create a disparity between candidates in small and large electoral districts and would certainly be against the spirit of the act, which is to encourage candidates to raise funds from their supporters. Under the formula proposed today, reimbursement to candidates who qualify will not exceed 50 per cent of the candidates' actual expenses, as opposed to authorized total possible expenses, which will have the effect of saving an estimated sum of about $1 million of public funds.

The third item deals with the reimbursement formula for parties expenses. Currently, 50 per cent of the cost of air time—that is television and radio time—paid by political parties during an election campaign is reimbursed, and that encourages political parties to concentrate their election spending on broadcast publicity. Under the formula proposed in this bill, parties which qualify will be reimbursed 22.5 per cent of their election expenses, regardless of the nature of media used.

Hon. Martial Asselin: How much was it previously?

Senator Frith: It was 50 per cent of broadcast time.

This change results primarily from representations by the written press against the existing formula, which is considered discriminatory.

The fourth and final item deals with the elimination of election expenses incurred by third parties. The aim of the present act is to equalize parties' and candidates' chances by setting a uniform and reasonable limit on election expenses and guaranteeing reimbursement of a good part of these expenses. Unfortunately, that basic and, I think, excellent principle of equality is sometimes undermined by groups or individuals other than political parties and candidates, so-called special-interest groups who incur substantial election expenses during an election campaign without going through a candidate or party. Such expenses are not accounted for anywhere and procure undue benefit for some candidates or parties. Under the bill now before us, all election expenses must be incurred by the parties and candidates officially in the campaign. This amendment would prevent American-style political action committees from setting up business during an electoral campaign in order to favour or oppose the election of a party or candidate.

Finally, the bill provides that a broadcasting arbitrator, rather than the CRTC, will be responsible for alloting air time to the various parties. The bill contains amendments shown to be necessary by the experience of the last two general elections. These changes follow the spirit of the Election Expenses Act, 1974, which is now part of the Canada Elections Act, which establishes a legal framework to ensure that all candidates and parties in an election have an equal chance.

Obviously, this bill is of more primary concern to our colleagues in the other place, but it is of concern to us also as members of political parties.

Senator Asselin: Who knows, it could be our concern very soon.

Senator Frith: Yes, a concern of all of us; who knows? The persons to whom this bill most directly applies, namely, our colleagues in the other place, gave it unanimous support and it was adopted without division. Therefore, I ask your support of this bill.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, before the motion is considered, I have a question for Senator Frith.

Of course, I did not read the Bill as he gave his explanations, but I was trying to understand the content. However, more on that later. If I understand correctly, the Bill contains changes with respect to election expenses, based on what happened in the two last elections. Is there anything in the Bill that would prevent a new political organization—the Quebec Nationalist Party, for instance—from having the same advantages as other parties?

I saw some rumours to that effect in the press. The legislation you are proposing is based on what happened in the two last elections with respect to the three political parties we have here in Parliament. I would like to know whether the Bill closes the door to other political parties that might be formed for the next election?

Senator Frith: Well, there is no easy answer to that, because, if I correctly understood the provision concerning special interest groups, a party or special interest group may try to present itself as a new political party. It is also possible that the definition raises a political issue. However, it is clear that the intent of the legislation is to give equal treatment to all existing or future parties, by applying the same criteria in all cases. Here, the answer is no. There is no provision that prevents forming or establishing a new legitimate political party.

Senator Deschatelets: I skimmed through the definitions and I wonder whether there is a definition of the political parties that are affected by this legislation? Does the Bill contain a definition of a "political party"?

Senator Frith: With respect, I think it is preferable to look at the question put by Senator Deschatelets in terms of the criteria that will apply. I intend to try to get further clarification on the criteria that will apply in terms of establishing or qualifying a legitimate political party, for the purposes of this bill.

Hon. Martial Asselin: Senator Deschatelets is referring to important issues that were raised, as he said, in the Quebec newspapers, which said that the legislation, which was passed very quickly in the other place by all parties, would violate the rights of a new party that is being formed in Quebec. Perhaps it would be wise to consider referring the Bill to committee to give the appropriate witnesses a chance to testify, for the same reasons given by Senator Frith, so that we cannot be accused of trying to sabotage the formation of a new political party.

Senator Frith: Yes, honourable senators. As I said before, I promise to try to obtain these criteria as well as a satisfactory explanation. If I am not successful, we shall have to pursue the matter further.

[*English*]

● (1530)

On motion of Senator Macdonald, for Senator Murray, debate adjourned.

[Senator Frith.]

STANDING RULES AND ORDERS

FIFTH REPORT OF COMMITTEE ADOPTED

The Senate resumed from Thursday, October 20, the debate on the motion of Senator Molson for the adoption of the Fifth Report of the Standing Committee on Standing Rules and Orders.

Hon. Stanley Haidasz: Honourable senators, the debate on this motion is a timely opportunity to express our views and suggestions with respect to making the work of the Senate committees even more efficient and more productive than they are. There has always been room for improvement and this report gives good examples of improvements which can be made to our committee work in the future.

This is the right time to mention that the Senate has already initiated the general subject matter of the reform of this chamber by supporting the motion of the Leader of the Government of December 16, 1982, which dealt with the formation of a special joint committee of the Senate and House of Commons. That joint committee is to report on the ways by which the Senate can strengthen its role in representing people from all regions of Canada and in enhancing the authority of Parliament to speak out on behalf of Canadians in all parts of the country. The hearings of that joint committee do not prevent this chamber from studying and initiating internal reforms, at this time—especially reforms of our committees—in order to make our work more efficient, more productive and above all, more useful in meeting the needs and aspirations of all Canadians.

I think honourable senators will agree with me when I say that we are regarded today not only as a chamber of sober second thought but also as a chamber complementary to the House of Commons. More recently it has become expected of us that we play an active role in the often-mentioned topic of regional representation and also that we consider the protection of human rights, civil liberties and the minority groups of our country.

This afternoon I would like to make a few remarks in order to emphasize the feasibility and desirability of the Senate's role in the field of human rights, fundamental freedoms, civil liberties and the minority groups of our country. With respect to the general field of human rights, I would like to mention that this subject has been the topic of many Senate debates before World War I and following World War II. Recently in this chamber we have heard many good speeches with respect to the topics of human rights and civil liberties, not only during the constitutional debate but on various other occasions, when the historical, political, linguistic and demographic aspects of human rights and minority groups were emphasized. Specifically, I refer to the speeches of Senators Bosa, Yuzyk, Neiman, Godfrey and many other senators who made a great contribution to these topics.

When I entered this chamber and made my maiden speech, it was my privilege at that time to devote my remarks to human rights. In March of 1979 I proposed a motion to adopt a resolution to establish a joint committee on human rights.

The debate on that motion was cut short as a result of the dissolution of Parliament a few days later. I presented the same motion in the next Parliament, but again debate was cut short by the dissolution of Parliament as a result of the defeat of Mr. Crosbie's budget.

Senator Godfrey made a speech last week in which he referred to some very useful suggestions with respect to how the Senate can deal with human rights, especially concerning the authorization of powers to make regulations touching upon personal liberties and human rights. Moreover, Senator Neiman has a motion on the Order Paper which suggests that the human rights issue should be considered in a special way by the Standing Senate Committee on Legal and Constitutional Affairs.

I would like to make it clear, especially to the Deputy Leader of the Government, that it is not my wish this afternoon either to obstruct or to delay the adoption of Senator Molson's report, but rather to offer some constructive suggestions. In that spirit, I would suggest that the Senate Committee on Standing Rules and Orders consider at its next meeting—and preferably before the commencement of a new session— adding, in section 67(j) of *Rules of the Senate of Canada* referring to the Standing Senate Committee on Legal and Constitutional Affairs, after subsection (i) a new subsection (ii) on human rights, fundamental freedoms, civil liberties and minorities. The following subparagraphs could then be renumbered accordingly.

Secondly, I would ask the Senate Committee on Standing Rules and Orders to seriously consider amending section 67(l) concerning the Standing Senate Committee on Health, Welfare and Sciences by deleting subsection (ii), "Indian and Eskimo affairs;" and substituting therefor "the aboriginal peoples of Canada". This amendment would be in order since the Department of Indian Affairs and Northern Development now uses the word "Inuit" instead of "Eskimo"; furthermore, since the proclamation of the First Amendment to the Canada Constitution Act, 1982 deals with our first inhabitants as aboriginal peoples. The word "Eskimo" should therefore no longer appear in *Debates of the Senate* or any other printed proceedings.

Finally, in considering the ninth recommendation in its Fifth Report, I would ask this committee to give serious consideration to the desirability of eventually establishing a Standing Senate Committee on Human Rights and Fundamental Freedoms, in the spirit of the report of the Standing Senate Committee on Legal and Constitutional Affairs, which, under the chairmanship of the Honourable Carl Goldenberg, was presented to this chamber in November 1980.

Motion agreed to and report adopted.

[*Translation*]

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—CONSIDERATION OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER—DEBATE CONTINUED

The Senate resumed from Tuesday, October 18, 1983, consideration of the Report of the Standing Committee on Legal and Constitutional Affairs on the subject matter of the Constitution Amendment Proclamation, 1983, which was tabled on Thursday, October 13, 1983.

Hon. Jean-Paul Deschatelets: Honourable senators, I would like to make a few remarks upon resumption of this debate on the Report of the Standing Senate Committee on Legal and Constitutional Affairs, concerning aboriginal rights. I wish to congratulate the Chairman of the Committee, Senator Neiman, who held hearings for the benefit of all native people claiming such rights. The hearings started during the summer and were continued subsequently. Our Chairman contributed a high degree of patience.

At one point, I wondered whether these hearings were necessary and useful, but I can say that I learned much about native rights and claims. I wish to thank Senator Steuart for the objections he voiced when this resolution was submitted to us at the end of the summer, saying he wanted additional information. Those who attended the hearings shared the impression Senator Steuart had, namely, that the many native groups had to be given a chance to come and discuss their claims. Thanks to all Committee members, this was done, and the hearings will be particularly useful at federal-provincial conferences in reaching decisions on native claims. The details of this report will be very useful indeed. Towards the end of his speech, Senator Steuart expressed some concern that all this had the potential of a time bomb, for the following reasons: first of all, native claims cover practically the whole country, and many groups are forming other factions. A good many of the problems created by the claims have to do with provincial territories. I think nobody referred to that today, but during one of the last hearings, the lawyers representing the aboriginal peoples did say that they would not acknowledge the legitimacy of our courts established to rule on the claims.

As I recall, Senator Croll was present then and raised that very important point. In the same line of thought, I went on to say: You can believe that you have claims filed in accordance with the treaties—let us say against Quebec or Alberta—which will be rejected by the provinces concerned, for they will say in good faith: We do not owe that to you, we will not give you territories or mining or offshore rights, we will not acknowledge your claims.

One authority will then have to make a ruling. For us, that authority is vested in the existing courts, but we have been warned that they will not acknowledge the legitimacy of those courts.

All this to say that, as far as I am concerned, I was very glad to attend those hearings because I found them quite

enlightening. On the occasion of the repatriation, we concluded with the aboriginal peoples an agreement concerning their existing rights, without identifying them, but I am wondering whether we may have given rise to expectations which we will be unable to meet later on.

In that respect, I share Senator Steuart's opinion that we may very well be headed for extremely complex confrontations. I have been thinking about those hearings in which we took part and I am asking myself whether we will be able to meet the claims of the aboriginal peoples.

● (1550)

[*English*]

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I wish to make a few comments with respect to this order. I should like to make them as a senator and not as the Deputy Leader of the Government.

While I too support the work of this committee, which has been excellent, and while I also accept the fact that there is clearly a wrong to be righted, and that this is taking a step towards righting that wrong, I must say that I have a nagging concern about the fact that this proposed amendment is really based on rights being given and founded on ethnicity or race and length of ancestry in the country. I have concern about that principle being introduced into the Constitution. That concern has nothing to do with individual ethnicity, nor, of course, with the fact that there is a wrong that requires righting; however, the time to take objection was when the original constitutional amendment debate took place, because all this does is clarify that fact.

I wish to thank honourable senators for giving me an opportunity to say—without its having anything to do with the aboriginal peoples— that I hope the too technical and perhaps theoretical but important principle of introducing constitutional rights based on ethnicity will not be something that we will someday wish we had not introduced into our Constitution. Perhaps that is just an academic footnote.

On motion of Senator Tremblay, debate adjourned.

The Senate adjourned until Thursday, October 27, 1983, at 2 p.m.

THE SENATE

Thursday, October 27, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

GOVERNMENT ORGANIZATION BILL, 1983

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-152, respecting the organization of the Government of Canada and matters related or incidental thereto.

Bill read first time.

Hon. Royce Frith (Acting Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. Charles McElman, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving supplementary budgets of the following committees:

Standing Senate Committee on Banking, Trade and Commerce;

Standing Senate Committee on Foreign Affairs.

(*For text of reports see today's* Minutes of Proceedings of the Senate.)

[*Later:*]

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to ask a question on a point of order. The Internal Economy, Budgets and Administration Committee report was not specifically referred to as an item to be printed as an appendix to our proceedings. Is it intended that that should be done?

Senator McElman: Honourable senators, it is my understanding that that is not normally done, and I do not propose that it be done in this case.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I believe the practice with regard to reports dealing with budgets is to simply table them, and then they can be the subject of questions or inquiries later.

I believe we dealt with this matter once before, and that there is a provision in the rules to that effect. I do not have that provision before me, but I will try to find it.

Senator Roblin: If that is the custom, I do not object. It seems that I shall just have to take the trouble to get my own copy.

[*Translation*]

AVIATION SAFETY

REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS ON SUBJECT MATTER OF BILL C-163 TABLED AND PRINTED AS APPENDIX

Hon. Léopold Langlois: Honourable senators, I have the honour to table, in both official languages, the report of the Standing Committee on Transport and Communications on the subject matter of Bill C-163, an Act to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. The Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 6117.*)

[*English*]

BANKRUPTCY AND INSOLVENCY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO CONTINUE STUDY OF SUBJECT MATTER OF BILL C-12

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to continue its examination and consideration of the subject matter of Bill C-12, intituled: "An Act respecting bankruptcy and insolvency," in advance of the said bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the committee has already been authorized to study the subject matter of Bill C-12. It has indeed made a study and tabled a report. However, some amendments to the bill have been made since then, and the committee now wants to study the subject matter of the bill in its present form. Technically, it requires this order because it had actually discharged the previous order by making a report. That is why the motion includes the words, "continue its examination."

Hon. Duff Roblin (Acting Leader of the Opposition): May I ask what the intention of the government is with respect to Bill C-12? We are rapidly approaching the expected date of prorogation, and anything we do now in this respect will fall to the ground and will have to be renewed when the new Parliament assembles. It seems to me quite unlikely that the Standing Senate Committee on Banking, Trade and Commerce will be able to make a great deal of progress on any pre-study of this bill between now and prorogation.

In view of the fact that this is a voluminous document involving a number of highly technical and, certainly in some respects, contentious issues, particularly those respecting the protection of the rights of workers in the case of bankrupt firms, I am wondering what the government's plan is with respect to it, which makes it necessary to do what my honourable friend is now proposing.

Senator Frith: Honourable senators, I have no detailed information about the government's plan, but I will try to get it before prorogation.

The motion before us now is presented at the request of the chairman of the committee, who wants this authority. Of course, if he gets the authority, that authority will not fall to the ground with prorogation, although the bill will disappear from the Order Paper and have to be re-introduced. I will try to get some answers on that aspect.

Senator Roblin: I appreciate my honourable friend's reply. The fact that the bill itself falls to the ground means that the committee will have nothing to pre-study. A new motion will have to be introduced, I suspect, under the number of the new bill, whatever that may be.

I just want to serve notice that I hope there is no intention of trying to deal with this bill before prorogation, because that seems to me to be an unlikely prospect.

Senator Frith: Honourable senators, I have no information that it is the intention of the government to ask Parliament to deal with the bill before prorogation—that is, if prorogation is to be on November 14 or 15.

Senator Roblin: We are spinning our wheels.

Hon. John M. Godfrey: Honourable senators, it was my understanding that some kind of an agreement had been reached between the Conservatives and the government in regard to this bill.

I believe the Senate has been studying this bill since 1975 and that the only outstanding issue is the question of protection of employees. After talking to one of the Conservative members of the committee of the House of Commons, my understanding was that they hoped, because of that agreement, the bill would be passed this session.

Since we have to study only one amendment, which has been agreed to in the other place, the committee does not have to go through the whole bill, and it is quite practical that it could be passed.

Senator Roblin: It is quite obviously a matter which needs to be clarified, and I would ask the Deputy Leader of the Government to be kind enough to do that.

Motion agreed to.

[Senator Frith.]

• (1410)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

PRINTING OF REPORTS

Hon. Charles McElman: Honourable senators, if I may be permitted to revert to the question raised by Senator Roblin respecting the Report of the Standing Committee on Internal Economy, Budgets and Administration, I would refer him to rule 83A.(4), which governs the printing of reports and reads as follows:

> Each report of the Committee on Internal Economy, Budgets and Administration relating to a budget presented to that committee pursuant to this rule shall be printed in the *Minutes of the Proceedings of the Senate* for the day on which the report was made.

Therefore, the report will be printed in the *Minutes of the Proceedings of the Senate*.

Hon. Duff Roblin (Acting Leader of the Opposition): I thank my honourable friend for his courtesy in bringing that matter to my notice.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, November 1, 1983, at 2 o'clock in the afternoon.

He said: Honourable senators will have noted the scenario evolving in the other place regarding the bill on the Crow rate. They will also remember that, pursuant to its rules, the House of Commons will rise on November 4, to return on November 14.

So far as debate on the Crow bill is concerned, the position in the other place is that it will be terminated with two days' debate at report stage and one day's debate at third reading stage. If the bill is debated today in the other place, that will leave one day for debate at report stage and an additional day for debate at third reading.

If honourable senators have their calendars in front of them, they will better be able to follow what I am about to say. If I am correct about the remaining days of debate on the Crow, and if that information is put into the context which is familiar to honourable senators—that is, that it is the wish of the government that the Crow bill be passed before prorogation—we could have the following schedule. If the vote on third reading of the Crow bill does not occur before Friday, November 4—the day on which the other place rises for its November break—the bill will not be available to us until 6 o'clock on that day. If the intended prorogation date of November 14 is to be reached, the Senate may have to sit during the week

beginning November 7, the week when the other place will not be sitting.

So, Senator Roblin and I have tried to find some options. The earliest day the bill could be completed in the other place is next Tuesday at 6 o'clock. In order to complete its consideration of the bill on that day, the House of Commons would have to debate it today and tomorrow, finish the report stage on Friday and have third reading debate on Monday. The problem with that is that unanimous consent would have to be given in order to do so because, according to their rules, any vote on Friday is automatically adjourned to Monday. The history of the Crow bill has certainly not been starred with unanimous consents. I think, therefore, that it is safe to assume that there will be no unanimous consent with respect to this bill. That is why I say that, playing out the three days, the earliest time the House of Commons could finish dealing with the bill is 6 o'clock on Tuesday.

If that is the case, perhaps honourable senators should be ready to sit on Wednesday for the purpose of dealing with the bill. That would give us the three days to complete our consideration of the bill. I suppose that, if necessary, we could even sit on Saturday to avoid having to sit the following week. In my opinion, honourable senators, if we receive the bill on Tuesday at 6 o'clock, we could sit on Tuesday evening as well as on Wednesday afternoon. In other words, in that case, the earliest one, we would have a good deal of time to deal with it. In view of our pre-study of the bill, along with the study of it in the other place, I see no need to anticipate extra sitting days of the Senate. It may be that the Senate will sit longer hours, but I doubt whether there will be a need for additional sitting days next week—again, in the case of that "earliest possible" passage in the other place. If we do not receive it on Tuesday, then the following day, Wednesday, is private members' day in the other place. Again, that could be suspended with unanimous consent. However, we have already agreed that it is probably unwise for us to plan on any scenario that involves unanimous consent. Therefore the next opportunity for us to receive it would be at 6 p.m. on Thursday. If we anticipate two or three days of debate, or an equivalent number of hours, we might then consider sitting on Thursday evening, all day Friday, starting at 10 a.m. and, if necessary, on Saturday.

It is in this way that Senator Roblin and I have been trying to work out options to avoid our having to sit during the week when the other place is not sitting.

With regard to prorogation, it is conceivable that we could have Royal Assent on Friday of that week. The other place would be sitting that day. They would only have to obtain unanimous consent to vote, something not necessary for Royal Assent. If that happens, Parliament could resume the following Monday, prorogue on the Monday or Tuesday, and then commence a new session.

Honourable senators can follow the progress of the Crow bill in the other place and work out their own timetables.

There would appear to be no reason for us to sit any earlier than Tuesday of next week, since we do not anticipate receiving the bill before then. We may, however, receive other bills, although I believe that we have received all of the bills that we are likely to receive and that members of the other place will devote all of their time to debating the Crow bill. If further bills reach us we shall endeavour to see that they receive Royal Assent before we proceed to prorogation.

So, the proposed schedule means that there is the likelihood of our sitting some extended hours next week. If honourable senators have any questions, I shall be pleased to answer them.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, to confuse the issue further, there is another possible scenario, namely, that the other place may not make good progress next week. It might decide to adjourn next Friday and reconvene the following Monday. I believe that under their rules the government may ask for that if it is deemed necessary.

Senator Frith: They will have to get unanimous consent.

Senator Roblin: To say that the future is murky is to describe it accurately. We just do not know what is likely to happen. I suspect that we shall be asked to sit on the Friday and Saturday in order to dispose of the bill before the end of next week. So far as we on this side of the house are concerned, we shall be pleased to do so, because while we would like to have a full debate, we do not wish to delay the proceedings unnecessarily. However, I must underline the fact that in the other place the bill is receiving substantial amendments, some of which are of great importance. Those amendments must surely be examined by a committee of this house. If there is any thought that we can deal with the second reading stage and then proceed to third reading without the committee stage, I would not regard that as being probable, because the nature of the amendments being discussed in the other place is such that they will certainly have to be examined by our committee. We might even require witnesses.

That is a complication to which I draw honourable senators' attention because, with all the good will in the world to have the legislation dealt with expeditiously, we should not deprive ourselves of the possibility of examining those amendments with care and discretion.

• (1420)

Senator Frith: I agree with Senator Roblin on his points on the uncertainty of the situation. I also agree with him on the fact that in our discussions we never considered whether or not bills would be referred to committees and that in discussing extended hours we must allocate some time for committee study of bills where the Senate considers it appropriate.

Senator Roblin: There is one other point that we might consider. As it is agreed that the earliest we will probably get this bill is 6 p.m. next Tuesday, why is the Senate not to adjourn until 8 p.m., instead of 2 p.m., next Tuesday? We shall be spinning our wheels all afternoon, unless there is more committee work than I am aware of.

Senator Frith: Honourable senators, I thought of that and I would prefer that we sit at 2 p.m. simply because there is the

possibility that we will receive the bill at 6 p.m. We can by then have disposed of Question Period and any additional bills, such as second reading of the bill we have just received, C-152, and third reading of others, and adjourn at 6 p.m. knowing that we would be getting the Crow bill on resuming at 8 p.m. That is the reason I prefer 2 p.m.

Senator Roblin: I see my honourable friend's point well enough, but I think that we are sufficiently skillful in organizing our business to accommodate the agenda he has announced, even if we meet at 8 p.m. on Tuesday.

Hon. Frederick W. Rowe: Honourable senators, on the point of meeting on Tuesday afternoon as opposed to Tuesday evening, what I am about to say perhaps does not need to be drawn to the attention of Senator Frith, but it needs reconsideration.

For a number of senators from the east the only flight in order to be here for a 2 p.m. sitting is the one departing at the unearthly hour of 6.20 a.m., which means that one must be up at 4.30 a.m., or thereabouts, in order to get to the airport in time. Most senators have found that when this happens they are more or less stymied for the rest of the day. Perhaps it is not a strong reason, but it is certainly something to be considered. If it is at all possible to change the afternoon sitting to an evening sitting, it will benefit a number of senators from the eastern part of Canada.

Senator Frith: Honourable senators, I understand the imposition explained by Senator Rowe. However, I remind honourable senators that if we want to get a good start on the Crow bill on Tuesday, in the event that we get it, if we sit at 8 p.m. we will begin with second reading of the government organization bill, third reading of three other bills, and Question Period, and it will be 10 p.m. before we get to the Crow. I want to have the afternoon sitting to get other items on the Order Paper out of the way so that we can deal with the Crow bill in the evening.

Senator Rowe: May I say on that point that I am sure all honourable senators concerned would be only too happy to co-operate in this particular case? However, what I was just saying a moment ago was meant to be of more general application rather than in relationship to this specific situation. Perhaps the Crow bill is a specific instance where it would benefit us to meet in the afternoon rather than in the evening.

Hon. Henry D. Hicks: Honourable senators, I have a specific observation to make. If the—to use the word of the Deputy Leader of the Government in the Senate—"scenario" which he envisaged would result in concluding our debate and Royal Assent at 6 p.m. on Friday, November 4, it would be fine. However, he has also said, as an alternative, that we might have to continue to debate the matter until Saturday. It is quite evident that if we did that we could not arrange Royal Assent until Parliament resumed on November 14. It seems to me that we might just as well take that into consideration and come back and deal with it on November 14. It seems to me that there is no point in debating this matter on Saturday, November 5, when there is no possibility of Royal Assent for a week or ten days therefrom.

Senator Frith: Honourable senators, all I can say to that is let us wait and see.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am bound to advise that Senator Olson is away this week on public business. I believe I mentioned that on Tuesday last. I have also been told that Senator Austin will be unable to be here today for Question Period for the same reason. I was not so told regarding Senator Argue; however, I can assume that he is engaged on urgent public business as well. We all know that if that were not the case he would not absent himself from this place during Question Period.

STANDING RULES AND ORDERS

MEETINGS OF COMMITTEE

Hon. John M. Godfrey: Honourable senators, since the ministers are not here I would like to start the proceedings by asking a question of the Chairman of the Standing Committee on Standing Rules and Orders. In the course of a speech I made on October 20, 1983, with respect to the fifth report of the committee, Senator McElman rose on a point of order. He said this:

> I draw the attention of the honourable senator to the fact that there are rules that apply to the discussion that is now taking place. One is that those meetings are held *in camera*. There is also a prohibition in our rules against discussions in this chamber of committee proceedings. Therefore, I would ask the honourable senator to observe those rules.

In reply to Senator McElman, I said:

> Honourable senators, I humbly apologize. I had completely overlooked that. I agree that I should not have repeated what was said in committee. I tender my apologies.

I was surprised with respect to the comment about prohibition in our rules against discussions in this chamnber of committee proceedings generally. I have since spoken to Senator McElman who said that he did not mean that; he was referring only to proceedings *in camera*. I was also wondering afterwards why the meetings of this particular committee were held *in camera*. I spoke to Senator Molson in that regard. As a

result of that conversation I would like to ask Senator Molson a question: Were these particular meetings held *in camera*?

Hon. Hartland de M. Molson: Honourable senators, the Standing Committee on Standing Rules and Orders does, in fact, sit *in camera* on many occasions. However, I do not think that whenever the committee sits that it automatically means that it is *in camera*. I think in order to sit *in camera* it must be specified.

As far as I can remember, whenever we are considering a report the committee very definitely meets *in camera*. My recollection is that we meet *in camera* when we so state. We did not go to this meeting with the knowledge that it was to be *in camera*.

Senator Godfrey: Honourable senators, Senator Molson has not answered my question. My question was: Was that particular meeting held *in camera*? That was the question I asked.

Senator Molson: Honourable senators, I have looked at the transcript of that meeting. I did not see in the transcript, or in the notice, mention of the fact that the meeting was *in camera*. Nevertheless, the nature of that particular meeting was such that had it been called to our attention I think we would have stated that the meeting was to be *in camera*.

Senator Godfrey: I only bring this matter up because there might have been some excuse for my overlooking the fact that the meeting was *in camera*. No motion was moved at that time for the proceedings to be *in camera*.

Hon. Charles McElman: Honourable senators, I would like to say that if I have done an injustice to Senator Godfrey, who is always so correct in what he does, I would certainly feel very badly about it.

I might add that my recollection is—and it too could be wrong—that the sign which is placed in the corridor outside the door of every committee room in the case of the Rules Committee reads: "*In camera*". I believe that is the case. In any event, it has been my understanding, wrong perhaps, that such meetings were always held *in camera* whether stated or not. I have attended the meetings of the Rules Committee since 1966, I believe. The meetings have always been treated as such and no member of the press or public is allowed into the committee room.

● (1430)

Senator Molson: Honourable senators, the points that have been made are valid but I think they need clarification, and perhaps some decision could be made upon them in the next two weeks. Certainly, when we are considering the rules of conduct in the Senate we do not want members of the press or strangers hearing our discussion as to what is proper and what is not. That is why there is a natural inference that a great deal of our proceedings would be *in camera*. Certainly, every time we have discussed the report, the proceedings have been *in camera*, but I would like to follow up on the points made by Senator McElman and check whether our signs say that they are. Furthermore, if it is our general understanding that they are *in camera*, we must ensure in the future, when the Notice of Meetings of Committees comes out, that it states the meeting is to be *in camera*.

Senator McElman: Perhaps I could add one further point to the discussion, and that is that the same convention, if you will, applies to the meetings of the Standing Senate Commitee on Internal Economy, Budgets and Administration. I have attended meetings of that committee since the mid-to-late 1960s, and have yet to recall an occasion when it was stated that the meeting was either *in camera* or not *in camera*. Certainly, the sign outside the door states that the meeting is *in camera* and convention requires that it be *in camera*. I would judge that it would require an actual order of the Senate or of the committee itself in order to hold a meeting that was not *in camera*. I would suggest to honourable senators, and particularly to the Chairman of the Standing Committee on Standing Rules and Orders, that if it is now proposed to hold a meeting of that committee to conduct business of the nature that the committee was then conducting, it would require a motion of that committee—or indeed of the Senate—to change that convention before an open meeting could be held.

Senator Molson: Honourable senators, I am very happy to hear the views expressed here today. As I said before, I think the points raised must be clarified. I am not sure that I have heard spelled out the convention that Senator McElman has mentioned. However, the point he is making is certainly a valid one and should be clarified.

Senator Godfrey: It has been drawn to my attention that Rule 73 specifically states:

> Members of the public may attend any meeting of a committee of the Senate, unless the committee otherwise orders.

I would suggest, therefore, that there must be a specific order that meetings be held *in camera*.

Senator Frith: What is your question, Senator Godfrey?

Senator Godfrey: I do not have a specific question. I am merely participating in the debate on this subject.

INDUSTRY

CAPE BRETON, NOVA SCOTIA—COAL—DONKIN MINE AND PRINCE MINE

Hon. John M. Macdonald: I have a question for the Deputy Leader of the Government in regard to a delayed answer which he gave on Tuesday last in response to a question asked by Senator Muir with respect to Donkin Mine and Prince Mine. In his reply, the deputy leader said:

> It is anticipated that this tunnel-boring machine will complete its driveage to the coal face by the fall of 1984. At that time, additional samples of the coal will be taken and, following the results of the testing and the marketability of the coal, a decision will be made on whether or not to develop a coal mine at this site.

Honourable senators, I may say that in Cape Breton it was understood that the decision had already been made in 1981 to develop a coal mine at this site, and it comes as quite a surprise for me to learn that such a decision has not yet been made. I would, therefore, ask the deputy leader to look into this further to establish just what has been done; what testing was carried out as to the extent of the coal field and the marketability of that coal before this decision was made in 1981.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Macdonald was good enough to give me notice of this question earlier so that I have had an opportunity to try to clarify what is meant by the word "decision" in the earlier answer. The information I have obtained is that, indeed as Senator Macdonald has said, a decision was made with reference to what was Phase I and Phase II, which involved a substantial amount of mining work and a substantial amount of funds.

That decision was for Phase I and Phase II. Before proceeding to Phase III, the information from Phases I and II has to be gathered, namely, the testing and marketability of the coal. If it turns out that the marketability and testing of the coal as a result of mining operations which have taken place to date does or does not justify the establishment of a mine at that location, then a further decision is definitely required to proceed or not, accordingly, to later phases.

I shall send a copy of *Debates of the Senate* to the corporations and to the minister responsible, and ask if I have accurately stated the situation. I will make a further statement after I have heard from them.

Senator Macdonald: At the same time perhaps the acting leader could refer the officials of those corporations and the minister to a news release issued by the Honourable Allan MacEachen dated February 6, 1981.

Senator Frith: I will see that the entire transcript of our discussion is sent.

NATIONAL REVENUE

INCOME TAX TREATMENT OF MEMBERS OF SYMPHONY ORCHESTRAS

Hon. John M. Godfrey: Honourable senators, I have a question for the Acting Leader of the Government, which he can take as notice.

The Department of National Revenue has recently ruled that the members of the Toronto Symphony Orchestra are to be considered as employees and not independent contractors. In the past, they were considered to be independent contractors and could deduct depreciation on their instruments and other items.

It also appears from press reports I have read that the members of the Montreal Symphony Orchestra are treated somewhat differently in that they are considered to be independent contractors, and can take advantage of depreciation, and so forth. I am told that that is because there are different terms in the two agreements.

The information I wish to receive from the Department of National Revenue is as to why there is a difference between the two agreements which results in the members of those two symphony orchestras being treated differently.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I shall attempt to obtain that information. I clearly understand the point of the question.

I shall also attempt to obtain that information from the Department of National Revenue and not simply refer the question to the minister because, as honourable senators may know, on such questions of interpretation the deputy minister is not strictly subject to the control of the minister.

VETERANS AFFAIRS

PENSIONERS' TRAINING

Question No. 112 on the Order Paper—By Hon. Jack Marshall:

> Are veterans still entitled to Pensioner's training and if so, how many are under training now and, if not, what is the status of the agency?

Reply by the Minister of Veterans Affairs

> Benefits are still available under the Pensioners Training Regulations for those eligible pensioners who by reason of their pensionable and in some cases non-pensionable disability can no longer carry out their normal occupation. Benefits are intended to allow the recipients to further their academic or vocational training.
>
> Two pensioners are receiving training under this program and at least four other cases are pending.

CANADIAN AVIATION SAFETY BOARD BILL

SECOND READING

The Senate resumed from Tuesday, October 25, 1983 the debate on the motion of Senator Steuart for the second reading of Bill C-163, an act to establish the Canadian Aviation Safety Board and to amend certain acts in consequence thereof.

Hon. Jack Marshall: Honourable senators, Senator Steuart very ably and in concise form outlined in his introduction of Bill C-1 63 its purpose and objective, namely, to establish the Canadian Aviation Safety Board, which will investigate and report on civil aircraft incidents and potentially hazardous situations.

I must say that one of the advantages of assuming the minor responsiblity of replying in a debate on a bill in this chamber is that it allows one to pay particular attention to the concept of a bill. Unlike Bill C-155, the Crow bill, this bill did not raise any controversial debate in the other place nor did it receive much attention. Undoubtedly, it is a very important bill which,

by the creation of a safety board, will aid in saving the lives of many.

● (1440)

It is unfortunate, however, that the bill took an undue length of time to reach the stage of second reading, but it should pass within a reasonable length of time after a committee study.

Honourable senators, I should like to digress for a moment and make an observation on parliamentary reform while following through, in capsule form, the history leading to the introduction of this bill and, it is hoped, its eventual passage.

The bill was introduced and given first reading in the other place on June 13, 1983. Second reading of the bill was moved two weeks later by the then Minister of Transport, but only three members participated in the debate. All three opposition members who spoke fully supported the bill and the only criticism, apart from a few minor political darts, involved chastising the minister for not having introduced the bill sooner.

The creation of an independent, multi-modal board for land, sea and air was inspired in 1967. However, it was not until approximately ten years later that the forerunner to this bill, Bill C-40, was introduced and eventually died on the Order Paper.

The commissioning of Mr. Justice Dubin, which resulted in his excellent report, finally started the action that produced the bill we have before us today—16 years later.

The point I want to make is that a bill hailed by one opposition member, Mr. Forrestall—who pushed for such legislation for years by saying, "This bill represents a giant step toward safety in Canadian skies."—took from 1982 to June 1983 to be tabled in the other place. It was debated, with no controversy—I stress that point—and was supported immediately by all parties. It took another four months to reach the report stage, third reading, and eventual introduction in this chamber.

With our pre-study, with the expert evidence given to us by the most efficient witnesses, and with a few days of clause-by-clause study, we will be able to have third reading, notwithstanding the fact that much of the leg work and the nitty-gritty details were looked after in the other place.

The point I should like to make is this. Why should the parliamentary process in the other place be so untidy and inefficient that it takes years to pass a bill which so affects the citizens of our country? I have the following question to ask the government: Which end of the building or which of the two chambers needs reform?

Honourable senators, Mr. Forrestall who introduced a multi-modal bill in the 1960s, when welcoming the legislation, said the following in the other place:

> I hope that it will provide the experience to form the basis of similar pieces of legislation dealing with maritime and surface transportation matters. To do anything less on our part would be irresponsible.

I agree with him. He went on to say that Mr. Justice Dubin, in recommending this step, suggested that similar legislation respecting the other two modes of transportation might produce the same type of thrust. He said that he did not want to wait another 12 years for similar legislation and did not see any reason why they could not establish immediately an independent body which would have that first responsibility in all areas.

Dealing with the particular details of the bill, the creation of a Canadian Aviation Safety Board will separate the government portion of the aviation safety system into two parts. The Department of Transport will make regulations, enforce them, and carry out the day-to-day supervision of the safety of aviation. The Canadian Aviation Safety Board will analyze the system, largely through the investigation of accidents and incidents. From its analysis, the Canadian Aviation Safety Board will make recommendations to the Department of Transport and others, and these recommendations will be made public. It is clear that this separation will remove any suspicion that accident investigations might be compromised if they become critical of the regulatory agency. That is a positive step.

Possibly even more important than the prevention of a situation where conflict of interest might exist is the creation of some new authorities. The Canadian Aviation Safety Board will be able to take some major steps toward accident prevention. The provision that will allow the board to protect the identity of those who report incidents, or near accidents, will bring forth new safety information before accidents occur. The sections of privilege that provide certain protection to cockpit voice recordings, air traffic control recordings, and witness statements seem to represent a careful balance among the interests of the investigators, the regulators, the police and the courts. They seem to provide enough protection to ensure information is forthcoming, while providing the justice system discretion in the disclosure of much of the privileged information.

Yesterday, members of the committee visited the laboratory at the Canadian Aviation Safety Bureau and we were really impressed with the capability that we have in Canada—something that should be broadcast across the country—of ensuring safety and with the inspections they do of critical parts of airplanes.

The Canadian Aviation Safety Board is proposed as an open agency. It will have broad powers to investigate aviation safety problems, hold public hearings, and make its reports public. It may reconsider its findings at any time and will be obliged to do so if significant new information comes to light. It will not be a judicial or quasi-judicial body, and it will not apportion blame. It will investigate; it will determine contributing factors and causes of safety problems; and it will make recommendations for their correction.

The bill brings together the interests of many groups. This was shown by the many groups who appeared before the committee. It can probably be criticized by any of those groups because particular interests are not reflected strongly enough. The pilots may argue that the protection of cockpit

voice recordings is not sufficient. The courts and coroners may feel their interest could be better reflected. The legal community may see defects from its point of view, and even the safety investigators may feel their powers should be stronger. The general, widespread support for the bill, combined with some feelings of the interested groups that their interests could be reflected more strongly, tells us a great deal. It tells us that this is good legislation; it is wanted by the public and the aviation industry. It also tells us that compromises, which give fair and balanced consideration to various interests, have been made and that no interest dominates the tone of the bill, save one—the interest in advancing aviation safety in Canada.

I hope that all members of this committee will agree with the importance of ensuring the safety of aviation in Canada. I am convinced that Bill C-163, which is to establish the Canadian Aviation Safety Board, is a vital element in the improvement of aviation safety. I recommend that it be referred to committee for clause-by-clause study.

Hon. D. G. Steuart: Honourable senators—

The Hon. the Acting Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Steuart speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Steuart: Honourable senators, I agree with what Senator Marshall has said. Today, in committee, we received representations from the Canadian Bar Association who, for some strange reason, had not made their objections to this bill known to the House of Commons committee. However, in general, as Senator Marshall has pointed out, they wanted to see the bill passed, although they would like some amendments to be made to it. It was suggested by officials of the department that, since this is a new body, many of the things they suggested might be incorporated in regulations when the board is set up. Certainly, the general feeling on all sides is that the legislation is a great step forward, and we will endeavour to have it passed as soon as possible.

Senator Marshall: Honourable senators, I rise on a point of order. Senator Langlois is not present in the chamber at the moment and he asked me to mention that we shall be meeting at 8 p.m. on Tuesday for clause-by-clause study.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Steuart moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

• (1450)

BRETTON WOODS AGREEMENT ACT

BILL TO AMEND (NO. 2)—SECOND READING

The Senate resumed from Tuesday, October 25, the debate on the motion of Senator Barrow for the second reading of Bill C-168, to amend the Bretton Woods Agreement Act (No. 2).

[Senator Marshall.]

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, although I cannot present myself as an expert in international finance, from what little I know about the subject, I recommend this bill to the chamber and intend to vote for it.

It is called a bill to amend the Bretton Woods Agreement Act, but, to me, it is really a bill to strengthen the International Monetary Fund because the main thrust of the bill is to increase Canada's support for the International Monetary Fund by about 46 per cent—that is, almost 50 per cent—over the level of support at the present time.

A very ingenious method of financing has been evolved for this kind of governmental support for the IMF whereby the cash draw is relatively small, 25 per cent. "Relative" is a good word because, in my opinion, $300 million is not small in any sense. The remainder is financed by a non-interest-bearing note. Pretty neat!

I am not exactly sure where the liability shows on the books of the country for the contingent liability of 75 per cent of the total amount. The mover of the bill might satisfy my curiosity on that point when he speaks.

I support the bill because I think it very important that the International Monetary Fund should be seen to have the support of Canada, not only in the figurative sense but in an actual sense as well. That institution today is the main bulwark of the international financing system.

Everyone knows that many countries have enormous international debts, some of which are not easily repaid. In fact, in some instances the interest alone is not easily repaid. The International Monetary Fund has the responsibility of trying to provide a lead for sorting out the bad debts of the world, so to speak, and put them on a basis within which we can hope for an orderly liquidation of the position. I am not optimistic that, in many cases, these debts will be repaid in my lifetime, but if they can be kept in good standing in the books of the financial organizations of the world, that would be a good thing.

One thing that bothers me about this whole transaction is that some of the private lenders seem to be asking for rates of interest on the new loans they are making, along with the International Monetary Fund, which really reflect the risk they are being asked to accept in this connection. In normal circumstances, that would be quite understandable, but, as the banking system as a whole has some responsibility for the problems we are facing and has secured good rates of return on previous loans to the countries now in difficulty, it seems to me rather questionable that they should continue to ask for rates which do not take into account the realities of the situation and, thus, make it all the more difficult for debtor countries to meet their obligations.

As I began by saying that I am not an expert in international finance, I warn the chamber that my opinions on this subject may be entirely uninformed. However, I cannot help but observe that the international banking system has a considerable responsibility to respond to the leadership of the IMF

and to help maintain the creditworthiness of the nations of the world that need help.

In my opinion, this bill is a definite vote of confidence in the International Monetary Fund. It provides a very considerable increase in the resources of that fund; and that is a good thing to do. The fund is pretty tough sometimes—and, I am inclined to think, too tough in some instances. That may result in social problems in the countries concerned, but it is trying to do its best and, on the whole, it is doing a good job.

I think the request of the government that the Parliament of Canada should second the efforts of the International Monetary Fund by authorizing this increase in our support to that institution is justified and should be supported.

Hon. A. Irvine Barrow: Honourable senators—

The Hon. the Acting Speaker: I have to inform the Senate that if the Honourable Senator Barrow speaks now his speech will have the effect of closing the debate on the motion for the second reading of Bill C-168.

Senator Barrow: Honourable senators, I thank Senator Roblin for his remarks on second reading of this bill. I must admit that I do not know where these reserves are shown in the financial accounts of the government. I understand that these transactions will affect the composition of our reserves but that, in total, they will be unchanged.

That is the only comment I wish to make on Senator Roblin's remarks.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Senator Roblin: Honourable senators, on the point of order that is being raised here, would it be advisable to have the Standing Senate Committee on Banking, Trade and Commerce take a quick look at this bill? In view of the program that was outlined in the chamber earlier today, I believe we have time to do so.

Hearing from a witness who understands the full workings of this financial system and who can deal with the questions I have raised and some others that might be addressed to him, would give me an opportunity to complete my education on the subject.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have no objection, if the committee chairman and, of course, Senator Roblin, who is a member of that committee, feel that they have the time to do it, in view of the schedule we have discussed.

I hope honourable senators will take into account the fact that we shall be required to "man" the house, in a non-generic sense. Perhaps I should say "person" the house.

The Standing Senate Committee on Transport and Communications will be meeting, but, apart from that, I see no reason why the Banking, Trade and Commerce Committee should not also sit.

Senator Barrow: I have no objection to having this bill referred to the Standing Senate Committee on Banking, Trade and Commerce, and I so move.

Motion agreed to.

CANADA ELECTIONS ACT

BILL TO AMEND (NO. 3)—SECOND READING

The Senate resumed from Tuesday, October 25, the debate on the motion of Senator Frith for the second reading of Bill C-169, to amend the Canada Elections Act (No. 3).

Hon. Lowell Murray: Honourable senators, this is the third occasion during the present Parliament on which I have spoken to amendments to the Canada Elections Act.

I and other senators have urged the three parties represented in the other place to complete their study of the act and to address, with legislation, precisely the problems addressed in this bill. Therefore, I am happy and relieved to see Bill C-169 before us.

I am also relieved of the necessity for making a very long speech because of the excellent presentation of the Deputy Leader of the Government who sponsored this bill on Tuesday last.

My party supports the bill. We will co-operate in its swift passage through this house. Indeed, there may even be some urgency in regard to it. I could not help but note in the Gallup Poll published today that the Liberal Party has increased its standing from 23 per cent to 26 per cent. With such a dramatic increase in their support and with such startling momentum behind them, I am encouraged to think that they may be encouraged to believe that their prospects will never be better and that they should go to the people as soon as possible.

• (1500)

Hon. Royce Frith (Acting Leader of the Government): Don't hold your breath.

Senator Murray: Honourable senators, without these amendments there would be very serious constraints placed upon the ability of our parties and our candidates to wage effective campaigns at the next general election. Take, for example, the national campaigns of our political parties. In 1980, the legal spending limit of our national parties was approximately $4.5 million. Because these spending limits are based on the number of voters on the preliminary list of electors, the limit in a 1984 election, without these amendments, would be approximately $4.9 million, an increase of only 8 per cent. It will be obvious to all honourable senators that between 1980 and 1984 the cost of running a national campaign will have increased by far more than 8 per cent. A national media campaign—one involving television, radio,

newspapers and a bit of outdoor advertising—such as that which cost my party some $2.6 million in 1980 would cost some $3.7 million in 1984, an increase of over 40 per cent. In 1980, the travel costs of the Progressive Conservative Party—that is to say, the cost of the travel of the national leader and of other spokesmen for the national party—came to approximately $639,000. I have no doubt that a good 40 per cent would have to be added to that amount in order to run the same tour for the leader and the national party campaigners in 1984.

I am sure that there is an obvious need to increase the spending limit for the national campaigns. The formula agreed upon and incorporated in this bill has the effect of raising the spending limit by some 30 per cent. This is not at all excessive, in view of the inflation that we have known in this country since 1980. Indeed, while I do not have the statistics in front of me, I think I can say with some confidence that the cost of media advertising, and certainly the cost of air travel, will probably have increased faster than has the consumer price index, in general.

This bill also raises the legal limits on spending by candidates. The formula remains the same, but the bill will index the spending limit to the consumer price index, going back to 1981. I can underline to honourable senators the need for this amendment by describing what the situation would be if this amendment were not passed in two ridings that I have examined. Take, for example, the constituency of Brampton-Georgetown near Toronto. The spending limit of candidates in that constituency, in 1980, was some $33,000. Without this amendment, the spending limit in a 1984 general election in Brampton-Georgetown would be approximately $40,000. The same campaign which cost the Progessive Conservative candidate $32,000 in 1980 would, however, cost some $44,000 in 1984. It can be seen that, without this amendment, if the candidate tried to run the same campaign he would spend 112 per cent of the legal limit.

Take, as the next example, the constituency of Kamloops-Shuswap in the interior of British Columbia. The spending limit in 1980 was approximately $28,000. Without this amendment, the spending limit in a 1984 general election in this constituency would be $31,000. However, the same campaign that cost the Progressive Conservative candidate $22,000 in 1980 would cost over $31,000 in 1984. Without the amendments to this bill, if the candidate ran the same campaign in 1984 that he ran in 1980 it would cost him 102 per cent of his spending limit.

The amendment which would limit the reimbursement to candidates to a maximum of 50 per cent of their allowable expenses also makes good sense, in my opinion. The reimbursement has been based upon the cost of a first class mailing. Because of the large increase in postal rates in this country in recent years, candidates in some constituencies would, without this amendment, be reimbursed close to 100 per cent of their allowable expenses. Again, I can refer to the two constituencies I have examined. In Brampton-Georgetown, the reimbursement was some $19,000 in 1980. Without this amendment, the reimbursement would be some $38,000 in 1984, which is very close to the spending limit of $40,000.

In Kamloops-Shuswap, in 1980, the Progressive Conservative candidate was reimbursed some $14,000. Without this amendment, his reimbursement in 1984 would be $25,000, which is, again, quite close to the allowable spending limit of $31,000.

With regard to the reimbursement to national parties, I am very happy that a new formula has been found. Previously, as honourable senators know, the national parties were reimbursed 50 per cent of the cost of their broadcasting time. Under the proposed amendment, the parties will receive 22.5 per cent of their election expenses. This means that all parties will be treated equally. It also means, however, that we are removing an artificial constraint on the allocation of campaign funds by party strategists. I am very pleased with this.

For the record, I should say that this change will not enrich the political parties very much. They will not be much better off, financially, under the new formula. Without this change, and assuming that in a 1984 campaign the Progressive Conservatives, the Liberals and the New Democrats each spent an amount on electronic media equal to the average of their expenditures on that item in the 1979 and 1980 campaigns, the Conservatives would be reimbursed an amount equal to 21.5 per cent of their total expenses, the Liberals would be reimbursed an amount equal to 21 per cent of their total expenses, and the NDP would be reimbursed an amount equal to 22.5 per cent of their total expenses. This change, therefore, as I have said, does not make the national parties any better off financially, but it does make the system fairer. It removes an anomaly, a constraint, that existed on the allocation of campaign funds.

Finally, with regard to special interest group spending during campaigns, I entirely support the spirit of the proposed amendments. Under these proposed amendments, the special interest group can only incur expenses to promote a candidate or a party if it has the consent of that party or candidate, in which case the party or candidate would have to include those costs as an election expense. That, it seems to me, is only fair. After all, parties and candidates are limited in the amounts they can spend. Their advertising, for example, is limited to a 28-day period during a 50 to 55-day campaign. It seems to me to be unfair that individuals or groups other than political parties should be free to do what parties and candidates cannot do during a campaign. Therefore, in my view, these amendments represent a step in the right direction. They will not eliminate entirely—they will not eliminate at all—the ability that special groups have, by virtue of the expenditure of huge amounts of money, to force their issues on public attention during a writ period, and their ability to distract the campaign even while not explicitly promoting a particular candidate or party.

Federal election campaigns last 50 to 55 days, and, in my view, it is right and in the interests of the democratic process to allow the parties and the candidates to articulate their priorities and national policies, and to seek the support of the

people, as free as possible of interference from special lobbies. During that brief period, it seems to me to be not unreasonable to take some steps to ensure that the grinding of axes does not drown out proper dialogue between the parties, the candidates and the electors.

● (1510)

Notwithstanding the amendments to which I have just referred, we shall have to continue to be extremely alert to these dangers. On the previous occasions when I and my colleagues spoke to the Canada Elections Act, we made other suggestions for reform and amendment which are not contained in the present bill. I again urge the government, on behalf of myself and my colleagues, to give some thought to those matters. In particular, I suggest that those responsible will profit from reading the speech of my colleague, Senator Macdonald, of Wednesday, May 26, 1982, in which he referred to a number of matters, including the simplification of proxy voting, which is an important subject that should be considered soon by the government and by the *ad hoc* committee of the various parties.

With those few words, I support the bill and will vote for it, and my party is happy to co-operate in its passage through this house.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Frith: I, together with other honourable senators, have benefited from this legislation having passed the experienced and critical eye of Senator Murray. His optique on several of the clauses in the bill was most helpful and edifying. I support everything he said, and by way of adding something to the force and logic of his submissions on the point dealing with the limits, may I say that in some cases—for example, in York-Scarborough—the reimbursement would exceed the amount that could actually be spent under the legislation.

I also wish to add something for the record in reply to some of the questions that were raised.

[*Translation*]

Yesterday, Senator Deschatelets asked two questions. First:

> Is there anything in the Bill that would prevent a new political organization—the Quebec Nationalist Party, for instance—from having the same advantages as other parties?

Further to the details I gave yesterday, the answer is as follows: No, not at all, because this Bill does not change in any way the rules governing the registration of political parties. The Nationalist Party—or even the Rhinocéros Party—will have the same advantages as any other party, namely a refund of 22.5 per cent of election expenses, provided they are not less than 10 per cent of the limit on that party's election expenses.

In addition, any registered party may hold fund-raising campaigns and issue receipts for income tax deductions.

Here is Senator Deschatelets' second question:

> Does the Bill close the door to other political parties that might be formed for the next election?

Here is the answer: No, as I said before, this Bill has no effect on the rules governing the registration of political parties. Therefore, in accordance with the existing rules, any group seeking recognition as a political party must abide by the provisions of Section 13 of the Canada Elections Act, which include filing an application for registration with the Chief Electoral Officer and running official candidates in fifty ridings at the following general election.

So, any group that wants to form a political party has only to file the required documents and run a minimum of fifty candidates.

Here is the third question:

> Does the Bill contain a definition of "political party"?

No, there is no such definition in the Bill. There is, however, such a definition in Section 13 of the Canada Elections Act.

In conclusion, I should like to state that the contents of the articles published recently in French newspapers following certain statements made by Mr. Léger are not only inaccurate but altogether erroneous. The amendments before us were proposed in the 1979 and 1980 statutory reports of the Chief Electoral Officer and have been the subject of public discussions ever since. None of them prevents the establishment of new parties, quite the contrary!

Motion agreed to and bill read second time.

Hon. Royce Frith (Acting Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

● (1520)

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—CONSIDERATION OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER—DEBATE ADJOURNED

The Senate resumed from Tuesday, October 25, 1983, consideration of the Report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of the Constitution Amendment Proclamation, 1983, which was tabled on Thursday, October 13, 1983.

Hon. Arthur Tremblay: Honourable senators, it may be a fortunate or a strange coincidence that like Senator Murray, who announced our agreement on a measure concerning the Canada Elections Act, I wish to announce that we shall be joining our other colleagues in adopting the resolution before the Senate on a constitutional amendment.

I can only conclude that our federal institutions are in fine fettle, both from the point of view of the electoral process and their progress in our federation.

That being said, I want to point out first of all, and I believe I just made this clear, that the purpose of my comments will not be to register or demonstrate dissent with respect to the proposal before this House today, or the report of the Committee on Legal and Constitutional Affairs presented by Senator Neiman last week.

Therefore, my comments will chiefly concern, not the substance of this measure, but the procedure followed to develop the Constitutional amendments we are being asked to consider and which will finally lead to their implementation.

These are the first constitutional amendments we have been asked to adopt since patriation of the Constitution in 1982. I feel we should have an exchange of views on the procedure being followed, so that at this experimental stage, as it were, of the new Constitution Act, 1982, we can develop and establish mechanisms and practices that will be compatible as much as possible with our federalism and federal institutions.

The Committee's report stresses that the proposed amendment to the Constitution Act, 1982, which the Senate is now considering, flows from the Accord signed at the Constitutional Conference of March 15 and 16, 1983, in Ottawa. I am not questioning the accuracy of the report's statement.

Nevertheless, I feel that some distinctions must be made according to the kind of amendments being proposed.

There are, in fact, two categories of amendment. There are amendments aimed at guaranteeing that further constitutional conferences will be held on the issue of native rights.

There are also amendments that are concerned either with the substance of those rights or with identifying the persons or groups to which those rights will apply. Both types of amendments flow from one Accord, that is, they all have their origin in the Accord.

However, concerning substantive amendments which expand the concept of rights protected under the Constitution, to include, and I quote:

> Rights or freedoms that now exist by way of land claims agreements or may be so acquired . . .

That is the end of the first part of the quote. There are also those guaranteeing

> —aboriginal and treaty rights equally to male and female persons.

These substantive amendments may be said to flow from the 1983 Conference, the negotiations that followed and the resulting agreement. However, the amendments concerning future constitutional conferences may be said to arise from a provision of the Constitution Act, 1982, which I have always found paradoxical.

I am referring to Section 54, Part IV of the Constitution Act, 1982, that provides for a constitutional conference, and I quote:

> Part IV is repealed a year after the effective date of the present Part and this section may be repealed and this Act may be renumbered, consequential upon the repeal of those parts and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

It was to be expected in 1982 that a single conference would not be sufficient to settle the problems that were mandatory items on the agenda of the scheduled conference, and I am referring to the determination and definition of native rights.

The fact that not all these problems were resolved at the Conference in March 1983, automatically led to a Constitutional amendment that would guarantee in the Constitution that further conferences would be held on the subject. There was nothing to negotiate; it flowed more or less automatically from Section 54 of the 1982 Act, which I have always found rather odd. I fail to see why, at that point, it was not decided to institutionalize the Constitutional Conference on a more or less temporary basis. Fortunately, Section 5 of the Resolution now proposes to amend the Constitution Act, 1982, as follows, and I quote:

> The said Act is further amended by adding thereto, immediately after Section 54 thereof, the following section: "54.1 Part IV.1 and this section are repealed on April 18, 1987."

I would like to point out a small technical detail. Section 54 has not been replaced. Section 54(1) has been added, and the old Section 54 remains in the text, although it no longer has any significance. To the ordinary reader, this seems rather bizarre. Section 54(1) arises from the same concept as the old section. It provides that it will be repealed on a given date, namely April 18, 1987, with Part IV as it applies to constitutional conferences on the matter of native rights.

What are we going to do if further conferences of the same kind are scheduled after this date? Shall we go on adding further sections providing for further constitutional conferences, and so piling section upon section? Surely this is a curious kind of legislative editing!

Incidentally, to refer to considerations more significant than that legal technicality, there is another question which comes up and which bears on the contents, namely the agenda of the conferences. In the old Part IV, it was provided:

> (*a*) The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

In the corresponding subsection of new Part IV.1, which is tacked on to the old one—if I may use that expression—which is still part of the text, the words "including the identification and definition of the rights of those peoples to be included in the Constitution of Canada" have vanished. Those words have been taken out of the new version. Why such a change? Of course, the meaning of the two texts may very well be the same. The expression "constitutional matters" may have a wide connotation, particularly in the 1982 version which was

perhaps nothing more than an explanation of sorts. There is a legislative axiom to the effect that the legislator does not do anything without reason. That being so, some people will indeed wonder why it was decided to do away with the specific reference to the identification and definition of the rights of the aboriginal peoples to be included in the Constitution of Canada.

I just happened to meet some of the representatives of the aboriginal groups and I did ask them why this specific reference to the definition of the rights of aboriginal peoples had been taken out. It would seem that many other issues could be raised at those conferences. They did confirm to me that, in their opinion, there was indeed a much wider scope. Still, whatever speculations can be made about their origin or the questions that can be raised in that respect, all the amendments have one thing in common: they stem from the March 15, 1983 agreement.

I think that two points can be made in that respect. First, about the signatories to the agreement, second about the more or less urgent decision-making nature of the agreement. With respect to the "signatories to the agreement", it must be recalled that not only the first ministers—except the Premier of Quebec, but that was nothing more than an incident—but also the representatives of the aboriginal peoples signed the agreement. This is a significant gain for the representatives of the native peoples of Canada, as defined by section 35(2) of the Constitution Act of 1982, namely the Indians, Inuits and Metis of Canada.

What was guaranteed by the Constitutional Act of 1982, and what is still guaranteed to the representatives of the native peoples by this resolution is that they are invited to take part in any discussion of constitutional matters that directly concern them at the conferences during which such issues are on the agenda. At the last conference those representatives were parties to the agreement. The draft Resolution was subsequently put before the Canadian legislatures, both provincial and federal. This, in my opinion, is a precedent that goes well beyond whatever is guaranteed by the Constitutional Act. It goes as far as recognizing in the facts that there must be not just the participation of the representatives of the native peoples in the discussions, but also their acceptance of possible changes to the Constitution, where such amendments deal with matters of direct concern to them. Again, this is a significant gain for the native peoples although as yet they have received very little attention. But their representatives certainly have taken good note of them.

In a paradoxical way, the signing by both parties of the March 1983 Agreement has somehow developed a new definition of two Canadas: the Canada of the Premiers on the one hand, and the Canada of the native peoples on the other, both being considered as collective parties. This unprecedented event must be emphasized, not to be questioned but to be clearly realized. There will be other conferences and other issues of a more complex nature than those actually considered during the March Conference will have to be dealt with, and agreements will have to be reached. This is the point I would like to make. I would not put that much emphasis on the implications of the March 1983 Agreement if it were not binding in nature. By raising the issue, we come upon a problem of a much more general nature, as the Committee has found out; some witnesses were under the impression that the amendment proposal should be adopted by the signatory governments before December 31, 1983.

Such is not the case. And I am still quoting from the report of the Committee.

Because the Agreement merely provides that the amendment should be tabled before the legislative bodies concerned before December 31st, since the Premiers cannot bind their respective Parliaments or Legislative Assemblies by an agreement or understanding requiring legislative sanction.

Let us put aside for the moment, in the passage I have just quoted, the question as to when the proposed constitutional amendments can be enacted. I shall come back to this later on. It seems to me that the problem concerns the fact that only Parliament and the legislatures are empowered to amend the Constitution.

How can Parliament and the legislatures exercise their exclusive jurisdiction when an agreement such as that of March 1983 is signed during a constitutional conference? How can we, as a specific entity, the Senate, which is part of Parliament, move amendments to a draft resolution which was the subject of an agreement, even if these amendments seem obvious and even if they are minor? I must point out in passing that there is at least the amendment dealing with the equality of sexes with regard to the recognition of native rights which does not reflect the views of most of the groups who appeared before the committee. If members of the Committee on Legal and Constitutional Affairs were to follow the views of the witnesses they heard and who, incidentally, had not had the opportunity to appear before the corresponding Committee of the House since the matter was disposed of very quickly in the Commons; there was if I am not mistaken, only one day when witnesses could be heard. Our own committee heard a much greater number of witnesses, and to say the very least, there was no consensus among the native groups as far as this substantive amendment we are asked to approve is concerned. My intention is not to question this amendment, but simply to point out the procedural problem.

This amendment was proposed following an agreement, but we can see that, substantively, the groups most directly concerned have certainly not reached a consensus which would perhaps be appropriate to mention in an amendment. Would we then be asking for the whole process which led to this constitutional amendment to start all over again?

We only have to ask these questions to see that there is a problem. The difficulty does not only relate to the present situation, but it will exist every time a constitutional amendment is proposed in the future, every time there is an agreement on a constitutional amendment between the various ministers or levels of government before it is introduced either in the Senate, in the Commons or in a legislature.

This would be a very good example of what Professor Smiley calls the "executive federalist".

This brings me to ask the following question: Is it necessary or even timely to have an official agreement at the intergovernment or executive level, every time a constitutional amendment is proposed, an agreement which freezes in a way the entire process afterwards and therefore the legislative process itself?

I feel that this is an important issue, and that this House could play a positive role in initiating, through its Standing Committee on Legal and Constitutional Affairs, a study on various alternatives to deal with constitutional amendments. I have no solution to the problem I have raised, to the dilemma which I hope I have brought out. However, this is a matter which this House itself could investigate. Nothing would prevent it from taking such action. Moreover, I think that it would do a great service to the Canadian federation if it undertook such a review that touches the very foundation of our system.

At this initial stage, we are getting used to the new sovereignty that we gained through patriation. At this stage in our constitutional development, it is important to establish some really valid procedures for the future, which is reason enough to give to this issue all the attention required.

And now—I am sorry to see that I have run over the 20 minute limit which I had set for myself. However, I will not be much longer now.

I now come to the issue which I brought up a while ago concerning the date on which the resolution before us could come into force.

I suggest it could not come into force before May 31, 1984 for the following reason:

First of all, the Canadian Constitution Act, 1982, states and I quote:

> A proclamation shall not be issued under subsection 38(1)—

That is the subsection which defines the necessary majority.

> —before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

The proclamation cannot take place within the first year unless each province has previously adopted a resolution of assent or dissent. What does that mean? It means that a mere abstention by a province is equivalent to a suspensive veto, for there is no room in this text for abstention, each province having to indicate its assent or dissent for the proclamation to take place within a year.

On this basis, I find that during the first year from the adoption of the resolution initiating the amendment procedure, an amendment to the Constitution could not be proclaimed unless—and I refer again to the previously quoted subsection—in this case, the legislative assembly of Nova Scotia adopted its resolution on May 31, 1983. It is therefore that date—there is another clause which provides that this action could have been initiated by the Senate, the House of Commons or a legislative assembly—which determines the beginning of the year during which the said proclamation cannot take place. Therefore the proclamation giving force to the resolution before us could not take place until June 1, 1984.

I put the question I just raised before the Committee, concerning the information obtained from the Department of Justice. Madam Chairman told me that the Department of Justice was not interpreting matters the same way, and that the proclamation could obtain as soon there is a majority as defined in this case by Section 38(1), as soon as seven provinces totalling 50 per cent of the population have agreed.

This is no doubt open to question. I am still convinced of my own interpretation; but since this is open to question. I would suggest that the Committee attempt to clarify the matter and that the problem be referred for consideration to the Standing Committee on Judicial and Constitutional Affairs. The Committee in this case will hear not only experts from the Department of Justice but also experts from outside the federal Public Service.

We have learned on the Special Joint Committee of 1980 that where legal matters were concerned the experts from the Department of Justice were not always right, and there some merit in obtaining the views of outside experts. On this specific item, this is what I would suggest, that the Committee broaden the pool of expertise it will be making use of.

This may be of significant importance politically, and I put politically between brackets because, as I found out on the Committee on Senate Reform, some of the witnesses, especially from the native groups, seem to be taking for granted that there will be a first Constitutional Conference next March.

If my reading is right the March Conference—and there is nothing to preclude it will be held —will not be the Constitutional Conference provided for in the resolution which we will be adopting; it will be a pre-constitutional conference. If unfortunately I happen to be right, the groups affected would have reason for concern.

To conclude these comments, honourable senators, they were intended as I said at the outset neither to question nor to delay the passing of the resolution now before us. Their only purpose is what I would call the apprenticeship of the Constitution Act of 1982.

It was in that frame of mind that I took it upon myself to make those few comments in this House. Whatever questions we may have about various issues, in the present circumstances we in this House have not much choice but to adopt this resolution without amendments.

In any event, there can be no argument about the need to convene more constitutional conferences with a view to identifying and drafting other constitutional amendments concerning the aboriginal peoples. The need is there.

As to the substantive amendments, I imagine that even if they may be ambiguous and fail to reflect the perception—or, at least, the opinions which are expressed by the groups directly involved -future conferences will lift the veil of uncertainty and there will be a good many more issues to clear up afterwards.

I willingly accept the conclusion and the recommendation of the report of the Committee on Legal and Constitutional Affairs. I will support the adoption of the proposed resolution.

Once again, it seems to me that at the stage where we are, this House has a kind of privileged responsibility to take a close look and see how things are made. When facing a dead end or other difficulties, we might be well advised to study the procedure—it may be nothing more than a question of procedure and people often underestimate the procedure—but in this case it is important.

● (1540)

We ought to make a deeper analysis and take the initiative so that the precedents which will be set this year and in the years to come will not be a strait jacket for our constitutional descendants, so to speak, but rather the instruments of the progress and the positive evolution of our federation.

On motion of Senator Frith, for Senator Neiman, debate adjourned.

[*English*]

FRESHWATER FISH MARKETING

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-149 WITHDRAWN

On the motion:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-149, intituled: "An Act to amend the Freshwater Fish Marketing Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I ask that Motion No. 2, standing in my name, be withdrawn because I do not see any need for it.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

BUSINESS OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have received a late bulletin indicating that the opposition parties in the other place are raising points of order so that Bill C-155 has not yet been called, and that if it is not called by six o'clock one of the three days we talked about earlier will have been washed out.

The Senate adjourned until Tuesday, November 1, 1983, at 2 p.m.

APPENDIX

(*See p. 6103.*)

TRANSPORT AND COMMUNICATIONS

REPORT OF STANDING SENATE COMMITTEE ON SUBJECT MATTER OF BILL C-163

Thursday, October 27, 1983

The Standing Senate Committee on Transport and Communications to which was referred the subject-matter of Bill C-163, intituled: "An Act to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof", has, in obedience to the Order of Reference of Tuesday, June 28, 1983, examined the subject-matter of the said Bill.

Your Committee also wishes to report that the Minister of Transport, the Honourable Lloyd Axworthy, appeared before the Committee and responded extensively to a substantial number of questions.

Your Committee received submissions from the Canadian Bar Association, Air and Space Law Section and Canadian Owners & Pilots Association, held four meetings and heard evidence from the following witnesses: from Transport Canada: Messrs. J. Wilkins, Associate Deputy Minister; B. Carr, policy analyst. From Aviation Safety Bureau (Transport Canada): Messrs. K. Johnson, Director; R. McLeod, Acting Chief, Aviation Safety Engineering; M. Vermij, Head of the Electrical Mechanical Analysis section. Mr. Mike Poole, Consultant Engineer. From Paterson, MacDougall, Barristers & Solicitors: Mr. D. Bruce MacDougall, Q.C. From The Air Transport Association of Canada: Messrs. G. Lindsay, Vice President Government Affairs and G. Capern, Senior Vice-President.

Your Committee also visited the Laboratory of the Air Safety Bureau located at the Ottawa International Airport. During this visit the Members of the Committee were shown the different sections of the Laboratory where they witnessed various experiments on projects undertaken by the Air Safety Bureau and discussed the Air Safety investigative process.

Your Committee, therefore, proposes to resume its study as soon as the Bill has been given second reading in the Senate and referred to this Committee.

Respectfully submitted,

LÉOPOLD LANGLOIS,
Chairman.

THE SENATE

Tuesday, November 1, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF SENATE WITHDRAWN

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 3.30 o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

If leave is granted, I will give an explanation of this motion.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, leave may be granted, but I am not so sure that I approve of the motion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, if Senator Roblin does not approve of the motion, then there has obviously been a breakdown in the hurried communications earlier this afternoon, because I thought he had consulted with the chairman of the committee and that 3.30 p.m. was a satisfactory time for the committee to meet. It was hoped that the committee could meet at 4 o'clock in order to consider the bill on the Bretton Woods Agreements. Senator Roblin pointed out that the Subcommittee on National Defence was also scheduled to meet at 4 o'clock. It will be remembered that Senator Roblin is a member of the Subcommittee on National Defence and that he has spoken on the Bretton Woods Agreements. That is why I felt that the scheduling of the committee meeting should be changed to 3.30. I realize that, if the Senate were sitting at that time, Senator Roblin would still face the problem of having to have someone replace him as Acting Leader of the Opposition. In any event, that is the explanation.

Senator Roblin: Honourable senators, although it is true that I would like to attend both of these committee meetings, that is not the reason why I have some views on the subject. We must consider the interests of the Senate rather than the convenience of any one person. I would agree with my honourable friend, however, that the original plan called for two committees to be meeting at the same time, and for one of them, namely, the Standing Senate Committee on Banking, Trade and Commerce, to be meeting even though the Senate might also be sitting. I appreciate the efforts that have been made by the chairman of the committee and by the leader of the house to separate the times at which the two committees will meet so that one meeting will begin at 3.30 and the other at 4 o'clock. However, the Banking Committee will still meet while the Senate is sitting. That is my objection to this arrangement.

What is even more curious is the fact that our program all day tomorrow seems remarkably light. There is practically nothing going on tomorrow afternoon. It is curious that we cannot arrange our affairs so that committees do not meet when the Senate is sitting and that, when they do meet, the times of meeting be separated whenever possible.

I suggest that we simply agree that the Banking Committee should meet at 3.30, provided that the Senate has risen, in which case we could probably, in a half an hour or so, dispose of whatever business is to be dealt with. The other committee could then meet at 4 o'clock. Perhaps that might be a practical way to get around this dilemma. I would urge my honourable friend not to ask us to authorize the meeting of any of these committees while the Senate is sitting, especially when tomorrow is almost a free day and all committee meetings could be scheduled for a time when the house is not sitting.

Senator Frith: Honourable senators, I agree with Senator Roblin when he says that we want to suit not just the convenience but also the availability of senators to attend these committee meetings. I want to propose a motion that will bring about that result. I invite Senator Barrow, the chairman of the committee, to speak if he wishes to add anything.

If, by 3.30, the Senate has risen, then it is merely a matter of giving notice that the committee will meet when the Senate rises, since we do not need a motion for a committee to meet when the Senate rises. I ask Senator Barrow if that is a possible solution, or whether he would rather schedule the committee meeting for tomorrow, as put forward by Senator Roblin.

Hon. A. Irvine Barrow: Honourable senators, I had made arrangements with the Director of the International Finance Division of the Finance Department to be here at 4 o'clock. I have just changed that time to 3.30. I think it would be more appropriate that the committee meet today at 3.30, or when the Senate rises.

Senator Frith: Honourable senators, since no authority is needed to schedule a committee meeting when the Senate rises, I will, with leave, withdraw the motion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: The motion is withdrawn.

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, November 3, 1983, at 2 o'clock in the afternoon.

He said: Honourable senators, perhaps I can express an attempt at understanding where we might be with reference to the famous Bill C-155. The progress of the debate on the Crow is, of course, well known to most honourable senators. Honourable senators will recall the situation there. Three days of debate were allocated, and one day of debate took place last week. Two days have been set aside for the report stage and one day for debate on third reading. No debate on the bill was held last Friday. I should correct myself. There was no debate on the bill last week. The bill was first called yesterday and debate took place. However, for procedural reasons that I have had explained to me—I believe I understand those reasons, but I would just as soon not attempt to explain here — the other place is not sitting today. That means that so far there has been only one day of debate. Tomorrow is Private Members' Day and it will be necessary to have unanimous consent before there can be debate tomorrow, which would make it the second of the three days allocated for debate. The sounds emanating from the other place are not those of harmonious consent.

• (1410)

Hon. C. William Doody: Is anyone giving any thought to Commons reform?

Senator Frith: I am sure someone is, but please don't ask me who it is at the moment. The other place could conceivably debate the bill on Thursday, for the second day of debate. For the vote on third reading to be held on Friday, unanimous consent would also be required. Under the rules of the house, a vote on a Friday is automatically put off until the Monday. Therefore, a vote on third reading on Friday would require unanimous consent.

The present arrangement is that the other place will not be sitting on Monday. From comments I have received from the other place, it seems unlikely that the Crow bill will be passed in the other place this week. If that is the case, then obviously it will not be passed next week unless unanimous consent is given in the Commons to sit next week—which would require amendment of their rules—and, therefore, in my view there would be no reason for us to sit next week. However, there is always the possibility that something will happen to alter the situation.

If we received the bill on Thursday evening, then we hoped to debate the bill that evening, all day Friday and perhaps on Saturday. However, it now looks as if such a schedule will no longer be necessary.

Senator Roblin and I discussed a schedule of Senate sittings for debating the bill. We were going to ask honourable senators to support that schedule, but it now seems likely that it will not be necessary.

Hon. Duff Roblin (Acting Leader of the Opposition): My honourable friend's analysis is apt and we can rationally assume that we shall not be receiving the Crow bill this week. Therefore debate on the bill will be left until after the forthcoming adjournment. I will not get into a discussion with him about the time allocation order that we are not now going to debate. I was not entirely in agreement with the terms set out and I would have suggested a lengthening of the proposed period. However, that is now not an issue and I shall not pursue it at the present time. It would appear that there is no likehood of Royal Assent before the house resumes on November 14.

Motion agreed to.

QUESTION PERIOD

[*English*]

INDUSTRY

PRATT AND WHITNEY CANADA INC.—PROPOSED GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I wish to direct a question to the Honourable Senator Austin. I am somewhat embarrassed since I am uncertain of my honourable friend's correct description. Can he expand a little on some of the items of news with respect to the government's proposal to assist Pratt and Whitney Canada Inc. with its research and development programs and other associated matters? I refer particularly to the financial relationship between the government and the company. In the press release there is a phrase that I believe covers this matter, namely, that all financial support for engine development projects will be repayable. But when I read the newspaper report on the subject, it says:

> The Government will get a basic 2 per cent royalty on engine sales beyond phased repayments of its contributions of taxpayer funds and geared to each individual program. Such repayments average 30 to 50 per cent of the original contributions, Mr. Lumley said.

Perhaps it is unfair to expect the minister to have the information at his fingertips, but I would like to know what the repayment arrangements are with respect to the Pratt and Whitney grants.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, the reason there is no designation for me in this regard is that I have no ministerial responsibility with respect to the announcement made by the Honourable Ed Lumley over the past week or so on the matter of Pratt and Whitney or, indeed, on the matter of Bell Helicopters. All I can do at this moment is take notice of the honourable

senator's question and perhaps the Leader of the Government in the Senate will respond or, if appropriate, I shall.

Senator Roblin: I thank Senator Austin for his reply.

On the same subject there is another reference that could bear further examination. In the same press release Mr. Lumley says that one of the advantages of this program is that it will increase Canadian content through specific plans to increase purchasing from present Canadian sources, to establish new suppliers in Canada and to develop small business sources of procurement.

I find nothing wrong with that, but can the minister tell me how it will affect established businesses in this industrial sector and, speaking as a senator from Red River, particularly such businesses in the city of Winnipeg? I would like to know the specific programs, how they will affect the aircraft industry in the city of Winnipeg in particular, and also how they will affect similar companies across the country.

Senator Austin: Honourable senators, I take notice of the question on the same terms as the previous question.

TRANSPORT

NEW BRUNSWICK—VIA RAIL SERVICE

Hon. Daniel Riley: Honourable senators, I address my question to the Acting Leader of the Government in the Senate. I am sure that I speak for thousands of New Brunswickers, particularly those in western New Brunswick and in the industrial city of Saint John, when I say that I was thunderstruck by the blazing headlines in this morning's *Citizen* which informed us that the government is stuck with the trains after the failure of the Amtrak deal. It appears that a deal was made in 1977 through VIA Rail and the government that Amtrak would purchase two LRC trains at a cost of about $9 million. It now appears that the American company, Amtrak, has reneged on the deal, and that VIA Rail is left with two LRC trains which are not adaptable to use on the Quebec-Windsor corridor. Now the Minister of Transport, Bombardier and others are trying, in vain, to find a buyer in some other country. It is all right to say that these trains were worth $9 million at the time, but the present price is around $12 million to $15 million, despite the fact that we were told, at the time the government cut off the *Atlantic* between Montreal and Saint John, they were doing it to save money.

● (1420)

Although not as awesome as the Maislin and Canadair investments, this is very serious as far as we in New Brunswick are concerned. How far would that $12 million to $15 million have gone to extend the operation of the all-important Atlantic railway service between Montreal and Halifax or, more particularly, between Montreal and Saint John?

I should like to ask the Acting Leader of the Government how soon we in New Brunswick can find out what this is all about. Who made the boo-boo? In light of what we were told over the past two years with respect to its being too expensive to operate the *Atlantic*, why is it that officials of VIA Rail, the Department of Transport, or whoever is responsible, are allowed to have sitting outside the Bombardier plant in Montreal two LRC trains at a cost to the taxpayers of $12 million to $15 million? I would like my questions answered soon.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with respect to how soon people in New Brunswick may find out what has taken place here, I can only assure Senator Riley that he will find out as soon as I can find out.

With respect to who made the boo-boo—I do not want it to be taken that one was made—we will no doubt find that out in the answer to the first question, as we will with regard to the senator's other question. I will obtain the information as soon as I can.

CANADA POST CORPORATION

AVAILABILITY OF AUDITED FINANCIAL STATEMENTS

Hon. Lowell Murray: Honourable senators, I notice in the third volume of the Public Accounts of Canada entitled "Financial Statements of Crown Corporations", at page 67 under the heading "Canada Post Corporation", the following comment:

> The audited financial statements for the years ended March 31, 1982 and 1983 were not available at date of printing.

My question for the Deputy Leader of the Government is: Why are these financial statements not available?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not know. I will try to find out.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would like to inquire as to why my honourable friend, Senator Argue, does not remain for Question Period. I have a question to ask him with respect to livestock. Since he is the nearest thing we have to a farmer on the front bench opposite, I am a little disappointed that he is not here to respond to my question.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I do not know whether he has left the chamber temporarily or not. I should say that Senator Olson is pretty near to being a farmer, too.

Hon. Lowell Murray: But he is not near to us.

Senator Frith: That was not the point. The point was that Senator Argue is the senator nearest to being a farmer. Senator Argue left without informing me why he left. Therefore, I shall have to take the question as notice.

Senator Roblin: I must admit that Senator Olson has some of the attributes of a farmer. However, the point is that neither of the ministers are here, so what good does that do?

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LIMITED—REVIEW OF OPERATIONS

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I am prepared to give a delayed answer which will take a minute or two. Perhaps Senator Argue, who has left his books on his desk, intends to return. If he returns before I have finished giving this answer, then Senator Roblin will be able to put his question.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Austin: Honourable senators, on October 20 Senator Nurgitz asked me two questions with respect to Canadair and two executive aircraft for which Canadair has legal and financial responsibility. I would like to answer those two questions at this time.

In June of this year, the officials of CDIC who have responsibility for Canadair Limited were informed that, sometime before, the president, Mr. Fred Kearns, had approved lease arrangements with respect to a Citation I and a Citation II. The purpose of these lease arrangements was to provide transportation for officers of Canadair and also for customers of Canadair in order that they could attend meetings or demonstrations in the ordinary course of business of Canadair.

Investigation showed, however, that the transaction of leasing involved employees of Canadair who were requested by the president, Mr. Kearns, to enter into arrangements for the purchase of the Citation I and the Citation II, and then, in turn, these employees were backed by leasing agreements with Canadair.

The investigation also showed that, for these leasing arrangements to be entered into, Canadair's own rules required approval by the board of directors. The board, however, never received notice of either of those transactions and, therefore, did not have the opportunity to consider them. I must therefore advise you that the two transactions constitute a violation of the corporation rules of Canadair and of the authority of the office of president of Canadair. I would point out, however, that in both cases the transactions were directed and made by employees of Canadair at the request of the president of Canadair and, accordingly, the investigation shows that those employees met with their requirements to give notice and to seek the approval of the corporation for those transactions.

Of the two contracts, one was a time payment and the nature of the arrangement was, "We will use your aircraft, and when we do we will reimburse you." The second contract, which was I believe a 40-month contract, remains valid and binding on Canadair and the company must live within the terms of that contract, save and except that Canadair has entered into arrangements with those employees that they will be held harmless but, on the other hand, will receive no gain or benefit from the existence of that contract. Therefore, in answer to your question regarding unjust enrichment, Senator Nurgitz, there certainly will be no benefit provided to those employees.

With respect to that 40-month lease, I would like to advise you that the lease terminates on December 15, 1984. Canadair has the right to purchase that aircraft at any time during the term of the lease for the principal amount then owing to the financing institution, plus $75,000 U.S., which represents costs incurred by the four senior employees of Canadair Inc.

With respect to the question on James B. Taylor, who was recently appointed chairman of Canadair Inc., the U.S. marketing subsidiary, I confirm that he is one of the four senior employees who owned the Citation I on the 40-month lease to Canadair. However, Mr. Taylor was not involved in the second arrangement. I should add that Mr. Taylor is a valued member of the Canadair organization and has agreed to be appointed chairman in place of his previous position of president and chief executive officer of Canadair Inc., the United States selling corporation. We are delighted that he will continue to assist us in marketing our product in the United States.

• (1430)

The transfer from the position of president to chairman is not as a result of the Citation contract, but as a result of management reorganization within Canadair.

As I have already stated, Mr. Taylor was requested by the president to engage in this leasing arrangement and did so under the authority of the president. It was not his role to inquire into whether the president had obtained the proper authority from the board of directors.

Hon. Nathan Nurgitz: My understanding of what Senator Austin has said is that the particular employees in question will not be permitted to earn or profit from any of the transactions. I suppose that that is from the point of view of disclosure.

The contract that will expire next December — some 13 months from now — is the contract that has been in existence for some 29 months. My question is: Could the minister tell us what interest was earned or what profit was gained by those employees for the first 29 months of what will turn out to be, in all likelihood, a substantial contract?

Senator Austin: Thank you for the opportunity of making the point clear. I am advised by CDIC officials that the present arrangement is that there will be no gain throughout the life of the contract; it will be on a stand-still basis, a no-gain, no-profit basis. The employees will not be exposed to any external liability, but will not benefit from having entered into the contract.

Senator Nurgitz: My point is that I am looking for the employees to be exposed to some external liability; I want them to repay the moneys they unjustly earned during the first 29 months of the contract. I want them to repay any moneys they earned from the initiation of the contract until they were caught.

Senator Austin: My understanding is that the arrangement now is that there will be no benefit to the employees whatever

from their engaging in this 40-month arrangement. I cannot advise you whether they have repaid any moneys at this moment. As I have just said, they will not benefit in any way over the 40 months of the lease contract.

I do object to the use of the word "caught". I am sure that it was not used advisedly. As I said, the authority for the arrangement was directed by the president, and those employees had no need in the ordinary course of the administration of that business to inquire into whether the president had, indeed, covered himself by getting authority from the board of directors.

Hon. Duff Roblin (Acting Leader of the Opposition): I should like to pursue that further because, in the ordinary course of operating a business, if certain activities require approval of the board of directors, then those who are paying the bills, those who are running the business side and the accounting, do not pay bills until a certificate of approval is received.

So, merely to say that the president gave the authority and no one did anything about it after that strikes me as being rather odd. Why did those who disbursed the moneys—who know the rules and regulations and know what levels of purchases can be approved by certain persons and what requires the approval of the board of directors and what does not—not use that knowledge to ensure that everything was in order?

Senator Austin: Apparently the president directed the disbursing officers of the corporation to make payments and provided written authority for them to do so. The executives of Canadair acted on the president's authority.

Senator Roblin: I am afraid that does not satisfy me because, if the rules of the game provide that the approval of certain offices or boards of directors is necessary, how can you say that we do not need to pay any attention to that if the president gives us written authority to do so. It seems to me that the overriding authority is the authority of the board and it is not good enough to say that the president ignored it. What about all the other people in the chain of payment? It seems to me that that is something that requires an explanation.

Senator Austin: I cannot give Senator Roblin more of an explanation than what the facts are. The president issued an authority for the payments. Officers of the company, under his authority, acted on his authority and the transactions took place. It is a rather good point as to why more than the president's authority was not required, but, clearly, it was not required. That event is a demonstration of what took place within Canadair and away from the view of the directors and, of course, led to the events which brought CDIC into its role as a controlling shareholder.

Senator Roblin: Obviously, I do not know all the facts. I do not wish to be judgmental with respect to third parties whose direct responsibilities are unknown to me. What strikes me out of the recital that the minister has given us is that these activities can take place with no penalty. All that you are asked to do is to return the money you should not have had and the people who authorized the things in an improper fashion, so far as I can tell, are allowed to—I am not even sure they are rebuked. Perhaps they are. As I said, I do not wish to be judgmental, because I am not sufficiently informed, but it does raise question marks in my mind as to whether people are accepting the responsibilities that are assigned to them in the proper way.

Senator Austin: I can only point out to Senator Roblin that the president is no longer at Canadair and some other officers of the corporation have also departed.

AGRICULTURE

NEW BRUNSWICK—LIVESTOCK INDUSTRY—ADJUSTMENT PROGRAMS

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board, but, since he has not returned to the chamber, I should like to direct my question to the Acting Leader of the Government in the Senate. What new adjustment programs is the government about to put into effect concerning the livestock industry in New Brunswick?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will take that question as notice and try to have an answer at our next sitting.

VETERANS AFFAIRS

COMPLEMENT OF DEPARTMENT

Question No. 114 on the Order Paper—**By Hon. Jack Marshall:**

1. What was the head office complement of the Department of Veterans Affairs as of 31 March, 1983?

2. Of the head office staff, how many are between the ages of (i) under 20, (ii) 20 and 30, (iii) 30 and 40, (iv) 40 and 50, (v) 50 and 60, and (vi) 60 and 70?

3. Of the staff, how many are veterans?

Reply by the Minister of Veterans Affairs:

1. Head Office Ottawa	798
Head Office Charlottetown	413
TOTAL	1,211

2.	Ottawa	Charlottetown	Total
Under 20	17	4	21
20 - 29	251	127	378
30 - 39	218	153	371
40 - 49	111	66	177

	Ottawa	Charlottetown	Total
50 - 59	139	52	191
60 - 70	62	11	73
	798	413	1,211

3. The information requested is not available. The personnel record of an employee may or may not indicate if the employee is a veteran.

CANADA ELECTIONS ACT

BILL TO AMEND (No. 3)—THIRD READING

Hon. Royce Frith (Acting Leader of the Government) moved the third reading of Bill C-169, to amend the Canada Elections Act (No. 3).

Motion agreed to and bill read third time and passed.

● (1440)

GOVERNMENT ORGANIZATION BILL, 1983

SECOND READING

Hon. Royce Frith (Acting Leader of the Government) moved the second reading of Bill C-152, respecting the organization of the Government of Canada and matters related or incidental thereto.

He said: Honourable senators, Bill C-152 seeks to establish new structures and mandates for those departments of government which deal with regional economic development, regional industrial expansion and external affairs, including international trade. The bill also makes some new provisions for parliamentary secretaries and provides for transitional and consequential arrangements arising from those changes.

Honourable senators will be aware of the importance of taking into account Canada's regional diversity when planning national economic development and the importance which this government has attached to encouraging the fullest possible growth in all regions of our country.

Over a decade ago, Parliament established a department totally devoted to regional economic expansion. As we all know, ministers responsible for that department have, since then, steadily devoted themselves to developing the economic potential of every corner of the country and especially the less developed regions so that all Canadians can contribute to our national prosperity.

The government has examined carefully the structures devoted to economic development and international trade and has drawn three main conclusions. The first is that regional economic development can no longer be considered a specialized activity under the sole authority of a single department but must now become a central concern of all of the government's economic agents. Let me quote the Prime Minister. In a press release of January 12, he said:

[*Translation*]

> Responsibility for regional economic development can no longer be left to a single department. I have instructed all Ministers operating in the field of economic development to reinforce departmental staff and programs in the regions. All Departments with a specifically economic orientation must take a more direct and more active part in regional economic development. Government reorganization is precisely concerned with this major objective.

[*English*]

Honourable senators, we need to mobilize the resources of all departments to achieve the economic development of all regions in Canada and especially those areas where the need is greatest. Each department in the economic sector must become, in a sense, the department of regional economic expansion for its own area of activity. The creation of a single industry department to serve the needs of secondary resource industries in all regions is key.

The second conclusion is that such a redistribution of regional responsibilities requires, at the same time, a capacity to co-ordinate the broad range of government activities in this area. It is, therefore, necessary to give a central place to regional economic concerns in the decision-making apparatus of government.

The third conclusion is that there must be a close link between economic growth in Canada and our international trade. The complexity of the modern international environment, in which political and economic relations are increasingly intertwined, and the necessity of ensuring optimum use of government resources devoted to international relations have called for a strengthening of government structures in that sector. I now turn, honourable senators, to the bill.

Part I of the bill gives the Department of External Affairs a new statutory base and reflects the evolution of this department since the passage of the External Affairs Act in 1909. It brings together the functions related to international trade and the more traditional activities of the department in dealing with external relations. The bill recognizes the absolute necessity to emphasize the role that trade plays in our overall international position.

It also reflects the evolution and the growing maturity of our diplomatic institutions. Since our country acquired fully independent status on the international stage through the Statute of Westminster in 1931, Canada has distinguished itself on the international scene as a strong trading partner, an important agent of stability of the international system, a receiving country for immigrants and refugees and an important source of assistance for international development.

The institutions proposed in this bill underline and reflect the integration necessary for a coherent and co-ordinated representation abroad of the multitude of Canadian interests.

Honourable senators will also note that this bill assigns to the Secretary of State for External Affairs the control and supervision of the Canadian International Development Agency.

Part II of the bill creates the Department of Regional Industrial Expansion. This new department brings together the regional industrial development responsibilities of the Departments of Industry, Trade and Commerce and Regional Economic Expansion.

I strongly invite all senators to read this part of the bill and note the importance that the government assigns to regional development. The regionalization of this new department will be a model for all other sectoral departments to follow. In this way, the overall regional impact of all government activities will be increased and both sectoral and regional considerations will be built permanently into the policy development and the program implementation processes of each department.

Honourable senators will remember that, just before the summer adjournment, we passed Bill C-165 which set up these programs. Bill C-152 now reflects the establishment of the department that matches the programs that were in that bill. As you know, those responsibilities have been carried out on an interim basis, awaiting this change in department designations.

Part III of this bill continues the existing Special Areas Program with which I am sure honourable senators are well acquainted and which has proven its worth.

Part IV amends the Parliamentary Secretary Act. Its purpose is to include the ministers of state responsible for ministries of state in the computation of the maximum number of parliamentary secretaries that may be appointed.

The fifth and last part of the bill lists a certain number of transitional arrangements and proposes amendments to the proclamation because, as honourable senators will know, ministries of state are established under the Minister and Ministries of State Act by proclamation. The fifth part proposes amendments to the proclamation of the Ministry of State for Economic Development. This proclamation stresses the new regional responsibilities of that minister of state and proposes a new name to underline the importance that the government assigns to his co-ordination role with respect to regional economic development policies.

[*Translation*]

As regards any change in the number of public employees as a result of this Bill, according to my information, the measures I have just described will not require new staff. These measures are part of a deliberate effort to reallocate our human and financial resources in order to improve our response to the needs of Canadians, while promoting in all our regions both economic development and the marketing of the products of such development, within the context of steadily increasing competition on world markets.

[*English*]

Honourable senators, these changes will help to ensure a better management of economic and regional development for the benefit of all Canadians, wherever they live, will strengthen our institutions devoted to international relations and will emphasize the importance of international trade in the overall framework of our external relations.

[Senator Frith.]

I hope that honourable senators will agree that prompt passage of this bill is in the interests of Canadians. It is in that spirit that I have briefly summarized the contents of Bill C-152. I ask honourable senators to support this bill at second reading.

• (1450)

Hon. Lowell Murray: Honourable senators, I listened attentively and not, I hope, without compassion to the Acting Leader of the Government as he carried the government's brief for this measure to the Senate. I could not help but wonder how many hours, days, nights and weeks have already been wasted by how many of our best people, whether they be politicians or bureaucrats, on this useless measure. How much time did it take to draw up this labyrinthine plan? How many people and how much of their time did it take to get it from its first draft, through its various intermediate drafts, to its final draft? How many committee meetings were held at the junior, intermediate and senior levels of the civil service? How many interdepartmental meetings were held? How much time was spent getting it through cabinet, discussing it in caucus and debating it in Parliament? How much time and energy has been wasted already on this so-called re-organization? How much time is yet to be wasted in ironing out the wrinkles, in settling the office arrangements, in preparing the job descriptions, in establishing the salary classifications, in smoothing over the personality conflicts and in sorting out the confusion?

Honourable senators, hundreds of person-years and battalions of people have already been devoted to this exercise—which is just a simple waste of time, energy and people—and to what end?

What might be said about this bill, this re-organization, is hardly speculative or hypothetical. This re-organization is, to all intents and purposes, a fait accompli. It was announced in January 1982. We first saw legislation covering it in an omnibus bill, Bill C-123, in June 1982. The bill has since been split into three bills, one of which is Bill C-152. Second reading of this bill began in the other place on May 27, 1983. Meanwhile, the changes have been implemented, more or less. The people in the various departments of government have been at it for a year and a half, trying to bring order out of confusion. This is especially true of the External Affairs-International Trade merger, respecting which they are now immersed in what is called, in the Pearson Building, "Re-org 3."

Hon. Duff Roblin (Acting Leader of the Opposition): What happened to 1 and 2?

Senator Murray: Re-org 1 and Re-org 2, of course, have gone by the boards. We have now reached Re-org 3, and perhaps there are other re-orgs to come in this never-ending saga of paper pushing and musical chairs.

Honourable senators, there has always been a certain tension between the External Affairs people and the Trade people which existed both at home and abroad. Perhaps it was even what Mr. Trudeau used to call "creative tension." It was decided that the rivalry be ended by having External swallow

Trade—in particular, the trade commissioner service— but the rivalry has not ended; it has merely become internalized: we now have three ministers and two ministries warring within the bosom of a single department.

I read the testimony given before the Standing Senate Committee on National Finance by the Honourable Gerald Regan, in which he went to such lengths to explain that he is No. 2 in the hierarchy and that Jean-Luc Pepin is No. 3 in the hierarchy. What does all this mean, honourable senators? The list of cabinet seniority indicates that Mr. Pepin is the number three man in the government, behind the Prime Minister and the Deputy Prime Minister. In this departmental re-organization, however, Mr. Pepin is demoted.

As an aside, I might say that the relations between the two junior ministers in the Pearson Building, the Minister of State for International Trade and the Minister of State for External Relations—each of whom is a normally congenial person—have become turbulent, if not sulphurous, during the past eventful week. During the week, people in the Department of External Affairs were as bemused by the battles between Gerald Regan and Jean-Luc Pepin as they were by the battles in Grenada.

At the same time as this re-organization is taking place, which is bringing International Trade under the wing of External Affairs, the government is trying to organize a new and more complicated set of relationships between the Trade people who are now in the Department of External Affairs and the people concerned with domestic industrial policy, who used to work with those people in the Department of Industry, Trade and Commerce but who have now been left behind in this new hybrid called DRIE, the Department of Regional Industrial Expansion. The stated justification for this re-organization is, in part, the need for more effective linkages between domestic and international sectors in terms of the government's policy development and progress. Honourable senators, an effective cabinet committee system could accomplish the same objective without the disruption and confusion that have attended this so-called re-organization. A couple of strong ministers and deputy ministers could accomplish the same objective. It is extremely doubtful, on the basis of experience to date, that this re-organization will accomplish it. This re-organization has done more harm than good thus far because it has contributed to a breakdown in cohesion and unity within the government. It has contributed to lost productivity and declining morale in those parts of the public service that are affected by it.

Honourable senators, spokesmen for the government have explained that this re-organization was necessary because trade and economic issues ought to form an integral part of overall foreign policy. Again, I say that a working, effective cabinet committee system could accomplish the same result without having to emasculate the Department of Industry, Trade and Commerce.

I think that honourable senators generally appreciate the assumption on which much of this is done—the assumption that international financial relations and institutions will increasingly be at the centre of the preoccupations of political leaders and statesmen. I think all honourable senators are aware that the best hope for sustained, satisfactory economic growth in Canada and in other developed countries—the best hope of avoiding mass unemployment in this country—lies in an expanding world economy, and that this emphatically means that we must address the range of issues that is sometimes labelled "north-south." In order to buy our goods and services, the economies of these developing countries must be capable of producing and selling to us. There are two apparent obstacles to this, one of which is at home, where public opinion is not yet sufficiently persuaded of the importance of this as a matter of enlightened self-interest. It seems to me that it is a job of political leaders to mobilize public opinion. On the international scene, it seems that the governors of the central banks, the secretaries of the treasuries and the ministers of finance too often call the shots and that their perspective is not an historical perspective—it is not one of vision. Therefore, what is needed in this context is bold, visionary political leadership.

The response of the present Government of Canada to this challenge, however—and perhaps the reason why Mr. Trudeau has blown so hot and cold on so many of these issues—is to tie up some of our best people for many months in bureaucratic shuffling, as if flow charts and systems organization provided an end in themselves.

• (1500)

The problem is not with the so-called delivery system. The problem is with the political leadership of this country. The same holds true on this question of regional disparity. It would be hard to imagine anything more disingenuous than some of the explanations we have heard for the liquidation of DREE. The Acting Leader of the Government cited a few moments ago in French the rationalization of the Prime Minister in this respect. The Prime Minister said that it was no longer acceptable to have one department in charge of regional economic policy; and he, as well as other spokesmen for the government, has said that the disappearance of DREE does not mean that there will be less emphasis on regional economic expansion because with no DREE every minister, in a sense, will be responsible for regional economic expansion.

Some Hon. Senators: Hear, hear.

Senator Murray: The Prime Minister has said it, and other government spokesmen have said it—and they may even believe it, so out of touch with reality have they become.

I read quite attentively the testimony of the Honourable Don Johnston, the Minister of State for Economic Development, who appeared before the Standing Senate Committee on National Finance on this matter, and this afternoon I heard the Acting Leader of the Government refer to the reorganization that has taken place in the regions, under the Honourable Mr. Johnston's leadership, where an officer of the Ministry of State for Economic Development is attempting to co-ordinate the activities of the various federal departments in the provinces or regions.

I make no comment on that. I trust and hope that the process will work well. However, in any case, this could have been done without the necessity of dismantling the Department of Regional Economic Expansion—because we have been losing ground in this country in the battle against regional economic disparities. I could cite the various criteria used to demonstrate that, but I will not do so. The fact is that we are losing ground in the battle against regional economic disparities. We have a severe productivity problem in the country. For some years there has been a slowdown in the rate of productivity growth, and in the last year or so there has been an actual decline in productivity. We need to export more manufactured goods, to do more R&D; technical advances have to be diffused more widely and more quickly, and our whole economy has to adapt more quickly to the changing economic environment in the world.

We do not lack for policy alternatives or for ideas, for they have come to us from the Science Council of Canada, from the Economic Council of Canada, from Senate committee reports on trade and regional development, from numerous sources in the private sector and from other levels of government. When I consider those problem areas and the policies that have so far failed the country, I think of all the good that might have resulted, had all of the time, effort, energy and talent that have gone into this bureaucratic game been spent in trying to find solutions to the country's problems, such as consulting with industry and labour, working with the provinces, and negotiating with our trading partners. The bill is really irrelevant to the pressing problems of this country. This bill is proof that power not only corrupts, but ossifies; it deadens the critical faculties and the sensitivities of politicians and bureaucrats.

Senator Frith: Does it ossify absolutely?

Senator Murray: Faced with the harsh reality of our economic problems, confronted by the complete erosion of confidence in the administration, the responsible people in government go back to their toys. They spend their time in the adult bureaucratic equivalent of cutting out paper dolls. The bill is a sign of the intellectual rot that has set in on this government. The reorganization it purports to authorize is a time-wasting exercise, conceived by senior bureaucrats and politicians who are completely out of touch with the problems of the country and utterly without any ideas in the realm of substantive policies. The bill has for some time been in the process of implementation. Parliamentary approval of it is, therefore, the merest formality. To delay it further would simply be to dignify it and invest it with a significance it does not deserve.

Some Hon. Senators: Hear, hear.

Hon. L. Norbert Thériault: Honourable senators, I listened carefully to the remarks of the Acting Leader of the Government and I have certain reservations about the bill. When I tried to listen to the political diatribe of the Honourable Senator Murray, I became more confused than ever. I was not surprised to hear from Senator Murray, because he knows something about bureaucratic power. He exercised it in the best fashion when he was in office in New Brunswick, and New Brunswickers have been paying for it ever since in cut services and higher taxation. My concerns, however, are not political. My concerns are for New Brunswick, the region I try to represent in the Senate. Unlike those politicians who represent Ontario and Quebec or those who refer to their regions as eastern and western provinces, I felt proud when years ago the Prime Minister, for the first time in the political history of this country, established a department to deal with regional disparities—a department headed by the present, esteemed Speaker of the Senate.

Hon. Senators: Hear, hear.

Senator Thériault: For the first time in my political career I saw the Government of Canada doing something that would really help develop the region where I had worked and lived all of my life. But I tell you honestly—again, not for the reasons given by the Honourable Senator Lowell Murray, but because of what I have learned in my political life—that I am concerned when I see legislation that will make all departments of government responsible for industrial expansion, regional expansion and economic development. I have read the bill carefully and there are some parts of it that I like and will support. Contrary to Senator Murray's views, I support that part dealing with international trade. I believe that he is out of line in his views on international trade. It is needed, and the Department of External Affairs should rightly be concerned about it.

With regard to regional economic expansion, I have two concerns. At the present time, we in this country are experiencing an economic slump. Any minister with national responsibility has to look at the country as a whole and should recognize that certain regions are suffering from the present economic situation. When viewing the situation from the broad perspective of the national level, it is easy to lose sight of the fact that some provinces are able to deal with their economic problems better than others. I am sure there are regions in Alberta, Saskatchewan and Ontario, and particularly in Quebec, that are as adversely affected by the downturn in our economy as New Brunswick and other Atlantic provinces are. I hope, however, that the economic downturn is only temporary, that after it has passed we will revert to giving consideration to those regions which over the years have been affected by underemployment and lack of services. I am not too concerned as long as we have the present Prime Minister, because he has repeatedly demonstrated that he cares, and I feel confident that he will direct his ministers to continue to do all in their power to help avoid regional disparities. But I am concerned that there will be a change of government and that the government of this country will fall into the hands of the Tories, who will restrain and cut back. Of course, the Atlantic provinces will be the first to suffer. I do not think that the clauses pertaining to doing away with DREE should have been included in this bill. For that reason, I cannot support it. As I said in the National Finance Committee and in New Brunswick, I do not believe that DREE was a cure-all, but it at least showed a determination on the part of the national government to help regions with chronic economic problems. Disbanding

this department and throwing regional disparity into the hands of a multitude of ministers will not work. We have seen this before and what is suggested in some parts of this bill with regard to all departments of the government being involved in alleviating regional disparity in this country is not new. The country is too diverse and too large, with too many different interests for such a proposal to work.

• (1510)

I hope that the government will see the light and that it will review the bill. Perhaps it could re-introduce it in an improved fashion by giving specific instructions to specific ministers, particularly on dealing with the chronic problems faced in the Atlantic provinces.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate.

Senator Frith: Honourable senators, I shall deal first with what Senator Thériault said. I have a different perception of the process of dropping DREE for DRIE, but I hesitate to challenge Senator Thériault's analysis because I know that as a very effective champion of his province, particularly in the context of regional disparity and the need for attention to the disparity as reflected in his province, he is entitled to a great deal of respect and attention in his doubt as to whether this plan will work. I can say that I share his hope that it will work. It is my understanding that Bill C-165, coupled with Bill C-152, will mean that the programs will be made more efficient in the sense that, rather than simply designating certain geographic regions and qualifying them by, in effect, putting fences around them, the entire area of Canada will be considered—

Senator Thériault: That is the problem.

Senator Frith: —and each area will qualify for the programs on the basis of certain criteria. Senator Thériault's criticism is directed at Bill C-152. He believes that there is a danger, in that, by spreading the responsibility too widely among various ministries, it will dissipate or dilute its effectivenes. I understand his point, but I hope that that will not be the case. I know that the intention of the government is to make it more efficient, in that all departments will be concerned with regional matters.

Senator Thériault: The road to hell is paved with good intentions.

Senator Frith: That is true, but I have also heard that the road to Heaven is paved with good intentions as well. It is not a sure result that if you have good intentions you are on the road to hell rather than the road to Heaven. Let us all hope that the government's plan will work.

With regard to the comments made by Senator Murray, I agree with Senator Thériault as well, though I was not surprised with Senator Murray's position on the matter, nor the fact that he used this debate as a springboard to express some carefully thought out views about the efficiency of this government in general. I can only say that—

[*Translation*]

—I would have done the same, perhaps not as effectively, but most assuredly with the same purpose in mind.

[*English*]

He used such words as "waste" and "uselessness", and that vocabulary, together with his mischievous misinterpretation of ministerial manners, depends on his opinion that it is in fact a useless bill. Perhaps he expected a great deal more from the bill than it was ever intended to deliver. Anyway, I know that some honourable senators will agree with Senator Murray and some will not. He will not be surprised that I am among the latter. I say that this bill will increase efficiency in government and that it is neither wasteful nor unnecessary but, rather, is important for streamlining government action. That is why I ask honourable senators to support the bill.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith: Honourable senators, I move that the bill be referred to the Standing Senate Committee on National Finance for study and report.

Motion agreed to.

The Senate adjourned until Thursday, November 3, 1983, at 2 p.m.

THE SENATE

Thursday, November 3, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REMEMBRANCE DAY

Hon. Earl A. Hastings: Honourable senators, if the universe unfolds today as it should then our present sitting will be the final meeting prior to Remembrance Day, November 11, that day each year on which we Canadians focus on the memory of our fellow citizens who gave their lives in conflict and sacrifice for Canada so that we may enjoy the freedoms we have today.

Honourable senators will no doubt participate in ceremonies in their respective communities as part of a day of National Remembrance. In drawing this event and matter to the attention of the Senate I can think of no more fitting manner of doing so than relating a recent Act of Remembrance in The Netherlands by members of this chamber and the other place.

> **MILLER;** Private Alexander J., Canadian Scottish Regiment, 2 April, 1945, Age 21. Son of Alexander and Mary Miller of High River, Alberta.

With 15 Canadian parliamentary colleagues I stood recently in Groesbeek Canadian War Cemetery in Holland. While our heads were bowed, I tried to answer the question of why Private Miller came here to this corner of Europe to die, too soon, too young.

The senators and members of Parliament were members of the Canadian delegation to the annual session of the North Atlantic Assembly in The Hague. Our presence in the cemetery was no perfunctory side trip—Private Alexander Miller and his fallen comrades had called us there to remember, perhaps even to account as to why, as parliamentarians, notwithstanding 38 years of relative peace we had made precious little progress in making the world the place he thought he was dying to create.

> **HETHERINGTON;** Private William, Essex Scottish Regiment, 20 February, 1945, Age 19. Son of Edwin and Margaret Hetherington of Calgary.

The cemetery is located 10 kilometres southeast of Nijmegen in the Dutch province of Gelderland close to the German frontier. Buried there are 2,328 servicemen who served in the First Canadian Army and the RCAF in the 1944-45 Rhineland campaign.

There is a separate memorial recording the names of 107 Canadians "missing" who paid the supreme sacrifice but to whom the fortunes of war denied an honoured grave.

> **THOMPSON;** Private Archibald W., Calgary Highlanders, 1 April, 1945, Age 20. Son of Robert and Mary Thompson of Calgary.

On arrival at the cemetery we were joined by citizens of the village of Groesbeek. Led by pipers from Canadian Forces Base Lahr, to the slow march *The Barren Rocks of Aden*, we solemnly made our way to the Cross of Sacrifice at the centre of the cemetery.

> **ROWLES;** Lance Corporal James P., the Calgary Regiment, 25 May, 1945, Age 31. Son of John Kansas Rowles and Annie Elizabeth Rowles; husband of Lennox Sheila Rowles of Calgary.

An appropriate service of remembrance was conducted by the Reverend S. Bonting of Groesbeek, to which the Reverend Father Bob Ogle, the honourable member for Saskatoon East, led the delegation in the response "They Shall Not Grow Old". Wreaths were placed by our delegation leader, Leonard Hopkins, the Member of Parliament for Renfrew-Nipissing-Pembroke, and by the Canadian Ambassador Larry Smith, on behalf of the government and people of Canada, as well as by the Honourable Allan McKinnon, Member of Parliament for Victoria, a former Princess Pats platoon commander in the First Canadian Division, on behalf of Canadian veterans.

> **JAMES;** Sgt. Frederick Grant, Royal Canadian Artillery, 28 February 1945. Age 25. Son of George Frederick and Ida Mary James of Lethbridge.

In moments of silent meditation—while the pipers played *Amazing Grace*—each of us, in our own way, paid a deeply sincere yet inadequate tribute to the memory of these young men whose mortal remains lay beneath the soil of the Netherlands, so far from their native land.

> **SMITH;** L. Bdr. Charles, Royal Canadian Artillery. 3 March 1945. Age 31. Son of James Smith and Ephermia Smith; husband of Margaret Smith of Bowness, Alberta.

The emotions of humility and pride flooded my thoughts as I viewed the monuments surrounding me. They cry out the equality of sacrifice. Each of the dead commemorated individually by name and unit; all treated as equals irrespective of rank, civilian status, race or religion. So young, so young. My contemporaries, my comrades.

> **SANDS;** Cpl. James F. The Calgary Highlanders 1 April 1945. Age 24. Son of Eleanor L. Sands of Horburg, Alberta.

Humility at the thought of the terrible price paid by these men with "no greater love", who came from every part of Canada seeking only to do their duty. They bravely faced the horror and anguish of war. Over 7,000 of them fell in nine dreadful months of conflict ending May 5, 1945. It was part of the great offensive designed to drive the enemy back over the Rhine and bring final victory.

LEE; Pte. Russell C., R.C.A.S.C. 10 January 1945, age 19. Son of Arnold and Mary Lee of Bluesky, Alberta.

Pride in Canada and the great contribution made by a small nation in the liberation of Holland and its people who had almost reached the end of their endurance from the misery and starvation which accompanied the "Hunger Winter" of 1944-45. Powerful bonds of friendship still endure between the people of the Netherlands and Canada.

While other forces participated in the offensive, the people of the Netherlands will never forget the sacrifice of the Canadians who were "first over the dikes". It is manifest in the tulips that bloom each spring in Ottawa, and in the care and attention bestowed by the Dutch people on the burial places of our war dead.

LITTLE; Lt. Kenneth Wayne, South Alberta Regiment, 28 January 1945. Age 35. Son of George and Isabel Little of High River, Alberta.

His brother Walter Carlyle Little also fell.

May this time of national remembrance inspire us all to rededicate ourselves to be worthy of their gallant sacrifice. May we seek renewed courage to continue the struggle for peace, understanding, tolerance and goodwill between all who share this planet. Private Miller and his comrades would demand of us nothing more. Their sacred glorious memory deserves nothing less.

Other members of the Canadian Parliamentary delegation were the Honourable Senators Jacques Flynn (Quebec), John Godfrey (Ontario), Stanley Haidasz (Ontario), Heath Macquarrie (P.E.I.) and MPs Harvie Andre (Calgary Centre), J. Roland Comtois (Terrebonne), Eva Côté (Rimouski-Témiscouata), Gaston Gourde (Lévis), Tom Lefebvre (Pontiac-Gatineau-Labelle), John McDermid (Brampton-Georgetown), Chris Speyer (Cambridge) and Ronald Stewart (Simcoe South). Stephen Knowles and Daniel Bon of the Canadian NATO Parliamentary Secretariat accompanied the delegation.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, it is meet and right, at this season of the year, that we should bring into glorious and grateful remembrance the names and generations of those young men and women who lost their lives in the wars that have shaken this century. When Senator Hastings was describing to us the ceremony of remembrance in Holland, it reminded me of the privilege I had in visiting the beaches of Normandy a year or so ago for one of the ceremonies of remembrance on that part of the European continent. No one could help but be moved by the memorials and the headstones on which the names and ages of those who are buried are inscribed. I found it particularly so because I was one of those who crossed over those beaches in June 1944, and I remember well being present at the burial, in that difficult summer, of some of those who perished in those battles. It was moving to see how that original graveyard has been transformed into an everlasting memorial. But memories are not good enough. We have to recall our duty to the present and to the future as we strive in our small way—and it is only a small way—in this chamber and in this country to do those things that may be open to us to do in order to prevent, or to lessen the possibility, of a recurrence of those dreadful and terrible times.

● (1410)

It is with gratitude that I join with those who remember our glorious dead as we approach Armistice Day.

Hon. H. A. Olson (Leader of the Government): Honourable senators, on behalf of all honourable senators on this side and, indeed, the government, I want to join in the remarks made by Senator Hastings and Senator Roblin by saying that at least once a year, and more often in many cases, a sincere and deep reflection on the sacrifices that were made is appropriate. This is probably the last sitting day of the Senate before November 11, the date set for remembrance of Canadians who have been involved in conflicts in the name of the preservation of freedom and liberty as we know it in this country. I think it particularly appropriate that words are expressed such as those of Senator Roblin and Senator Hastings today. I should like the record to show that all of us on this side wish to be associated with those comments.

HON. HARTLAND DE M. MOLSON

FELICITATIONS ON AWARD OF HONORARY DOCTORATE BY McGILL UNIVERSITY

[*Translation*]

Hon. Jean-Paul Deschatelets: Honorable senators, with your permission, I would like to inform you that yesterday's newspapers mentioned that our colleague, the Honourable Hartland Molson, with other prestigious recipients, received an honorary doctorate yesterday from McGill University, for his distinguished service in the Armed Forces, his dedication to public affairs and Parliament and for his broad interest in all Canadian causes that needed support.

The reason I mention this today is that I would like this to appear in *Hansard* and also because it is an honour that reflects on the entire Senate. I felt it was my duty to mention it to you.

Hon. Senators: Hear! Hear!

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to express my appreciation to Senator Deschatelets for bringing this important matter to the attention of the Senate today. I also wish to assure him that we fully endorse, and wish to be associated with, his comments.

As was pointed out when the honour was bestowed upon him, Senator Molson has a most distinguished record, in terms of his activities in the military field and his very useful contribution to public affairs, particularly through the Senate chamber.

We wish to join in the congratulations extended by Senator Deschatelets on this occasion.

Hon. Senators: Hear, hear.

CANADIAN AVIATION SAFETY BOARD BILL

REPORT OF COMMITTEE

Hon. Léopold Langlois, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, November 3, 1983

The Standing Senate Committee on Transport and Communications to which was referred Bill C-163, intituled: "An Act to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof", has, in obedience to its order of reference of Thursday, October 27, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LÉOPOLD LANGLOIS
Chairman

He said: Honourable senators, with leave, I should like to make a brief statement respecting this report.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, during the course of its examination of the bill, your committee brought to the attention of the Justice officials an apparent inconsistency between the English and French versions of one of the clauses of the bill, to wit, clause 4(3). Since the evidence before the committee showed that the wording in question is similar to that employed in other acts of Parliament, the committee obtained from the Justice officials an undertaking on their part to make a general study of the particular language problem noted by the committee and to report back to the committee in due course. If it is later concluded that the wording in question requires amendment, this could be done in all acts that would be affected by the change, either by means of the next miscellaneous statute revision act or in the next consolidation of the Revised Statutes of Canada. The committee intends to follow up on this matter with the Department of Justice.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. D. G. Steuart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[Senator Olson.]

Motion agreed to and bill read third time and passed.

• (1420)

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, November 1, 1983

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill C-168, intituled: "An Act to amend the Bretton Woods Agreements Act (No. 2)", has, in obedience to the Order of Reference of Thursday, October 27, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW,
Deputy Chairman.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow: With leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill third time and passed.

GOVERNMENT ORGANIZATION BILL, 1983

REPORT OF COMMITTEE

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

November 3, 1983

The Standing Senate Committee on National Finance, to which was referred Bill C-152, "An Act respecting the organization of the Government of Canada and matters related or incidental thereto", has, in obedience to its Order of Reference of Tuesday, November 1, 1983, examined the said Bill and reports the same without amendment.

Respectfully submitted,

D. D. EVERETT
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Everett: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed, on division.

CANADIAN SECURITY INTELLIGENCE SERVICE

REPORT OF SPECIAL COMMITTEE

Hon. P. Michael Pitfield: Honourable senators, I have the honour to table the report of the Special Committee of the Senate on a Canadian Security Intelligence Service respecting the subject matter of Bill C-157 intituled: "The Canadian Security Intelligence Service Act."

I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 6141.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Pitfield: With leave of the Senate, I move that this report be taken into consideration now. If that is agreeable to honourable senators, I shall outline the highlights of the report today and shall make more specific comments on it at a later date.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Pitfield: Honourable senators, the report of the Special Committee of the Senate on a Canadian Security Intelligence Service is the product of over three months of hearings and deliberations on the subject matter of Bill C-157. Your committee heard over 30 witnesses comprising a cross-section of public opinion with respect to the bill. We were greatly assisted by the testimony of those witnesses and, as well, by numerous other submissions from the public.

Your committee has subtitled its report, "Delicate Balance: A Security Intelligence Service in a Democratic Society." This subtitle concisely expresses a major concern which we have with respect to this proposed legislation. It acknowledges the need for a security intelligence capacity, and implies that it is compatible with a democratic society. But it also clearly communicates a quite basic concern, namely, that protection of security must be balanced with the preservation of individual rights. Individual and collective security bear a relationship which is, to a significant degree, symbiotic. The raison d'être of a security service is the maintenance of a free and democratic society. But if an agency has too much, or inadequately controlled power, it can be a threat to individual rights. On the other hand, if the security of the state is not sufficiently protected, there is a danger of the weakening of a society in which freedom and democracy should flourish. Thus it is necessary to achieve a "delicate balance"—one must give an agency enough power and freedom of action to protect legitimate security interests, while at the same time preserving the interests of society in the preservation of civil liberties. Your committee, in its report, makes a series of observations and recommendations which we believe would ensure the requisite equilibrium in legislation dealing with a security intelligence service.

Your committee is unanimously of the opinion that there exist threats to the security of Canada; that there must exist a distinct capacity to deal with them; and that the federal government is the appropriate jurisdiction to establish and maintain that capacity. The committee could not, however, come to complete agreement on the location of that capacity. This is the only point on which the committee is not unanimous. All the members save one are strongly of the opinion that there should be established a civilian agency separate from the RCMP. The majority has been influenced by the findings of the Mackenzie and McDonald royal commissions on this issue. We subscribe to the view that there is a need for a fundamental reorientation of management of security intelligence, ranging from recruitment of employees, through control of operations, to the relationship of the service to the government. To be successful in this reorientation, changes must be made to the present system. This, in part, stems from the quite fundamental differences between law enforcement and protection of security, a matter dealt with in some detail in the report.

As to the rest of the report, your committee is, as I have said, unanimous.

With respect to the operation of a security agency, the report is divided into four parts, dealing with (1) the mandate and functions of the security service; (2) the powers and immunities of its employees; (3) the management, control and responsibility for the agency; and, (4) the monitoring and review of agency operations.

Your committee makes several recommendations with respect to mandate and functions. The report stresses the importance of these elements of proposed legislation. We accept the parameters of the definition of threats to Canada's security in clause 2 of Bill C-157, namely, that such a definition should include espionage and sabotage, foreign-influenced activities, political violence and subversion. But we also propose a series of quite large changes to these definitions to more tightly focus their application. For example, to protect lawful and peaceful agitation for constitutional change, we add to the definition of subversion the requirement that it include "violent" attempts to undermine Canada's constitutionally established system. In addition, we recommend the inclusion within the definition of threats itself a limitation of the agency's power to investigate lawful protest, advocacy and dissent.

• (1430)

With respect to the primary function of the security service,—the gathering and analysis of intelligence relating to threats to security,—your committee proposes the inclusion of another limitation, that the agency be limited to doing what is strictly necessary to protect Canada's security.

With respect to two other functions of the proposed agency—that of performing security assessments and collecting "foreign intelligence"—your committee also makes recommendations. On the issue of security assessments, we have attempted to ensure that there is a measure of control over the transmission and retransmission of data. On the issue of foreign intelligence, we have again tried to inject a higher level of control to ensure that a minister of the Crown is directly responsible for requests; that all activities in this area come under the review imposed upon the security service; and that Canadians are not targeted.

In the area of powers and immunities of the security service, your committee has concluded that the agency should have access to a broad range of investigative techniques, including those which are "intrusive". However, we also propose that much more exacting conditions be introduced into the process whereby judicial warrants would be issued by judges of the Federal Court. In so doing, we adopt some of the standards used in authorizing electronic surveillance under the Criminal Code, as well as a recommendation made by the McDonald Commission. In addition, we recommend that an application for a warrant should have to satisfy the judge that the intrusion on privacy embodied in the warrant is outweighed by the gravity of the threat to security and the importance of the information sought.

On the controversial issue of protection of security service employees, your committee recommends deletion of clause 21 of Bill C-157 which would justify employees taking such "reasonable actions as are reasonably necessary" to perform their duties and functions under the legislation. Although we did not agree with all the criticism made of this provision, we are of the opinion that it would be more appropriate to give security service employees protection similar to that enjoyed by peace officers pursuant to section 25 of the Criminal Code, and at common law. In this area, we also propose substantial amendments of a provision, clause 12, which would make it an offence to disclose the identity of security service employees involved in covert operations or of informants. Our proposal would reduce its draconian tenor by requiring proof of detriment to the security of Canada, and not solely disclosure.

On the issue of management, control and responsibility for the security service, your committee found much of the bill to be appropriate. However, with regard to the so-called "override" given to the director of the agency on questions of targeting of persons or groups and on disclosure of information, we recommend that the minister be empowered to intervene on these matters, perhaps in writing. While we do not envision that the minister would, or should, do this with any regularity, we are of the opinion that such a power residing in the minister is vital to the maintenance of genuine ministerial responsibility and accountability.

In the last area of the establishment and functioning of the agency, that of the monitoring and review of CSIS operations, your committee found the innovations proposed in Bill C-157—the office of the Inspector General and the Security Intelligence Review Committee—to be among the most positive aspects of the proposed legislation. We do recommend, however, some adjustments to the provisions governing these entities. For example, we recommend both have access to cabinet documents in the possession of the CSIS. But, on the whole, our report is quite commendatory of them. They will play the very important role of ensuring that the security service is conducting itself both effectively and within the law.

Our report considers, but rejects, the proposal that a special parliamentary committee be established to review CSIS activities. In doing this, we should not be taken as devaluing, in any way, the need for parliamentary review. Our report outlines many of the practical problems with a special committee. In any event, we do conclude that parliamentary review through the existing committee structure would be greatly improved by the existence of the review committee and its annual report.

One other aspect of Bill C-157 not directly related to the CSIS is also dealt with in the report of our committee. That is Part IV, the proposed Security Offences Act, which would give the federal Attorney General exclusive authority to prosecute "security offences"—that is, offences arising out of activity constituting a threat to Canada's security or against internationally protected persons—which would give to the RCMP primary responsibility in relation to police work surrounding them. While your committee concludes that it is indisputable that the federal government has the constitutional power to enact Part IV, nonetheless we find that the federal interest in these areas can be facilitated without so radically disrupting the traditional system of law enforcement. Accordingly, we recommend that the federal Attorney General have the power to intervene in proceedings involving security offences, and that the RCMP should have to consult with municipal and provincial police forces concerning the investigation of such offences.

The report of your committee concludes, in part, as follows:

> The Committee believes that legislation dealing with Canada's security intelligence system is necessary, and that it should be enacted in the near future. The status quo is not acceptable.
>
> At the very least the legislation should contain: a defined mandate and statement of functions of the agency; judicial control of the use of intrusive investigative techniques; and a system of external monitoring and review of security operations. Bill C-157, revised as we recommend, could adequately deal with Canada's security requirements without unjustifiably infringing on individual rights.

Finally, your committee recommends that a thorough review of any legislation in this area be undertaken by a parliamen-

tary committee, after the legislation has been in operation for a period of time, perhaps five years.

Honourable senators, may I conclude this statement with a word of appreciation of the enormous contributions that each and every one of my colleagues made to our deliberations. Their attendance through the hot summer and busy fall, their effort in mastering such a highly complex subject, their openness to all views and their good will towards all participants, not least among themselves, has been in the highest traditions of this chamber. I know that my colleagues would want me to express our special appreciation of the excellent staff support that we have received and also to particularly single out the contribution of Senator Flynn, whose good judgment and generous spirit were exceedingly helpful. While welcoming the distinguished and productive participation of Senator Roblin, we all regretted greatly the loss of Senator Flynn from the committee in the final days of its deliberations.

On motion of Senator Pitfield, debate adjourned.

● (1440)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Monday, November 14, 1983, at 8 o'clock in the evening.

Hon. Martial Asselin: Explain.

Senator Olson: Honourable senators, I would like to take a minute or two to explain this motion because it calls for adjournment until Monday evening as opposed to Tuesday afternoon at 2 o'clock.

I should say for the record that the House of Commons, pursuant to its rules, will stand adjourned from tomorrow, November 4, until 11 o'clock, November 14. It is also known—although I stand to be corrected on this point—that the House of Commons has moved into the second of three days' debate on Bill C-155, an act to facilitate the transportation, shipping and handling of western grain and to amend certain acts in consequence thereof. It is possible that they may move to the third day of that debate tomorrow. That is not certain although it is possible. In any event, even if the conclusion of that debate is reached on Friday and they decide to vote on it under the interim rules of the house, the vote would be deferred until the following Monday. In this case the following Monday is November 14, a week after Monday next, according to the calendar.

The reason for our adjournment until Monday, November 14, is that there are now indications from the Commons that that vote will be taken late Monday, November 14. If they get into the voting by 6 o'clock, I believe it should conclude shortly thereafter. However, these are details of which most honourable senators will be aware.

I am suggesting we sit Monday evening so that we can be in the position to receive the bill for first reading. Naturally, I will ask leave of the Senate to proceed to second reading at that time because that would make it possible for the bill to be referred to the Transport and Communications Committee. The committee could then proceed with hearings on Tuesday, November 15. Of course, if leave is not granted then we must wait the 48 hours provided for in the rules.

In conclusion, I hope that honourable senators will agree to meet at 8 o'clock on Monday so that we can at least deal with first reading of the bill. If leave is granted, we could then move to second reading and commence a debate which, hopefully, would conclude later that same evening. These are not matters which we on this side, or anyone, has the right to decide. We must simply ask leave at that time.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have taken note of the program outlined by the Leader of the Government. I must say that the probabilities seem to be that a vote will be reached on third reading in the other place some time on Monday. I am not at all sure that it will take place in time for us to be presented with the bill from the other place on that evening, although it may be possible.

I would like to tell my honourable friend that we should proceed on this matter with all deliberate speed. However, we should not lend ourselves to any unseemly abbreviation of our discussion. It is true, of course, that we have had a pre-study with respect to this bill, which I think has been valuable, but it must be realized that the bill that we pre-studied is not the bill which will be coming to us. There have been many substantial amendments, and those matters will have to be considered by senators on this side of the house after the bill is received here. In that case I do not think it likely that we would be willing to seriously abbreviate our regular procedure, although I do not wish to make any firm statement on that matter at the present time, since to do that would be premature. We must wait and see how things turn out on November 14 and thereafter.

I will tell my honourable friend that there will be no obstructionism as far as we are concerned. However, we will insist on due process, which means there must be ample time for second reading. I know there are a number of senators on this side of the house who wish to take part in the debate, since it will be an exceedingly important one. We will request that the bill be referred to committee and it is even possible we may wish to hear witnesses. If substantial new matters are to be introduced then in all likelihood we will ask that witnesses be called. However, that is a matter upon which I merely wish to give notice. It is not necessary, nor indeed is it possible, to be positive about it at the present time.

I must confess my preference would be to call the house back on the following Tuesday, November 15, at 2 o'clock in the afternoon. I believe that would turn out to be just as good as returning on Monday, November 14. However, I am not in the position to have my own way with respect to this matter. I will have to yield to my honourable friend in this respect. I do tell him that while there will be no unseemly obstruction as far

as we are concerned, we will insist that the matter receive the consideration it is due in this chamber. The debate with respect to this matter has been hot and furious for some time now.

I am sure my honourable friend will agree that everything I have said is perfectly proper and acceptable to him.

Senator Olson: Honourable senators, I appreciate the comments made by the Acting Leader of the Opposition. I think it is a reasoned approach to the situation. I understand my honourable friend's comments with respect to sitting on Tuesday as opposed to Monday evening, but I do believe it will be better to spend a longer period of time with respect to this matter before the committee meets. In that circumstance, of course, officials from the Department of Transport, and others, may be called to respond in detail to questions which my honourable friends may have with respect to the amendments. I agree with Senator Roblin when he says that there is likely to be a large number of amendments to this legislation, and that, therefore, the bill which was the subject of the pre-study and the bill which will incorporate the amendments are substantially different.

• (1450)

I am trying to assist members on both sides of the house and suggest that we maximize the time the members of the committee will have to question witnesses, including the minister and the officials responsible for this bill. That being the case, those witnesses will have the maximum amount of time to respond to the questions asked by the members of the committee.

Senator Roblin: I do not want to be unduly argumentative about this, but the phrase "the maximum amount of time" is one that puzzles me, because if we take the amount of time required, then that is the maximum amount of time, and we can just as well start the ball rolling at 2 o'clock on Tuesday afternoon as at 8 o'clock on Monday evening.

Senator Olson: The last thing I want to do today is get into an argument, because I am in such a conciliatory mood.

The point I wish to make is that the Acting Leader of the Opposition will realize that some preliminary arrangements are required before a committee can meet, and more than one committee will hold meetings that week. I think that this bill will receive high priority when it is referred to committee. Earlier today the chairman of the committee and I had a discussion with respect to this matter, and while he can speak for himself, he has told me he has made some preliminary arrangements so that the committee can hold a meeting on November 15.

Senator Asselin: Or November 16.

Senator Olson: Yes, but the committee could commence consideration of this matter on November 15. I do not want members of the committee to use the maximum amount of time; I want them to maximize the use of their time before the committee.

[Senator Roblin.]

Senator Roblin: My honourable friend can count on us to do that, but I point out to him that when arrangements are made for a committee to meet, he should take into account the fact that the committee will not meet until the bill has received second reading. I think it is an unwarranted assumption to think that that might be done in time for the committee to meet on Tuesday. I am sure that the committee will meet on a later date, and more probably the date suggested by Senator Asselin.

Motion agreed to.

CAPE DORSET PRINT MAKERS

CELEBRATION OF 25TH ANNIVERSARY

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, with leave, I should like to make a short statement with respect to the Cape Dorset Print Makers. It was 25 years ago this week that they exhibited their prints in the Railway Committee Room of the Parliament Buildings, an event which was attended by the then Governor General and senior members of the government of the day.

An invitation has been sent to honourable senators by the Cape Dorset Print Makers to attend their 25th anniversary celebration at 7:30 this evening in the Railway Committee Room and to see their Dorset-'83 prints.

His Excellency the Governor General will also attend this evening. I hope that many of you can be present. These are the most creative components of the Canadian art scene and are widely admired, not only in Canada but throughout the world.

QUESTION PERIOD

[*Translation*]

UNITED NATIONS

GRENADA—CANADIAN VOTE ON RESOLUTION

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. There was a vote yesterday on a United Nations resolution concerning Grenada, and I would like to know how the Canadian Government voted on that resolution. Did it vote to condemn the United States, or did it abstain from voting on the resolution introduced by Nicaragua, I believe?

[*English*]

Hon. H. A. Olson (Leader of the Government): I am informed that Canada abstained.

[*Translation*]

Senator Asselin: I would like to know as well whether it is true that Canada will be a member of a Commonwealth contingent which is expected to go to the islands within the next few days to replace the American troops which have been pulling out of Grenada over the past day or so?

[*English*]

Senator Olson: Honourable senators, a direct answer to that question would be somewhat premature. I am able to say, however, that there will be some discussions held between the Commonwealth Secretariat officials and Canadian officials on the possible role of the Commonwealth in Grenada.

Canadian officials will conduct informal discussions with officials from the Commonwealth Secretariat in New York today and on Friday. The Commonwealth officials are in New York on other business and we are taking advantage of their presence there to obtain their views on the possible role of the Commonwealth in Grenada.

I should advise Senator Asselin, as I did at the beginning, that talks at this stage are exploratory in nature.

[*Translation*]

Senator Asselin: To get back to the resolution introduced before the General Assembly of the United Nations, is it not true that the resolution was voted on clause by clause, and that on the clause condemning the United States for invading the island of Grenada, Canada voted in favour?

[*English*]

Senator Olson: I am not sure whether Senator Asselin asserted that Canada voted in favour of that part, or whether he was asking if Canada did or did not.

[*Translation*]

Senator Asselin: I wonder if it is true that when the resolution was put forward and voted upon "clause by clause", Canada voted in favour of the clause condemning the Americans' intervention in Grenada.

[*English*]

Senator Olson: Honourable senators, I will have to look that up. I am not sure whether or not several votes took place, although I am not questioning that. There may have been more than one.

Canada's position in the situation at the United Nations respecting that whole matter is a very complex one because of an indication that there would be some other resolutions put forward that would have some different wording from the one that finally came up and, therefore, I should like to take as notice the question in order to obtain an explanation of not only Canada's vote and whether there was more than one vote, but also an explanation of why Canada voted as it did. I believe I am correct in saying that the Canadian delegation did, in fact, give an explanation either immediately before or immediately following the vote.

[*Translation*]

Senator Asselin: On the same issue, it has been said in the other place that the Americans had not forewarned the Canadian government of their intention to intervene in Grenada and that steps should be taken to find out whether the Department of External Affairs had been forewarned. Is it true that the United States had not gone to the trouble of warning Canada, an ally, of their intention to intervene in Grenada?

[*English*]

Senator Olson: Honourable senators, I have been advised that the United States Deputy Secretary of State, Mr. Kenneth Dam, met with our ambassador in Washington on October 26 concerning Grenada. At that time Mr. Dam indicated that consultations with Canada and other countries had been considered. Military security and operational considerations had to prevail in the decision not to forewarn Canada of the exact time, according to Mr. Dam. However, there was recognition by the United States that Canada had very specific interests in the Carribean region and that Canada would be provided with the fullest information as soon as possible.

• (1500)

Hon. Lowell Murray: Honourable senators, will the Leader of the Government indicate whether there has been an investigation of the statements made by the Prime Minister of Dominica recently to the effect that she had been delegated to carry the message to Prime Minister Trudeau but could not obtain his telephone number for that purpose?

Senator Olson: I have not had any advice officially on that, although I am aware of some press speculation, or otherwise, that that might have happened. Therefore, I assume that the question was put seriously, and, if so, I will take it that way and try to obtain an answer.

Senator Murray: The Prime Minister of Dominica was quoted to that effect.

[*Translation*]

Senator Asselin: I suggest good relations between the United States and Canada are of the utmost importance, and I think it is in the interest of Canadians to know whether the Americans have bothered to forewarn Canada of their intention to intervene militarily in Grenada.

I find this situation quite confusing and unclear, and the Prime Minister cannot decide one way or the other; when asked, the Secretary of State for External Affairs referred to the statement made by Senator Olson. Could the Minister state clearly when we return on November 14 whether there is any friendship between Washington and Canada?

[*English*]

Senator Olson: Honourable senators, I can assure my honourable friend that there is a very high and valued friendship between the United States and Canada. I know that Senator Asselin is asking for further information on the level and the extent of the consultations, but at this time I cannot add anything to the answer I have already given.

Hon. Duff Roblin (Acting Leader of the Opposition): Is my honourable friend not sensitive to the implications of the statement made by the Deputy Secretary of State of the United States as to why Canada was not informed, the statement being that it was necessary that we should be kept in the dark for reasons of military security? The implications of that excuse or reason are far-reaching because it implies that information given to Canada, which, after all, is an ally of the

United States, and a close neighbour, is information that has to be guarded. Therefore, the implication is that we are not trustworthy in respect of confidential information of a secret or military nature.

I should like to know what interpretation the Government of Canada placed upon the reason given by Mr. Dam as to why we were not informed about this thing before we were, whether the Government of Canada is satisfied with this explanation, or whether there are any extenuating circumstances that perhaps might relieve my concerns about the matter.

Senator Olson: The officials directly responsible in the Canadian government and, indeed the ministers, including the Prime Minister, are very sensitive to the points that have just been made. I shall endeavour to obtain from the Secretary of State for External Affairs a more expanded answer as soon as possible.

Senator Roblin: I would be grateful for that because it does seem to undercut a great deal of the relationship between our two countries in a very distressing fashion. That the matter has gone, as far as I know, unremarked by the Canadian government, I find extraordinary. I want my honourable friend to clarify this matter because if relationships between Canada and the United States are on the basis indicated by Mr. Dam's statement, then I think something needs to be done about them.

Senator Olson: I have already given an undertaking to refer that question to the Secretary of State for External Affairs, so I will leave it at that for now.

AGRICULTURE

RED MEAT STABILIZATION PLAN

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I am glad to see the Minister of State for the Canadian Wheat Board here because although the Leader of the Government was accused of being a farmer the other day—and I guess he does not mind the description—his colleague is equally entitled to that compliment. I am addressing him as one farmer to another and I want to ask him about the agreement in principle on the red meat stabilization plan that was announced by the Minister of Agriculture the other day. It refers to an agreement with three provinces—Ontario, Saskatchewan and Alberta. One of the significant factors in the agreement is the first one mentioned, that no top loading—that is, stabilization payments beyond the national levels—be permitted. I find that a very satisfactory statement.

My question is: What happened to the Province of Manitoba because although they are included in the reference, the implication is that they have not agreed to it themselves? Could the minister also tell me where the Province of Quebec stands respecting this matter because livestock subsidies in Quebec, as I think the minister knows, are a matter of much concern for the rest of the country. Some of us would be rather pleased if they, too, saw fit to accept this principle of no top loading.

[Senator Roblin.]

What is the position respecting the Provinces of Manitoba and Quebec?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank Senator Roblin for his question. I regret that I was not here the other day when he was about to ask this question. The information that I have been given is that Manitoba is still very interested in the plan. The Minister of Agriculture of Manitoba, the Honourable Senator Uruski—

Senator Roblin: He is not a senator yet.

Senator Argue: The Honourable Bill Uruski was unable to be here because he said that with the busy schedule he had it was rather short notice. As far as I know there is no information that Manitoba is not interested. I think it would be very helpful if Manitoba did, in fact, continue to take part in the discussions.

Senator Roblin: Are they a party now?

Senator Argue: At the time of the press release, they were not at the meeting and, therefore, could not be part of this tentative arrangement. I certainly agree with Senator Roblin's inference that top loading is something, from a national point of view, at any rate, that is best avoided.

I believe that Quebec did have an observer at that meeting, but the information I have is that Quebec has not indicated, at least to date, that it is likely to come into the plan. As Senator Roblin also pointed out, Quebec is a major producer of beef. It has a major dairy industry and, of course, beef is a component of that industry. It would be desirable for all the provinces to come in, but, as I understand it, up to this point Alberta, Saskatchewan and Ontario have signified interest and, of course, the federal government.

WESTERN GRAIN TRANSPORTATION

SPONSORSHIP OF BILL C-155

Hon. Lowell Murray: Honourable senators, I should like to ask the Minister of State for the Canadian Wheat Board, so that honourable senators can fine-tune their preparations for the Crow debate, whether it will be he or some other senator who will be sponsoring the bill on behalf of the government.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think that that is a question for the Leader of the Government.

Hon. H. A. Olson (Leader of the Government): Honourable senators, that may be, but, as Senator Roblin has indicated, there are many honourable senators on this side of the house who are thoroughly familiar with farming in western Canada and the people who will be significantly affected by this. We have several other senators, including Senator Steuart from Saskatchewan, who have displayed a great deal of capability in this respect. I think he did a great job on the pre-study of Bill C-155. Therefore, it is not confined only to the farmers in the front row.

• (1510)

Senator Murray: Will the Minister of State for the Canadian Wheat Board be taking part in the debate, in any event?

Senator Argue: Honourable senators, I anticipate doing so.

AGRICULTURE

NEW BRUNSWICK—LIVESTOCK INDUSTRY—ADJUSTMENT PROGRAMS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Sherwood on November 1. The question was:

> What new adjustment programs is the government about to put into effect concerning the livestock industry in New Brunswick?

The answer that has been supplied to me by the Department of Agriculture is as follows. The government is currently having discussions with the provinces, including New Brunswick, for a new series of economic and regional development agreements (ERDAs) under which we expect a sectoral program for agriculture in the New Brunswick agreement. It is likely that the New Brunswick livestock industry will be included under that agreement.

UNEMPLOYMENT INSURANCE

1984 PREMIUM

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I am a little disappointed that no reply has been made to a question I previously put to the Honourable Senator Austin regarding unemployment insurance. The news has now been reported in the newspapers. In the interests of timely disclosure to this house, I regret that Senator Austin is not here to give us the information. It certainly could give rise to further questions that might be asked. I must now wait until Heaven knows when before we get back to that subject.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I appreciate Senator Roblin's point in that perhaps it ought to be put on the record. I will give him an undertaking, however, to communicate what I might call his consternation—

Senator Roblin: Not consternation, but dismay.

Senator Olson: I will communicate to Senator Austin Senator Roblin's dismay. Perhaps a reply could be given to Senator Roblin through his office, although I realize that that is not as satisfactory as having the reply given on the floor of this chamber.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—CONSIDERATION OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER—DEBATE CONCLUDED

The Senate resumed from Thursday, October 27, 1983, consideration of the Report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of the Constitution Amendment Proclamation, 1983, which was tabled on Thursday, October 13, 1983.

Hon. Joan Neiman: Honourable senators—

The Hon. the Acting Speaker: I draw the attention of honourable senators to the fact that, if the Honourable Senator Neiman speaks now, her speech will have the effect of closing the debate on the consideration of this report.

Senator Neiman: Honourable senators, Senator Tremblay made a number of interesting observations during the course of his intervention on this matter last week. I should like to take a few minutes to reply to some of them.

As was pointed out by Senator Tremblay, there are two categories of amendments in the proposed amendment to the Constitution which the Standing Senate Committee on Legal and Constitutional Affairs has been studying and which is the subject of this report. Senator Tremblay drew our attention, in particular, to what might be termed the technical aspects of the proposed amendments. He pointed out that there are certain apparent anomalies, if you will, in the wording of some of the sections.

I should like to draw the attention of honourable senators, first of all, to those comments with respect to section 54, Part IV, of the Constitution Act of 1982. Senator Tremblay has indicated that, in fact, Part IV and section 37—which is all that is contained in Part IV of the act—were repealed by operation of section 54 of the Constitution Act, 1982, as of April 18, 1983. We discussed this matter earlier. Apparently, the form of the present proposed amendment is such that the old Part IV is being left as part of the Constitution and we are inserting a new Part IV.1.

I talked this over with the Deputy Minister of Justice because it seemed to be an unusual procedure. He advised me, however, that it is not uncommon. Rather than delete sections of the act which are now repealed or are intended to be repealed at some future date, his officials made the decision that the section should remain as part of the record for future reference. He pointed out to me that this is not an uncommon practice because it leaves an historical record, and, further, that it was done respecting sections 42 and 43 of the Constitution Act, 1867.

It seemed to me—and, perhaps, to Senator Tremblay—that it is a rather awkward way to make an amendment and that when we send out copies of the Constitution for public display, it appears rather odd to see, included within the Constitution, sections which are in fact repealed followed by other sections which are the current, viable sections of the Constitution. That was, however, the decision which was made at that time. It is

entirely possible that, when future amendments are made, the officials will decide to remove those sections. I merely indicate the present reasoning behind this procedure.

Senator Tremblay then referred to the fact that certain words have been deleted from the new sections of Part IV.1. In particular, the words "including the identification and definition of the rights of those peoples to be included in the Constitution of Canada" have now been deleted. This is one of the very matters to which our committee addressed a good deal of its efforts during all of its hearings. We felt—as I think our subsequent comments here in this chamber have emphasized—that the committee, as a whole, believes that the identification and definition of the rights of these peoples must be established at the earliest time, before negotiations can be proceeded with in any meaningful or successful way.

● (1520)

Senator Tremblay asked why the change was necessary. We cannot give an answer to that except to say that it was obvious to us that all parties to the negotiations—that is, the government officials and the representatives of the various native groups—seemed content that those words should be omitted so that they could deal with them at a later time. I do not think that allays the uneasiness or concerns that we have, but, as it appears satisfactory to those people who are going to be negotiating, I think we must simply rest our case with the observations that we have made.

The other interesting point raised by Senator Tremblay dealt with the question of when the resolution may be proclaimed, if adopted, as it undoubtedly will be today. Senator Tremblay is quite correct in noting that the resolution cannot take effect before June 1, 1984. This is covered by section 39(1) which states:

> A proclamation shall not be issued under subsection 38(1) before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

When our report was presented, we noted that five provinces, at that point, had adopted the resolution. It had also then, of course, been adopted in the other place. I have been advised that, since the commencement of our discussions in this chamber, the Province of Ontario, after a three-day debate, unanimously adopted the resolution on October 18. I am also advised that the Province of British Columbia, amid all the other business that that legislature has been involved in, debated this resolution for one day and adopted it on October 21. If this chamber adopts the resolution today, as I hope and expect it will, it means that the requirements under the Constitution Act, 1982 will be fulfilled insofar as the number of provinces is concerned.

However, as Senator Tremblay has pointed out, it can only be proclaimed after the expiration of one year. Since the Province of Nova Scotia initiated the resolution and passed it on May 31, 1983, we must wait till May 31, 1984 before proclamation.

After discussions with the Department of Justice, my understanding is that the meaning of the section is that it will automatically be adopted on June 1, 1984, whether or not the Province of Quebec takes any action with respect to it. If all ten provinces register their assent or dissent before that date, then it could be proclaimed before that time. That is the only clarification I would make with respect to that particular point which Senator Tremblay raised.

I would now turn to the subject of the first ministers' conference as required in the amendment we are considering. It was pointed out that, if a conference of first ministers is held prior to the date on which the proposed amendment to the Constitution is adopted, it will not be a conference authorized or required by the Constitution, and I think that is quite true. The amendment cannot take effect until next June 1, so, if a meeting is held prior to that date, it will not be a constitutional conference within the meaning of this amendment. However, I do not think that that is of particular concern because I am sure the native groups would be glad to have a conference before then as a forerunner to the formal constitutional conference.

The only requirement then is that there must be one conference before the appropriate date in 1985. However, they could, perhaps, have any number of preliminary conferences before that time. They will still be entitled to two constitutional conferences as required by this amendment.

Honourable senators, I believe that these are the only points on which I wish to make special comment. I would conclude by suggesting to you that we endorse the suggestions and observations made by Senator Tremblay in his concluding remarks concerning the role the Senate should play in future amendments to the Constitution. His suggestion that our committee should convene a special meeting to look into the procedures is something I take seriously. I believe this could be done very well by our committee. We shall certainly proceed with his suggestion.

The Hon. the Acting Speaker: As no other honourable senator wishes to participate, this report is considered debated.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Petten:
>
> That:
>
> Whereas the *Constitution Act 1982* provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of

Commons and resolutions of the legislative assemblies as provided for in section 38 thereof;

And Whereas the Constitution of Canada, reflecting the country and Canadian society, continues to develop and strengthen the rights and freedoms that it guarantees;

And Whereas, after a gradual transition of Canada from colonial status to the status of an independent and sovereign state, Canadians have, as of April 17, 1982, full authority to amend their Constitution in Canada;

And Whereas historically and equitably it is fitting that the early exercise of that full authority should relate to the rights and freedoms of the first inhabitants of Canada, the aboriginal peoples;

Now Therefore the Senate of Canada resolves that His Excellency the Governor General be authorized to issue a proclamation under the Great Seal of Canada amending the Constitution of Canada as follows:

PROCLAMATION AMENDING THE CONSTITUTION OF CANADA

1. Paragraph 25(b) of the *Constitution Act 1982* is repealed and the following substituted therefor:

"(b) any rights or freedoms that now exist by way of land claims agreements or may be so acquired."

2. Section 35 of the *Constitution Act, 1982* is amended by adding thereto the following subsections:

"(3) For greater certainty, in subsection (1) "treaty rights" includes rights that now exist by way of land claims agreements or may be so acquired.

(4) Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection (1) are guaranteed equally to male and female persons".

3. The said Act is further amended by adding thereto, immediately after section 35 thereof, the following section:

"35.1 The government of Canada and the provincial governments are committed to the principle that, before any amendment is made to Class 24 of section 91 of the *Constitution Act, 1867,* to section 25 of this Act or to this Part,

(a) a constitutional conference that includes in its agenda an item relating to the proposed amendment, composed of the Prime Minister of Canada and the first ministers of the provinces, will be convened by the Prime Minister of Canada; and

(b) the Prime Minister of Canada will invite representatives of the aboriginal peoples of Canada to participate in the discussions on that item."

4. The said Act is further amended by adding thereto, immediately after section 37 thereof, the following Part:

"PART IV.1 CONSTITUTIONAL CONFERENCES

37.1 (1) In addition to the conference convened in March 1983, at least two constitutional conferences composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada, the first within three years after April 17, 1982 and the second within five years after that date.

(2) Each conference convened under subsection (1) shall have included in its agenda constitutional matters that directly affect the aboriginal peoples of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on those matters.

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

(4) Nothing in this section shall be construed so as to derogate from subsection 35(1)."

5. The said Act is further amended by adding thereto, immediately after section 54 thereof, the following section:

"54.1 Part IV.1 and this section are repealed on April 18, 1987."

6. The said Act is further amended by adding thereto the following section:

"61. A reference to the *Constitution Acts 1867 to 1982* shall be deemed to include a reference to the *Constitution Amendment Proclamation, 1983.*"

7. This Proclamation may be cited as the *Constitution Amendment Proclamation 1983.*—(*Honourable Senator Frith*).

Hon. H. A. Olson (Leader of the Government): Honourable senators, it is not my intention to speak at length on this motion of Senator Frith. I simply want to express my appreciation and, indeed, my congratulations, not only to the chairman of the committee but also to the members of that committee, who made a very useful contribution to the process that is involved in the matter referred to the committee.

As Senator Neiman pointed out in the course of her comments, we are now at a stage where eight of the ten legislatures have adopted this resolution, as well as the House of Commons. I believe it is also true, as has been pointed out, that when the Senate adopts this motion, it will be proclaimed one year later.

• (1530)

Hon. Duff Roblin (Acting Leader of the Opposition): Senator Neiman has already explained that.

Senator Olson: I have to acknowledge that at one point I was not listening to the debate. However, I do not think that I can add anything more to what Senator Neiman has said, and I hope that honourable senators will approve the motion today.

[*Translation*]

Hon. Arthur Tremblay: I do not intend to engage in a debate, because actually it already has taken place on the substance of the issue. Referring to Senator Neiman's remarks, I would simply say I am glad that the suggestion I made the other day, that the process or evolution of constitutional amendments, now that we are in the post-patriation phase, is a matter to be studied thoroughly, in order to establish for the future procedures that are reliable and all-encompassing. In any case, we will be perfectly conscious of that and will be sufficiently aware of the nature of what is implied to avoid any surprise. Senator Neiman suggested that while the native peoples did expect a constitutional conference to be held in March, the fact that it will not be such a conference may not be a serious problem. Having met subsequently a few natives who are involved in the work done by the association representatives, this has been a disappointment to them. They say so in private, because they thought everything would be over by December. This goes to show the importance of looking at each such operation, because every time we will be breaking new ground as far as procedure is concerned. The Senate indeed is there to undertake such studies. Of course, the procedure will not necessarily be the same each and every time. I am glad that Senator Neiman has seriously considered this suggestion that the Committee on Legal and Constitutional Affairs take the initiative in holding a few meetings as needs be. We will be hearing Department of Justice officials, and witnesses from outside, and will look at the various possible ways for introducing future constitutional amendments. To conclude, it has already been indicated that we are going to agree to the resolution.

Motion agreed to.

The Senate adjourned until Monday, November 14, 1983, at 8 pm.

APPENDIX

(*See p. 6131*)

CANADIAN SECURITY INTELLIGENCE SERVICE
REPORT OF SPECIAL SENATE COMMITTEE

DELICATE BALANCE: A SECURITY INTELLIGENCE SERVICE IN DEMOCRATIC SOCIETY

Thursday, November 3, 1983

The Special Committee of the Senate on the Canadian Security Intelligence Service which was authorized to examine and consider the subject-matter of Bill C-157 intituled the *Canadian Security Intelligence Service Act* has, in obedience to its Order of Reference of June 29, 1983, proceeded to that inquiry and now presents its report:

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INTRODUCTION

1 Bill C-157, given first reading in the House of Commons on May 18, 1983, would mark a new and important departure in the treatment of Canada's security needs. The Bill would establish an entirely new security intelligence agency separate from the RCMP. The agency so formed would not be police in nature; it would have a legislated mandate; and new control and review mechanisms would be added to attempt to ensure the propriety and effectiveness of the agency's activities.

2 The Committee is mindful of the significance and importance of the proposals in Bill C-157 and, in fulfilling the terms of its Order of Reference from the Senate of 29 June 1983, has undertaken as thorough a study of the subject-matter of the Bill as time and circumstances have permitted. The Committee has heard over 30 witnesses in 18 days of hearings, and has also considered numerous other submissions from the public.* We have heard from a fairly representative cross-section of public opinion on Bill C-157, including the legal community, the police, human rights organizations, political groups, and representatives of provincial governments. In so doing, the Committee has also acquired a degree of familiarity with the difficult issues involved with legislating in this area. We believe that this has been a useful and constructive enterprise, and hope that this report can adequately reflect some of the incisive and judicious testimony and recommendations which we have heard. We also hope that the proposals made in this report can contribute to the process of formulating legislation in this area that is both effective and congruent with democratic principles.

3 Before proceeding to our analysis of the subject-matter of the Bill, it is first necessary to address a number of matters which underlie the proposed legislation. One of the most important of these matters is the delicate balance which must be achieved, in security intelligence matters, between the protection of individual rights and the protection of collective security. Discussed in more detail below, it should be noted at this point that this balance is an issue which runs through and informs virtually every part of this report.

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* A list of witnesses is appended: Appendix A.

MATTERS PRELIMINARY AND FUNDAMENTAL

4 Some issues relating to the subject-matter of the Bill are necessarily preliminary to a consideration of it, and are of such a fundamental nature as to merit consideration throughout this report. They will, accordingly, be dealt with first.

1. The nature of the threat — the need for a security intelligence service

5 This is surely the most basic issue to be addressed in dealing with the subject-matter of Bill C-157. Are there threats to Canada's security? If so, are they of such significance that a distinct security intelligence capability is required?

6 The Committee believes that both questions must be answered in the affirmative. Both the Royal Commission on Security (The "Mackenzie Commission") in 1968, and the Commission of Inquiry Concerning Certain Activities of the RCMP (The "McDonald Commission") in 1981, found that there was, and is, a need to protect the security of Canada from threats both external and internal. The Mackenzie Commission found that the state had a duty to:

> protect its secrets from espionage, its information from unauthorized disclosure, its institutions from subversion and its policies from clandestine influence.

The McDonald Commission found that in the protection of the security of Canada there are two basic needs:

> first, the need to protect Canadians and their governments against attempts by foreign powers to use coercive or clandestine means to advance their own interests in Canada, and second, the need to protect the essential elements of Canadian democracy against attempts to destroy or subvert them.

The McDonald Commission identified threats to Canada's security as falling into three basic categories: activities of foreign intelligence agencies, political terrorism, and subversion of democratic institutions. It further found that these types of threats could not be dealt with solely by law enforcement agencies. Advance intelligence is required in any credible attempt to protect security, and a distinct security intelligence capacity is the only realistic source of such intelligence.

7 It should be noted that, while there was considerable divergence among witnesses before the Committee as to the appropriate mandate, powers, structure and location of a security intelligence agency, no witness questioned the need for such an agency. There was, indeed, substantial disagreement among witnesses as to the extent and seriousness of threats to Canada's security. But, again, no witness claimed that there were no threats, or that the threats were so minimal as to require no significant response. The debate before the Committee on Bill C-157 demonstrated implicit acceptance of most of the basic principles enunciated in this area by the Mackenzie and McDonald Commissions. Accordingly, the Committee has found that the need for a security intelligence capacity has been demonstrated. What must be addressed is the extent and configuration of that capacity.

2. Jurisdiction

8 The issue of jurisdiction, at least in relation to the establishment and operation of a security intelligence agency, is clear and easily disposed of. The Committee believes that legislative authority in this area clearly resides with the federal government. Ensuring the security of the collectivity is a matter of national importance, and is a distinct subject-matter which does not fall within provincial jurisdiction. Federal authority in the areas of national defence, criminal law and procedure, and "peace, order and good government" all buttress the claim that only the federal government has the jurisdiction to establish an agency with the scope and powers as that contemplated by Bill C-157. No witness seriously challenged federal competence in this area. This is not to deny the provinces a role in security matters; but merely to assert that only the federal government can bring into existence and maintain an agency of this kind.

9 While federal primacy in this area is, in our opinion, beyond dispute, what is less clear is the question of the limits of that competence. Several witnesses, in particular representatives of the provincial law officers of the Crown, have challenged the attempt in Part IV of the Bill to potentially exclude the provinces from participation in the prosecution of security-related offences, and to give the RCMP "primary responsibility" for police work in relation to such offences. This matter will be dealt with in that part of this report which discusses Part IV, the proposed *Security Offences Act*.

10 A final issue involving the question of jurisdiction has to do with the effect which the *Canadian Charter of Rights and Freedoms* may have on Bill C-157. Some witnesses who appeared before the Committee contended that several provisions of the Bill constitute *prima facie* infringements of fundamental freedoms and legal rights which are guaranteed by the *Charter*, such as freedom of thought, belief, opinion and expression; freedom of peaceful assembly and association; the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice; and the right to be secure against unreasonable search and seizure. Other witnesses went further and declared that the whole thrust of the Bill was inconsistent with the spirit of the *Charter*.

11 It would be difficult to disagree with the contention that some of the provisions of Bill C-157 may, without consideration of the question of reasonable limits, be construed as infringing on some *Charter* rights. Indeed, any effective security intelligence agency will require the use of extraordinary powers which have the potential for conflict with civil liberties. But the Committee disagrees with those who contend that a statute establishing a security intelligence agency is fundamentally incompatible with the *Charter*. The fact that an attempt is being made to legislate in this area is, we think, a clear indication that the government recognizes the need for effective limits, control and review of our security intelligence capacity.

12 With respect to the particular question of the constitutionality of certain elements of the Bill, the Committee takes

the position that any detailed discussion of the *Charter* would, of necessity, be highly speculative. The Committee is, however, confident that a Bill amended as recommended in this report would be compatible with the *Charter*, and that whatever infringements of rights and freedoms which may result could be considered "reasonable limits ... as can be demonstrably justified in a free and democratic society."

3. The distinction between law enforcement and security intelligence operations

13 Once it is accepted that a distinct security intelligence capacity is required, cognizance must be taken of the fundamental differences between a system established for enforcement of the law, and a system established for the protection of security. There are similarities between such systems, and a distinct area of overlap in which the interests of a police force in certain crimes against the state, or against particular individuals, are identical to the interests of a security intelligence agency.

14 But the differences are considerable. Law enforcement is essentially reactive. While there is an element of information-gathering and prevention in law enforcement, on the whole it takes place after the commission of a distinct criminal offence. The protection of security relies less on reaction to events; it seeks advance warning of security threats, and is not necessarily concerned with breaches of the law. Considerable publicity accompanies and is an essential part of the enforcement of the law. Security intelligence work requires secrecy. Law enforcement is "result-oriented", emphasizing apprehension and adjudication, and the players in the system — police, prosecutors, defence counsel, and the judiciary — operate with a high degree of autonomy. Security intelligence is, in contrast, "information-oriented". Participants have a much less clearly defined role, and direction and control within a hierarchical structure are vital. Finally, law enforcement is a virtually "closed" system with finite limits — commission, detection, apprehension, adjudication. Security intelligence operations are much more open-ended. The emphasis is on investigation, analysis, and the formulation of intelligence.

15 The differences between law enforcement and the protection of security have profound implications for several aspects of a security intelligence régime. They can have effect on many questions of policy, such as how much power or freedom of action a person employed in a security agency should have; or obversely, how much protection a person who is the object of investigation can have in light of the differences between operational means and investigative ends. An investigation related to security can have severe consequences on a person's life. Thus the question of control and accountability becomes important, because there is no impartial adjudication by a third party of the appropriateness of an investigation. Since it is so open-ended and confidential in nature, security intelligence work requires a close and thorough system of control, direction and review, in which political responsibility plays a large part. Such close direction is incompatible with our traditional notions of law enforcement.

16 The distinction between law enforcement and the protection of security is one which should be kept in mind throughout our analysis of the subject-matter of the Bill. It forms a large part of the basis for several recommendations which are made.

4. Civilianization

17 The foregoing discussion of the distinction between law enforcement and the protection of security leads logically to consideration of one of the major and fundamental changes proposed in Bill C-157. That is the separation of the security intelligence function from the RCMP, and the establishment of a civilian agency.

18 The witnesses who have appeared before the Committee have forcefully presented the arguments on both sides of the civilianization issue. While conceding that some of the arguments for retaining the Security Service within the RCMP are valid, a majority of the Committee is strongly of the opinion that it is necessary to proceed as proposed in the Bill and establish a civilian agency. One member of the Committee, Senator Kelly, disagrees. He maintains that the RCMP should retain the security function, but is otherwise in accord with the Committee as to the rest of this report.

19 In coming to this conclusion, we have been influenced by the findings of the Mackenzie and McDonald Commissions, which both proposed a civilian agency. Those findings were emphasized by several witnesses. There is a need for a fundamental re-orientation of management of security intelligence, extending from control of operations to the relationship of the service to government. The RCMP has, in the past, proved to be extremely resistant to such changes. It may be impossible (and undesirable) to impose such controls on a police organization. In addition, there is a need for a new type of recruit, with a different outlook and education. Analytical and assessment skills must be greatly increased. The RCMP recruitment system has, and continues to produce excellent policemen, but we subscribe to the view that, to a critical and substantial extent, security work requires individuals with a different background. Furthermore, the relationship between the government and the agency must be very close, and the agency must be stringently monitored and reviewed by third parties. Such a relationship would be neither appropriate nor possible with a police force. At present, the Commissioner of the RCMP consults with the Solicitor General in two capacities, as head of both a police and a security organization. There is a great potential for confusion or mixture of those roles, to the disadvantage of the police, the security agency, and the system of ministerial responsibility and accountability. Finally, there is inherent in the combination of law enforcement and security duties the danger of the creation of what the McDonald Commission referred to as a "political police". Police forces must function with a high degree of autonomy. But such autonomy is incompatible with the strict process of control and review which must be exercised with respect to a security force.

20 We recognize, of course, that civilianization will not be a panacea. Considerable effort must be made to ensure that a precise mandate is prescribed and that effective controls are imposed on the agency. We also recognize that there will, inevitably, be difficulties in the transition to a civilian agency.

For example, there is the danger of a loss of effective liaison with other agencies, and the concern that the agency might be more subject to penetration by foreign powers once removed from the RCMP. These are issues which must be addressed in the transition, but they do not, in our opinion, outweigh the benefits to be gained from the creation of the new agency. In this regard, it should be noted that, in its initial stages, the CSIS would be composed entirely of former RCMP Security Service employees, and that changes in personnel would be gradually introduced. This should alleviate many of the concerns as to the transition.

21 We also note that an RCMP role in security matters will continue to exist in areas having to do with security operations and the enforcement of the criminal law. A special branch of the force is to be established to deal with the CSIS for these purposes. Not least because of the useful check it will put on the CSIS, this is an important matter, and will require special attention during the establishment of the CSIS.

22 Before leaving this area, we would like to stress the fact that the creation of a new agency will not diminish or devalue the extremely important work of the RCMP. It should be recognized that some of the difficulties experienced in the past with the Security Service arose less from any inherent defect in the RCMP or its personnel, than from an unsatisfactory institutional framework and the undesirable mixture of police and security functions. We would hope that the creation of a new agency would introduce a welcome degree of certainty for the force. It is possible, however, that prolonged delay in the separation of the security function will affect the morale of the RCMP. The Committee is concerned about this possibility, and expresses the hope that the transition can be effected quickly, efficiently and with minimal disruption of RCMP activities so that the force can resume its policing functions with characteristic expertise, and maintain its undoubted prestige.

5. The security of the collectivity and individual rights

23 This matter is perhaps the most important to be considered when dealing with the subject-matter of the Bill. The need to balance collective security — the safety of the state and its institutions from threats of espionage, terrorism and subversion — with individual rights to privacy, to dissent, to be politically active and to hold and express unpopular or radical opinions is a challenge to be faced in the establishment of a security intelligence system. There is a very basic tension between the concepts of collective and individual security, and it must be addressed at virtually every stage of the formation and operation of a security intelligence agency. To a significant degree, it must be noted, individual rights depend upon maintenance of collective security. Both ends are desirable, but they also make competing demands on the institutions of a democratic state. Either end, by itself, could be easily attained, but at great expense to the other. The crucial task is to arrive at an appropriate balance of the two.

24 The *raison d'être* of a security intelligence agency is the preservation of a free and democratic state in which individual liberty can be maintained. Thus, the degree to which such an agency impinges unjustifiably on freedom is a measure of its failure. The McDonald Commission expressed this concern as follows:

> Canada must meet both the requirements of security and the requirements of democracy: we must never forget that the fundamental purpose of the former is to secure the latter. Those who seek to subvert Canada's democratic institutions would realize an ironic victory if Canadians were to permit their governors to violate the requisites of democracy in the course of protecting them from its opponents.

25 It is with these matters in mind that the Committee has approached its analysis of the Bill. A credible and effective security intelligence agency does need to have some extraordinary powers, and does need to collect and analyze information in a way which may infringe on the civil liberties of some. But it must also be strictly controlled, and have no more power than is necessary to accomplish its objectives, which must in turn not exceed what is necessary for the protection of the security of Canada. As in our discussion of the *Charter* above, we submit that any limitations on rights and freedoms caused by a security intelligence agency must be reasonable, within section 1 of the *Charter*.

26 The Committee thus makes a number of recommendations which, in its opinion, would lead to a more appropriate balance between collective and individual security. The Committee acknowledges the fact that striking such a balance is a difficult endeavour. It hopes that this report will be of assistance in the final formulation of legislation in this area.

AN ANALYSIS OF THE SUBJECT-MATTER OF BILL C-157

27 Bill C-157 does provide a comprehensive framework for the establishment of a security intelligence agency. Its main structural elements are basically sound. The Committee does, however, recommend several adjustments, clarifications and additions, which it submits to improve the proposed legislation. This report will adopt a functional approach, rather than a clause by clause analysis, in order to facilitate a clear understanding of the rationale for its proposals. Accordingly, we will commence with an analysis of the mandate and functions of the CSIS. The report will then proceed to a discussion of: the powers and immunities of employees; management, control and responsibility for the agency; monitoring and review of operations; and other matters not subsumed within the foregoing. The analysis will conclude with a discussion of Part IV of the Bill — the proposed *Security Offences Act*.

1. The mandate and functions of the CSIS

a) The primary function and mandate

28 What might be termed the "primary function" of the proposed agency is to be found in s. 14(1) of the Bill:

> The Service shall collect, by investigation or otherwise, and analyse and retain information and intelligence respecting activities that may on reasonable grounds be suspected of constituting threats to the security of Canada and, in relation thereto, shall report to and advise the Government of Canada.

This subsection, on its face, is unobjectionable. It sets out clearly what the principal activity of any security intelligence agency should be: investigation, analysis and the retention of information and intelligence on security threats. This, of course, then leads to a very important question, the answer to which is crucial to the scope of the agency's power: what constitutes "threats to the security of Canada"? In brief, how is the agency's mandate to be defined?

29 Before addressing this question, however, the Committee feels that it would be useful to stipulate an immediate limitation on the primary function in section 14. It has in mind what the McDonald Commission recommended, and what several witnesses endorsed: that there be included in the statute words which would indicate that the agency's mandate should not be given an overly expansive interpretation. The McDonald Commission suggested, in part, the following:

> that the legislation establishing Canada's security intelligence agency contain a clause indicating that the agency's work should be limited to what is strictly necessary for the purpose of protecting the security of Canada ... (Recommendation 4, p. 443, *Second Report*)

30 Adding words to this effect to s. 14(1) would, we believe, have a salutary effect on its interpretation. The recommendation in that Report also went on to include words which are found in s. 14(3) of the Bill.[1] The Committee is of the opinion that this formulation is also useful, but that it should be expressed affirmatively, and within the definition of security threats, as discussed below.

31 This, then, brings us back to the question of mandate. Section 2 contains the definition of "threats to the security of Canada". One cannot overstate the importance of this definition. It constitutes the basic limit on the agency's freedom of action. It will establish for the CSIS, its Director, and employees the fundamental standard for their activities. It will enter crucially into judicial determination of whether a particular intrusive investigative technique can be used. And it will provide a benchmark for assessment of agency activities by review bodies, and by the agency's political masters. It will not, however, create a crime or crimes.

32 Not surprisingly, the definition has received attention commensurate with its importance from witnesses and in submissions to the Committee. The Committee agrees with many of the criticisms made of the definition. We do believe, however, that the four elements of the definition — espionage and sabotage; foreign-influenced activities detrimental to Canada's interests; political violence; and subversion — establish appropriate parameters for the definition.

33 The first issue to be addressed with respect to the definition relates to the phrase "or any state allied or associated with Canada" in paragraphs (a) and (b).[2] The phrase would extend the scope of the mandate in relation to sabotage and espionage, and foreign-influenced activities to include the practise of such activities against such "allied" or "associated" states. The Committee agrees with those witnesses who contend that the phrase in question has the potential to unreasonably expand the agency's mandate. In particular, it finds the concept of "association" with other states to be unduly vague. As several witnesses have pointed out, this word could conceivably include all member states of the United Nations. It is true that the phrase is used in other federal statutes, notably the *Access to Information Act*, and the *Financial Administration Act*. But we do not believe that its use is appropriate for the purpose of defining threats to security.

34 The Committee recommends that the phrase be deleted from section two. In its place should be put reference to detriment to the interests of Canada. Thus, in paragraph (a), espionage and sabotage would constitute a threat if directed against Canada, or if those activities are otherwise detrimental to the interests of Canada. This would allow a particular analysis of whether any given act of espionage against another state should be a concern of the CSIS. Paragraph (b)

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[1] Section 14(3) reads as follows:

> Nothing in this Act authorizes the Service to investigate the affairs or activities of any person or group of persons solely on the basis of the participation by that person or group in lawful advocacy, protest or dissent.

[2] Paragraphs (a) and (b) of the definition:

> (a) espionage or sabotage against Canada or any state allied or associated with Canada or activities directed toward or in support of such espionage or sabotage, (b) foreign influenced activities within or relating to Canada that are detrimental to the interests of Canada or any state allied or associated with Canada and are clandestine or deceptive or involve a threat to any person.

already contains the phrase recommended, and thus the reference to association and alliance is surplusage. Beyond the offending phrase, the Committee finds paragraphs (a) and (b) to be acceptable.

35 Paragraph (c) deals with political violence.[3] It appears to be primarily directed against terrorism. No witness objected to the inclusion of such activity in the definition. Concern was expressed, however, with the scope of this definition. It includes activities directed toward or in support of "the threat or use of violence ... for the purpose of achieving a political objective ...". It is argued that this wording would not only catch acts of terrorism, but also relatively minor acts with political overtones. The typical example given was the throwing of a tomato at a political figure. This can be characterized as "violent" activity with a political objective, but should it attract the attention of the CSIS? Since there is no qualification of the word "violence" in paragraph (c), a political tomato-thrower might well fall within its scope. The quite similar definition recommended by the McDonald Commission would have qualified the word "violence" with the adjective "serious". The Committee was urged by several witnesses to incorporate that word in paragraph (c).

36 The Committee appreciates the intent of this criticism, and agrees that minor acts of political violence should not be a great concern of the CSIS. But it does not agree that this difficulty would be resolved by adding the word "serious" to the definition. The word is so vague and susceptible of various interpretation that it would further confuse the issue.

37 The Committee believes that the problem can be dealt with otherwise. First, the addition of the qualifying words to s. 14, limiting the agency to what is strictly necessary to protect Canada's security (described above) would assist in excluding innocuous conduct. Second, the limitation added to s. 2 itself to protect lawful advocacy, protest or dissent, described below, would further restrict the CSIS. Finally, the adjustments suggested to s. 22, dealing with warrants (also described below) would further insulate minor political violence from the use of intrusive investigative techniques by the CSIS. But beyond these further limitations, the Committee believes that even minor political violence could be a concern of the CSIS, even if not the subject of its full investigative powers. In this regard, the tomato-throwing example is not particularly apt; but no less harmless conduct, closer to "serious" violence, might in particular circumstances constitute activities that have the potential to be threatening, or are incipient terrorism. We would not want to restrict the CSIS unduly at such a stage.

38 The final element in the definition is paragraph (d) which has been generally described as the "subversion" definition. This is perhaps the most difficult part of the definition of threats to deal with, because the activities it describes come closest to legitimate protest, dissent and advocacy. Indeed, it was suggested by some witnesses that subversion should not be a concern of the CSIS at all, specifically because it is so hard to distinguish from legitimate activities. The Committee does not agree with this approach. Even though the limits of subversion are hard to define, it can represent a threat to the security of the state. A state should be in a position to protect itself from illegitimate attempts to weaken its institutions. Having taken this position, however, the Committee believes it is necessary to tighten up the definition.

39 Paragraph (d) has reference to activities directed against the "constitutionally established system of government in Canada".[4] In its definition of "revolutionary subversion", the McDonald Commission referred to the "democratic" system of government. It was urged by several witnesses that the Committee adopt that formulation. We decline to do so, because the word "democratic" is too vague for this purpose. The Committee should not be taken as saying that we do not know what democracy means, in the popular sense. But for the purposes of a statutory definition, the word lacks clarity. Any word that has been used to describe political systems as diverse as those of Canada and, say, Albania, is too elastic to be used in such a critical statutory definition. Since there is no universally accepted concept of what inheres in democracy, using that term could actually have the effect of widening the scope of paragraph (d). The Committee would prefer to temper the perceived rigour of that paragraph in other ways.

40 Paragraph (d) has two arms. The first is "activities directed toward undermining by covert unlawful acts" the constitutionally established system. This part is unobjectionable. The second arm refers to "activities ... directed toward or intended ultimately to lead to the destruction or overthrow of the constitutionally established system." The Committee finds itself in agreement with some of the criticism directed at this part of the subversion definition. "Destruction" and "overthrow" do not necessarily include within their ambit violent or disruptive conduct. Thus it would be open for the CSIS under paragraph (d) to investigate the activities of a peaceful, legal political party, for example, which seeks to alter Canada's constitutional system. This would not be acceptable. Accordingly, the Committee would modify this second arm of paragraph (d) by including reference to destruction or overthrow "by violence". Peaceful and lawful agitation for constitutional change should not be considered a threat to the security of Canada.

41 It is at this point, after threats have been defined, that the Committee believes words similar to those in s. 14(3) of the Bill would be most effectively expressed. Thus, after describing the four types of threat, the definition in section 2 should go on to stipulate, clearly and affirmatively, that lawful advocacy, protest or dissent are to be beyond the investigative scope of the CSIS, unless carried on in conjunction with conduct which does otherwise constitute a threat.

42 A final suggestion which has been made to reduce the possible severity of the definition of subversion is to prohibit the use of intrusive investigative techniques against such a threat. This was proposed by the McDonald Commission. The Committee would see some merit in this suggestion if the definition of subversion were to remain as it is in the Bill. But

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[3] Paragraph (c) of the definition:

(c) activities within or relating to Canada directed toward or in support of the threat or use of acts of violence against persons or property for the purpose of achieving a political objective within Canada or a foreign state.

[4] Paragraph (d) of the definition:

(d) activities directed toward undermining by covert unlawful acts, or directed toward or intended ultimately to lead to the destruction or overthrow of, the constitutionally established system of government in Canada.

the definition we suggest, which would apply only to covert unlawful acts or the use of violent means to destroy or overthrow the constitutionally established system, does not have the same breadth. In addition, the changes which we recommend to s. 22, concerning warrants, would further protect non-threatening activity. Thus, intrusive techniques could be used without a substantial risk of unduly interfering with legitimate activities.

43 One element of section 14 remains to be discussed. That is subsection (2) which states that:

> Nothing in this Act restricts the Service from remaining informed about the political, economic and social environment within Canada and matters affecting that environment.

This subsection was included, it appears, out of an abundance of caution — to prevent the argument being made that the CSIS could not go about collecting information from open, public sources without specific permission. The Committee feels that this fear is groundless, and that the functioning of the agency would not be hindered if the subsection were to be deleted entirely. There is nothing to prevent CSIS employees from becoming familiar with political, social and economic affairs in the public domain. Indeed, in order to provide cogent analysis of intelligence to the government this will be a necessity. But to include unnecessary words in a statute is to court mischief. An example of this is provided by a conjoint reading of ss. 14(2) and 22(1) of the Bill.[5] On a literal reading, the CSIS could request a warrant for the use of an intrusive investigative technique for the purpose of "remaining informed" about economic matters. The Committee doubts that such a reading was intended, and, indeed, officials who testified before the Committee indicated that it was not, and that s. 14 should have been specifically excepted from s. 22. Yet it is a possible reading of those sections.

44 In summary, the Committee submits that the changes that we recommend to the primary function and mandate would sharpen the focus of the agency's activities and serve to better protect legitimate social and political activity while, at the same time, keep the government informed as to genuine threats to the security of Canada.

b) Security assessments

45 The provision of security assessments and advice relating to the security of Canada would be functions assigned to the CSIS by ss. 15-17 of Bill C-157. These are what might be termed "secondary" functions of the agency. But the CSIS would be the logical entity to perform such duties, which are necessary for the proper and secure operation of government institutions. The Committee is, on the whole, satisfied with the scope and content of these sections, subject to a few qualifications.

46 The Committee notes that no criteria for the performance of security assessments are provided in the Bill. Thus, Cabinet Directive 35 (which was made public by the McDonald Commission in 1978) would in all likelihood continue to govern assessments of loyalty and reliability of government employees. Assessments would not be limited, of course, to the criteria of threats to the security of Canada.

47 We find this to be entirely appropriate. But we would urge one adjustment. That is that Cabinet Directive 35, any amendments thereto, or any replacement of it should be transmitted to the Security Intelligence Review Committee (SIRC) which would be established under the proposed Act. The SIRC would review such material, and be in a position to report its opinion to the government as to the appropriateness or necessity of those assessment criteria. This would ensure that the assessment process comes under external scrutiny. Security assessment standards should also be made public. There is no reason why such matters should not be openly known and debated. (It should also be noted that the SIRC would have a further role in hearing complaints from individuals concerning security assessments. This is discussed below).

48 Three other matters should be dealt with. First, s. 15(2) would allow the CSIS to conclude agreements with, *inter alia*, any police force in Canada to provide such forces with security assessments.[6] The Committee believes that it would be preferable if the agency entered into such agreements only after having first informed the relevant provincial government. Second, s. 15(3) might allow for the transmission and retransmission of security data to foreign states or institutions with whom an agreement has been concluded. Because of the consequences which the transmission of such data may have on the individuals concerned, the Committee feels that such arrangements should only be entered into under ministerial certification, and should be monitored by the SIRC to ensure that the issue is being dealt with properly. Further, all such agreements should also be transmitted to the SIRC. Finally, section 17 would allow the agency to "conduct such investigations as it considers appropriate" for the purpose of providing security assessments. It is important in this regard that s. 22 would not allow the use of intrusive investigative techniques in security assessments.

c) The collection of information from foreign states and persons concerning defence and international affairs

49 The third function of the CSIS under Bill C-157 would be to assist in the collection of what has been termed "foreign" intelligence, to distinguish it from security intelligence. Under s. 18, the CSIS would be empowered to assist in collecting information or intelligence in relation to "the defence of Canada or the conduct of the international affairs of Canada" concerning the capabilities, intentions or activities

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[5] Section 22, discussed in greater detail below, governs the issuance of warrants for the use of certain investigative techniques.

[6] Section 15 reads as follows:

> 15.(1) The Service may provide security assessments to departments of the Government of Canada.
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> (2) The Service may, with the approval of the Minister, enter into an arrangement with the government of a province or any department thereof or any police force in Canada authorizing the Service to provide the government, department or police force with security assessments.
>
> (3) The Service may, with the approval of the Minister after consultation by the Minister with the Secretary of State for External Affairs, enter into an arrangement with the government of a foreign state or an institution thereof authorizing the Service to provide the government, institution or organization with security assessments.

of foreign states or persons other than Canadian citizens, permanent residents, and Canadian corporations.

50 According to the Minister of State for External Relations, the collection of foreign intelligence is a well-established function of the Departments of National Defence and External Affairs. It includes such things as the collection of intelligence by the Defence department on the armed forces and war potential of foreign states, and "signals intelligence" — information gathered about foreign countries by intercepting and studying their radio, radar and other electronic transmissions — collected by the Communications Security Establishment. It also includes information gathered by the Bureau of Intelligence Analysis and Security, and the Bureau of Economic Intelligence of the Department of External Affairs which generally advise the government on economic, political, social, and military affairs relevant to Canada's multilateral and bilateral relations.

51 According to the Minister, section 18 is intended to provide necessary support for the collection of foreign intelligence in Canada. At present, the government has inadequate means in this area. Section 18 would fill that gap, allowing the CSIS to assist the relevant government departments. What would distinguish the agency's role in this area from that with respect to security intelligence would be the fact that only foreign nationals could be targeted, and the fact that the agency would only act at the request of a minister of the Crown.

52 The Committee acknowledges the continued need for foreign intelligence, and rejects any suggestion that its collection is not of importance to Canada's interests. It also cannot agree that section 18 is the first step in the creation of a security intelligence service that will act abroad. As noted above, this form of intelligence collection has been in existence for some time. In addition, section 18 specifically restricts the agency to collection of information "within Canada". Another criticism of section 18 is that, although it purports to restrict intelligence gathering to information about foreign nationals or states, nothing in the section prevents the targeting of Canadians who have knowledge or expertise about such foreign interests. The Committee feels that this criticism may have substance, and that the section should be amended to make it completely clear that the targeting of Canadians or permanent residents is forbidden.

53 While the Committee is of the opinion that facilitating the collection of foreign intelligence by proper authorities is an appropriate function of the CSIS, it also believes that that function should be much more closely controlled and monitored. Further, political responsibility for the collection of foreign intelligence should be clear.

54 To this end, the Committee makes the following proposals. First, the CSIS should not only assist in the collection of such intelligence — it should have a monopoly on all operational work. This would ensure that all such activity comes within the régime of review and accountability which will accompany the CSIS. Second, CSIS operations (including the use of intrusive techniques) should only be activated under s. 18 where the relevant minister seeking the information — be he (or she) the Minister of National Defence or the Secretary of State for External Affairs — certifies the requirement for such information and delivers it to the Solicitor General who will also certify it, before directing it to the CSIS.

55 The CSIS operational monopoly and the requirement for ministerial certificates would decrease the possibility of s. 18 being used to avoid the strictures on surveillance of Canadians. The agency would not be able to initiate intelligence gathering under s. 18 *ab initio*; it would first have to receive a request certified by two ministers of the Crown. In particular, the "monopoly" aspect of this procedure would ensure that the Security Intelligence Review Committee would consider the conduct of such operations, and attempt to verify their propriety. In addition, if the agency proposed the use of an intrusive investigative technique under s. 18 it would have to obtain a judicial warrant pursuant to s. 22.

2. The powers and immunities of the CSIS and its employees

a) Intrusive investigation techniques and judicial control of their use

56 The phrase "intrusive investigative techniques" has reference to a group of extraordinary powers which would be given to CSIS employees, by warrant, pursuant to s. 22 of Bill C-157. Section 22(1) refers to warrants allowing persons "to intercept any communication or obtain any information, record, document or thing".[7] Employees in possession of such warrants would also be empowered to enter any place or open or obtain access to any thing; to search for and remove or copy any record or thing; and to install, maintain or remove any thing. Thus, the CSIS would be able to engage in such things as electronic surveillance, wiretapping, surreptitious entry and mail-opening, and would be able to obtain a warrant allowing them access to personal information in the possession of the government.

57 Section 22 would give the CSIS very significant powers. Some witnesses who have appeared before the Committee have contended that there is no need for the agency to have such a broad expanse of extraordinary powers. We do not agree. A security intelligence agency does need to have access to a wide variety of investigative techniques. While the utility of any given technique varies with circumstances, to absolutely deny one or other to the agency would be to unreasonably restrict its operations. The Committee is quite aware of the dangers inherent in allowing such powers to be given to anyone. But we take the approach that the proper way to avoid

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[7] Section 22(1) of the Bill:

> 22. (1) Notwithstanding any other law, on application in writing to a judge for a warrant made by the Director or any employee designated by the Minister for the purpose, the judge may, if satisfied by evidence on oath that a warrant is required to enable the Service to perform its duties and functions under this Act, other than sections 15, 16 and 17, issue a warrant authorizing the persons to whom the warrant is directed to intercept any communication or obtain any information, record, document or thing and, for that purpose, authorizing those persons:
>
> (a) to enter any place or open to obtain access to any thing;
>
> (b) to search for, remove or return, or examine, take extracts from or make copies of or record in any other manner the information, record, document or thing; or
>
> (c) to install, maintain or remove any thing.

abuse is to restrict the availability of a warrant to specific and exigent circumstances, rather than deny the use of a particular power outright. Thus mail-opening, for example, will be available, but only in a proper case where the agency meets a strict set of conditions, and where the prescribed mandate and functions of the agency allow it.

58 This is not to say, however, that the Committee is satisfied with s. 22. In our opinion, that section falls considerably short of providing a sufficiently rigorous set of controls on warrants. The first difficulty is the standard expressed in s. 22(1) governing the issuance of a warrant:

> ... the judge may, if satisfied by evidence on oath that a warrant is required to enable the Service to perform its duties and functions under this act ... issue a warrant.

This standard is unreasonably low. It barely allows for the application of judicial consideration and, when read in conjunction with ss. 14 and 2 of of the Bill, would likely permit warrants to be issued too easily.

59 The Committee recommends instead the incorporation of provisions similar to those dealing with authorizations to engage in electronic surveillance in Part IV.1 of the *Criminal Code*, and in the warrant procedures recommended by the McDonald Commission. Thus, the judge would have to be satisfied:

> i) That other investigative procedures have been tried and have failed; or
> ii) That other investigative procedures are unlikely to succeed; or
> iii) That the urgency of the matter is such that it would be impractical to carry out the investigation of the matter using only other investigative procedures; or
> iv) That without the use of the procedure it is likely that intelligence of importance in regard to the activity in issue will remain unavailable.[8]

60 In addition to fulfilling one of these conditions, an application should also have to satisfy a judge that the gravity of the threat to security, or the need to collect foreign intelligence, is such as to justify the intrusion into the privacy of those affected by the warrant. Thus, an application for a warrant would have to meet three criteria: that it relates to a duty or function of the CSIS (except security assessments); that it comes within one of the four conditions set out above; and that the intrusion on privacy is outweighed by the gravity of the threat, or by the importance of the intelligence sought. In our opinion these criteria set an appropriate standard.

61 The Committee also recommends that the statute itself contain a fixed limit on the duration of warrants, rather than leaving that matter up to the judge as is done in s. 22(2)(e). The Committee has closely considered whether the agency should have to justify to the issuing judge both not informing the target of a warrant, and not returning things seized. It has concluded that this should not be the general rule, but notes that, pursuant to s. 22(2)(f), the judge does have the power to include such conditions in a warrant.

62 The Committee agrees that the Federal Court is the appropriate forum in which to have the warrant process. The Chief Justice should, however, pursuant to s. 15 of the *Federal Court Act*, designate a panel of judges who will deal with warrant applications. Further, to prevent "judge-shopping", every application for a warrant should have to include details of previous applications with respect to the same target or matter.

63 Some witnesses have suggested that civil liberties might best be protected in this context if a distinction was made between targets who are Canadians or permanent residents and targets who are foreign nationals. Much more stringent conditions would apply to targeting of Canadians. The rationale for such a distinction is that foreign nationals are more likely to be involved in security-threatening activity, and that Canadians who are so involved are much more amenable to less intrusive techniques or to the ordinary processes of the criminal law. The Committee found this to be an interesting proposal, but chooses not to adopt it. The Committee entertains some doubt as to the legal propriety of such a distinction between citizens and non-citizens. It is generally undesirable. Further, it would prove to be a difficult distinction to make in practice.

64 Another significant proposal is that the warrant process be extended to cover the use of undercover agents, informers and infiltrators by the agency. This suggestion was forcefully put to us by Mr. Jean Keable, who recommended that both police and security forces submit their undercover operations to the warrant system in his report to the Government of Quebec on police operations in 1981. Again, the Committee cannot recommend such a step, although it acknowledges the force of some of the arguments in favour of it. The Committee agrees with the McDonald Commission that the appropriate way to deal with this issue is for the responsible minister to issue detailed guidelines for the conduct of undercover operations and the running of sources. Those guidelines would set out the scope of permissible conduct in such operations. Such guidelines would be referred to the Security Intelligence Review Committee for consideration and review. Their review would also, it is hoped, lead to appropriate public discussion of these matters.

65 A view commonly expressed before the Committee was that, even if improved, the warrant process under the Bill would be little more than an exercise in formalism — that the court would "rubber-stamp" applications for the use of intrusive investigative techniques in much the same manner (it is alleged) that the criminal courts deal with applications for search warrants. The Committee cannot, and does not wish, to express its opinion of this argument. It may contain an element of truth. But the rate of success of warrant applications may also be the result of the fact that recourse would be had to such investigative techniques where only the system of controls ensures that their use is, in fact, necessary. In this context, we

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[8] The first three conditions are taken from s. 178.13(1)(b) of the *Criminal Code*; the fourth from Recommendation 21 of the Second Report of the McDonald Commission.

note that the number of warrants issued by the Solicitor General under s. 16 of the *Official Secrets Act* (which would be replaced by s. 22 of the Bill) has not been particularly high.

66 It should be noted that the bringing of a judicial consideration to bear on warrant applications is not the only benefit which would flow from the introduction of the warrant process. It would also have the salutary effect of bringing into existence a formal record of the use of intrusive investigative techniques, something which would assist the review committee to assess the effectiveness and propriety of agency operations. Further, the necessity of having in possession a warrant would conclusively settle the issue of legality of unwarranted investigative intrusions.

67 In closing the discussion of this area, it should be noted that some of the modifications suggested herein to the warrant process would, according to officials who appeared before the Committee, have been included in regulations promulgated pursuant to section 26(b) of the Bill. Even if such was the case, and one assumes that those regulations would have been made public, the Committee believes that the changes it recommends should be incorporated into the statute itself.

b) The protection of CSIS employees

68 Certainly the most controversial provision in Bill C-157 is section 21. It states that the Director of the CSIS and its employees

> are justified in taking such reasonable actions as are reasonably necessary to enable them to perform the duties and functions of the Service under this Act.

Subsection (2) stipulates that the director shall report to the Solicitor General and federal Attorney General the fact that a CSIS employee has acted unlawfully in the purported performance of his or her duties, where in the Director's opinion such unlawful conduct has taken place. Section 21 has been severely criticized by witnesses, and in submissions to the Committee, as giving to the agency a licence to break the law whenever agency employees themselves feel it is necessary.

69 The Committee has serious misgivings about section 21. But we wish to make clear at the outset that we reject some of the extravagant and unreasonable criticisms that have been made of it. First, the Committee is satisfied that section 21 could not justify the commission of serious wrongdoing. We believe that the phrases "reasonable actions" and "reasonably necessary" would be interpreted as stating an objective test. That is to say, an employee would be held to an objective standard by a court as to whether his action was reasonable. His subjective belief would not be the decisive factor. At most, s. 21 would go slightly beyond the common law defence of necessity. We do not believe that any court would interpret section 21 in such a way as to allow anything more than minor infractions to go unpunished. There is, indeed, a strong argument that s. 21(1) embodies a codification of the common law powers of peace officers.

70 These issues aside, our concern about section 21 derives from other sources. We would expect that any employee of a security intelligence agency, when confronted with a situation in which he might act illegally in the performance of his or her duties and functions, would be predisposed to act legally. There may, of course, be situations in which such an employee will have to act in a manner which is, *prima facie* illegal, but is not likely to be regarded by the courts as of serious consequence. The archetypical example is where an agent would break traffic laws to continue surveillance of a target.

71 But in cases where the reasonableness of an employee's acts are not so clear, where what would be involved is a more serious illegality, a provision like s. 21 could give the wrong signal to agency employees. It might lead such an employee to conclude that since he considers a course of action to be reasonable, he may do it. Thus, the defect which the Committee perceives in s. 21 is not that it would finally exonerate employees for blatantly serious illegal conduct, but that it might influence employees, in critical situations, to proceed illegally when they might otherwise act with full propriety. This is also of importance with respect to subsection (2), which relies on the Director to report illegality to the Attorney General based on his opinion as to its legality. A Director, in a close case, might find in s. 21(1) a justification for not reporting conduct which should be reported.

72 The Committee accordingly recommends that section 21(1) be replaced with a provision which deems agency employees, when acting in the performance of their duties and functions under the Act, to be peace officers for the purpose of section 25 of the *Criminal Code*, and which also allows agency employees in such situations to avail themselves of whatever protections peace officers have at common law. Such a provision would provide protection to employees for acts done on reasonable and probable grounds where the duties they are performing are required or otherwise authorized.

73 In any event, the protection which the Committee envisages as being given to agency employees by such a provision would not authorize serious illegality. It would, in proper cases, justify technical breaches of the law or violation of minor criminal or regulatory laws. The McDonald Commission recommended a concerted effort by the federal government to convince the provinces to amend their laws to give police and security forces exemptions in several areas. While this is a laudable approach, it may be impossible to achieve. Giving agency employees the protection we recommend should have the effect, on the whole, of what the McDonald Commission proposed.

74 As stated above, the Committee believes that there should be no legalization in respect of more serious offences. The line between serious and minor offences may be difficult to draw. But in cases close to the line we feel that employees of the CSIS should rely on prosecutorial discretion and sentencing practices of the courts to provide flexibility in the application of the law. Where an employee has committed a relatively serious offence, he should not be able to avoid the consequences. But he should be able to rely on whatever mitigation flows from the fact that he committed the illegality in the course of his duties, to the same extent as a peace officer could.

75 With respect to s. 21(2), the Committee has considered whether that provision should compel the federal Attorney General to forward reports of CSIS misconduct to

his relevant provincial counterparts. This would not, in our opinion, be appropriate in all cases. Where the federal law officer of the crown decides, for reasons related to the security of Canada, that it is not in the public interest to report the matter to a provincial attorney general, he should have to certify a document expressing his opinion. This document would be forwarded to the Security Intelligence Review Committee, which could consider and, if necessary, report on the matter. Where the federal Attorney General does transmit such information, he should also be able to lay down conditions as to its use. In any event, the Committee is aware that the Attorney General has traditionally been reluctant to withhold information from his provincial counterparts. The prospect of review of his decisions will re-inforce that reluctance.

c) Disclosure of identity of CSIS employees

76 Section 12 of Bill C-157 would make it an offence, punishable by up to five years' imprisonment, for any person to disclose any information from which the identity of CSIS employees engaged in covert operational activities, or persons who are or were confidential sources, could reasonably be inferred. The Committee agrees with much of the criticism that has been directed against this section. It is too extreme, and could have the effect of impeding freedom of expression. Further, it could make difficult the reporting of any CSIS wrongdoing.

77 The Committee was gratified to learn from officials who appeared before it that the government is also in agreement with some of these criticisms and plans to substantially redraft s. 12. We acknowledge that there is a need to protect covert employees and sources. One change that the Committee would suggest is that the section incorporate a stipulation that the disclosure be detrimental to the interests of Canada, and that the person disclosing it should have known this, or not have been reckless as to the possibility.

3. Management, control and responsibility for the CSIS

78 These are issues of vital importance to the establishment of the CSIS. One of the reasons for the creation of a new civilian security intelligence agency is the need for effective management and control, and distinct political responsibility. Defects in these matters could render nugatory all the other proposed changes in the Bill, and potentially return us to the state of affairs which led to the creation of the McDonald Commission.

79 On these matters, the Committee finds itself in agreement with much that is found in Bill C-157. It agrees with the division of responsibilities outlined in section 6(2):

> The Service is under the control and management of the Director, but the Director shall comply with general directions issued by the Minister under subsection (1).

Pursuant to section 6(1), the Minister would issue these "general directions", setting out the broad policy objectives of the Service.

80 The Committee also agrees with the tenor of s. 7, which would codify the crucial role of the Deputy Solicitor General in keeping informed of agency operations and providing advice to the Minister. We view the formalization of the deputy's role as a positive step, which would ensure that the Director of the CSIS does not acquire the *de facto* status of deputy to the Minister in matters of security. The Minister would be able to rely on his deputy for advice independent of the official who manages the agency.

81 We have serious misgivings, however, about the contents of s. 6(3). This is the so-called "override" provision, which would allow the decision of the Director to prevail:

> (a) on the question of whether the Service should collect or disclose information or intelligence in relation to a particular person or group of persons; or
> (b) as to the specific information, intelligence or advice that should be given by the Service to the Government of Canada or any department thereof, a Minister of the Crown, the government of a province or any department thereof or any other authority to which the Service is authorized by or under the Act to give information, intelligence or advice.

On these matters, the Minister would not have the power to override the decision of the Director.

82 The Committee agrees with much of the criticism that has been made of s. 6(3). It would give too much unchecked power to the Director, the only available sanction against whom would be dismissal. It would also insulate the Minister to too large a degree from operational matters. Affixing political responsibility for acts of the CSIS would be extremely difficult and thus effective control would be proportionately less likely. The ostensible rationale for s. 6(3) is that it is necessary to prevent partisan political abuse of the CSIS. But of all the misdeeds and abuses about which the McDonald Commission wrote, partisan use of the RCMP Security Service was not one. That report was quite critical of several politicians, but there was no evidence that any person used the Security Service for personal or political ends. In addition, no witness who appeared before the Committee expressed concern about abuse of the CSIS by its political masters. This is not to say, of course, that there is no potential for such abuse. But the Committee feels that effective review of agency operations would soon bring such activity to light, and that Parliament could be relied on to fully deal with such matters. In any event, the danger of political abuse is far outweighed by the need for effective control and responsibility.

83 Accordingly, the Committee believes that s. 6(3) should be deleted, or at least altered to give the Minister an override. The relationship between the Minister and the Director should be very much like the relationship between other ministers of the Crown and independent agencies for which the ministry has responsibility. On the whole, the Director should be left to manage the CSIS, as he sees fit, subject to the law and a system of controls and review. But nothing except good

judgment and political scruples should prevent the Minister from intervening on operational matters. The agency should be an "open book" to the Minister, who will consequently have full political responsibility for matters about which he reasonably can be expected to have knowledge.

84 This recommendation should not be taken as proposing that the Minister play a large role in operations. It has been suggested to the Committee that responsibility for the CSIS be given to a new Minister, who would deal exclusively with security. This would be a mistake. To have a minister whose only concern is a security intelligence agency would almost invite well-meaning but inappropriate political interference. It might have the effect of neutralizing the Director. We believe that it should be the Director who performs most of the functions in relation to control of the agency. Ministerial intervention would be rare. The Minister would be mostly concerned with larger policy considerations. To ensure that such a state of affairs would exist, it has been suggested that ministerial interventions should have to be formally submitted, in writing, to the Director and also transmitted to the Security Intelligence Review Committee. The Committee sees some merit in this suggestion.

85 It has been suggested that legislation dealing with a security intelligence agency should contain explicit reference to the role of the Prime Minister. While the Committee agrees that the Prime Minister, as the person who must accept ultimate responsibility for government policy and operations, plays a very important role in this field, we do not believe that codification of that role is necessary or desirable. It is preferable to leave the question of the relationship between the Prime Minister and the Solicitor General (or any other minister) to be dealt with within the context of our system of cabinet government. Constitutional custom, parliamentary tradition and mere necessity ensure that the Primer Minister has both the ability and motivation to remain informed in this area. There is a long-standing usage that deputy heads of departments, of which the Director would be the equivalent, have access to the Prime Minister in exceptional circumstances. To attempt to reduce these matters to statutory form would introduce an unnecessary inflexibility into the system.

86 Beyond these foregoing issues of control and responsibility, the Committee finds the other sections of the Bill dealing with the appointment, term of office and remuneration of the Director to be acceptable.

4. The monitoring and review of CSIS operations

87 The monitoring and review of CSIS operations are the final two elements of the proposed new security intelligence régime. They are of great importance. Through these mechanisms, it should be possible to ensure that the other elements of the agency are operating as intended. They are vital to maintaining both the effectiveness and propriety of agency activities.

88 Bill C-157 would establish two institutions: the office of the Inspector General and the Security Intelligence Review Committee. There is no analogue of these institutions in the existing security intelligence establishment. The Committee wholeheartedly approves of their inclusion in the Bill. Subject to a few proposed modifications and additions to some sections relating to them, the Committee believes that they are among the most positive aspects of the proposed legislation.

a) The Inspector General

89 The Inspector General is dealt with in ss. 28 and 29 of the Bill. By virtue of section 28(2), the Inspector General, who would be responsible to the Deputy Solicitor General, is to:

> review the operational activities of the Service and ... submit certificates pursuant to subsection 29(2).

Under s. 29(2), these certificates are documents which are submitted to the Minister giving the Inspector General's opinion of whether the agency has done unauthorized, unreasonable or unnecessary acts in its operations. The Inspector General bases his opinion on a report which is furnished by the Director to the Minister, and presumably also employs the knowledge gained from his ongoing review. These certificates are also forwarded to the Security Intelligence Review Committee.

90 The obvious intent of these provisions is that the Inspector General should provide, for the political masters of the agency, ongoing information as to its functioning. If the Solicitor General is to be politically responsible he must know what is going on in the agency, through his deputy. The Inspector General will be the ministry's "eyes and ears" on the Service. He will very much be the "minister's man", in order to maintain an appropriate degree of ministerial responsibility, and is not to be regarded as a functionary of the CSIS.

91 The Committee is concerned that this monitoring role is not clearly expressed in s. 28. That section should be amended to make it clear that the Inspector General is not to be limited to after-the-fact review of operations, but is to have the function of ensuring that existing policies are being observed.

92 One other aspect of the Inspector General's role troubles us. Section 28(3) allows the Inspector General very broad access to information under the control of the agency, and also allows him to require reports and explanations from the Director on operational matters. Subsection (4), however, allows confidences of the Queen's Privy Council for Canada (i.e. cabinet documents) to be withheld. This should not be the case. If any cabinet documents relating to operations are in the control of the CSIS, the Inspector General should have access to them.

b) The Security Intelligence Review Committee (SIRC)

93 The SIRC would be the final element in the balance between mandate and powers on the one hand, and controls and review on the other. It would perform the crucial review function, seeking to ensure that the whole superstructure set up by the legislation operates within the bounds of the law. Throughout this report we have mentioned many matters which we believe should be referred to the SIRC, over and above its functions as set out in s. 34. The Committee takes no issue with that list of functions. It includes the general review

of the performance by the service of its duties and functions along with review of the Inspector General's certificates and the Minister's general directions under s. 6(1) and agreements made under ss. 15 and 19; the direction of specific reviews by the Inspector General or its own staff of questionable service activities under s. 36; investigations in relation to complaints made concerning CSIS activities and denials, or the consequences of, security assessments; and dealing with reports made under the *Citizenship, Immigration* and *Canadian Human Rights* Acts dealing with the denial of rights or privileges based on security considerations.

94 To this list of functions, the Committee would add:

i) The monitoring of raw security data given to foreign governments;
ii) The review of Cabinet Directive 35 or any other guidelines used in security assessments;
iii) The review of decisions by the federal Attorney General not to transmit information concerning illegal activities for national security reasons;
iv) The review of regulations promulgated governing the warrant process;
v) The review of certificates issued under s. 18 to collect foreign intelligence.
vi) The review of any guidelines issued by the Solicitor General covering informers and infiltrators.
vii) The compilation and analysis of statistical data on CSIS operations.

This list is, of course, not exhaustive. Other matters will be added by the SIRC in the performance of its functions under s. 34 (a), as necessary.

95 In order to perform this sizable array of functions, it may be necessary to expand the size of the SIRC. We would suggest that five members be appointed, and that a quorum of three could perform official functions. The Committee has heard some criticism as to the composition of the SIRC, namely privy councillors no longer sitting in Parliament. We find the choice of privy councillors to be entirely appropriate. Such persons would have both political experience and the prestige of their office to assist them in their tasks. We would not, however, object to expanding the list of possible candidates who might be made privy councillors for this purpose. We would be opposed to allowing sitting politicians to serve on the SIRC. One interesting suggestion to be explored has been that a fixed number of members should be chosen from a slate prepared by the provincial attorneys general.

96 The Committee would like to stress, at this point, the vital role which the SIRC would play in the functioning of the security intelligence system. The extraordinary powers of the agency under the Bill must be balanced by a review body with broad powers of its own to enquire into and investigate CSIS operations.

97 One role, in particular, which we feel that the SIRC should have is that of ensuring adequate debate, where necessary, in the area of security. We would hope that the SIRC would report in such a way as to bring into focus, in a general fashion, particular issues of policy and, where necessary, impropriety in the security field for Parliament and the public at large.

98 The Committee approves of the method of appointment outlined in s. 30. Consultation with other political parties in the choice of members should ensure that the credibility of the SIRC would be maintained. As with the Inspector General, the SIRC should have access to all cabinet documents in the possession of the CSIS. Finally, the Committee believes that the staffing of the SIRC is a very important matter and should be done with care to ensure that it is a small but effective body.

c) A Special Parliamentary Committee

99 It has been submitted to the Committee that the operations of the CSIS should be subject to the scrutiny of a special parliamentary committee which would have much the same powers as the SIRC. The McDonald Commission also recommended the establishment of such a committee.

100 We agree that, ideally, such a committee could be of benefit. But there are many practical difficulties involved. A parliamentary committee would likely duplicate much of the efforts of the SIRC. Further, parliamentary committees are notoriously subject to vagaries of time, changes in membership and overwork. There is also the problem of maintaining the security of information. This has reference in part to the possibility of partisan motivations in some members; but it also refers to the general question of whether that type of committee can maintain the requisite confidentiality by reason of the nature of its proceedings. In view of these considerations, the Committee believes that it would not be advisable to establish a parliamentary committee with special access to CSIS operations and information.

101 Under s. 48 of Bill C-157, however, the annual report of the SIRC must be laid before Parliament by the Minister. Under the present Standing Orders of the House of Commons, such a report is automatically referred to a standing committee. We would urge that the appropriate committee give priority to consideration of the SIRC report. Although such a committee would be relying on a report, and would not have original access to agency records, we expect that the quality and comprehensiveness of information which Parliament will receive about the operations of the security intelligence system will be greatly improved, thereby achieving some of the objectives of a special committee. This would also likely stimulate a useful public debate on these issues.

5. Other matters concerning the CSIS

102 By "other matters" we refer, in this part, to certain specific issues which were raised by some witnesses concerning labour relations and pension rights of CSIS employees. It was submitted that Bill C-157 would adversely affect the collective bargaining rights of certain employees who are now unionized within the Security Service, and that it would also unreasonably restrict dispute resolution and grievance procedures. With respect to pension rights, it was forcefully argued by representatives of some Security Service members that certain provisions of the Bill would compel them to treat their transfer

to the CSIS as an extension of their RCMP service, thereby depriving them of acquired pension rights. This was said to be discriminatory when compared with the treatment of others in the federal public service. We note that policy in this area of acquired pension rights and re-employment in the public service appears to be under review by the government.

103 The future effectiveness of both the CSIS and RCMP will depend, to a significant degree, on the manner in which the transition takes place. It is thus vital to observe and respect the legitimate interests of employees of the Security Service. Another example of issues which could be addressed has to do with the right to rejoin the RCMP. As drafted, Bill C-157 allows those members of the RCMP Security Service (who become CSIS employees on proclamation of the legislation) the right to transfer back to the force. Such a right might be made available to other RCMP members who join the CSIS, but who at the time of joining, were not members of the Security Service.

104 We would urge that close consideration be given to matters such as these by any body charged with detailed study of any proposed legislation in this area, with a view to ensuring that employees of the new agency are not treated in a discriminatory fashion, and that only such changes as are necessary for the efficient functioning of the agency will be made to existing labour relations arrangements.

6. The *Security Offences Act* — Part IV of Bill C-157

105 The *Security Offences Act*, which is Part IV of Bill C-157, is functionally quite separate from the rest of the Bill. It has very little to do with the establishment or functioning of the CSIS. It deals with how those responsible for law enforcement are to deal with what has been compendiously referred to as "security offences". Those are offences arising out of conduct constituting a threat to the security of Canada within the meaning of that phrase as defined in s. 2 of the Bill, or offences the victim of which is an "internationally protected person" as defined in the *Criminal Code*. Sections 52, 53 and 54 purport to give to the Attorney General of Canada primary authority to prosecute security offences. No proceedings could be commenced without his consent, and he would have all the powers assigned to the Attorney General of a province in the *Criminal Code* in respect of proceedings taken against persons alleged to have committed security offences. Section 55 would give to RCMP the "primary responsibility" to perform duties assigned to peace officers in relation to the apprehension of the commission of security offences.

106 Part IV has, not suprisingly, aroused considerable concern among the provinces. The Committee heard the testimony of three provincial attorneys general, and received submissions from three others. Each was adamantly opposed to the proposals, and characterized them as a "power grab". We were also informed that all other provincial law officers of the Crown shared this view. The Attorney General of Canada on the other hand, contended that the federal government had full jurisdiction to act in this area, and that such changes were necessary to allow the government to treat sensitive security-related criminal activity in a manner which would be conducive to the interests of Canada.

107 A recent decision of the Supreme Court of Canada appears to have settled the jurisdictional issue in this area. It can no longer be said that provincial competence over criminal prosecution is comprehensive and exclusive. But even if this is the case, and Part IV is within federal jurisdiction, the Committee is of the opinion that it is too broadly framed and that it should not so radically disrupt the traditional system of criminal prosecution by the provinces. It should not be necessary for provincial authorities to have federal consent to prosecute security offences. Instead, the federal Attorney General should be able to intervene by *fiat* and take over proceedings where issues of national security are involved in a criminal prosecution.

108 Although the federal police force should have "primary responsibility" to investigate security offences, it should also have a duty to consult with municipal and provincial police forces when exercising this jurisdiction. We believe that these changes would facilitate the federal interest without unnecessarily disturbing traditional methods of law enforcement.

CONCLUSION

109 The Committee believes that legislation dealing with Canada's security intelligence system is necessary, and that it should be enacted in the near future. The *status quo* is not acceptable. At the very least the legislation should contain: a defined mandate and statement of functions of the agency; judicial control of the use of intrusive investigative techniques; and a system of external monitoring and review of security operations. Bill C-157, revised as we recommend, could adequately deal with Canada's security requirements without unjustifiably infringing on individual rights. In this regard, we wish to acknowledge the many useful and helpful contributions we have received from the public which have assisted us considerably in our deliberations. .

110 Some Committee members and witnesses have expressed concern with respect to the precision of the French version of the Bill, in particular with the name of the new agency. Since precision is a matter of particular importance in legislation of this kind, the Committee trusts that special care will be taken in its drafting.

111 One final matter should be dealt with. Because legislation in this area will be of such import, and will introduce into the security intelligence system several entirely new elements, we recommend that a parliamentary committee be empowered to conduct a thorough review of the operation of the legislation after a period, perhaps five years, of experience with it. Such a review would go a considerable way toward ensuring that the legislation is working as Parliament intends it to operate.

APPENDIX A

MEETINGS AND WITNESSES

Issue	Date	Witnesses
01	July 7 and 8, 1983	The Honourable Robert Phillip Kaplan, Solicitor General of Canada. **Department of the Solicitor General:** Mr. Fred E. Gibson, Q.C., Deputy Solicitor General; Mr. T. D'Arcy Finn, Q.C., Executive Director of the Security Intelligence Transitional Group; Mr. Archie Barr, Chief Superintendent, Policy Development of the Security Intelligence Transitional Group.
02	August 18, 1983	**Department of the Solicitor General:** Mr. T. D'Arcy Finn, Q.C., Executive Director of the Security Intelligence Transitional Group; Mr. Archie Barr, Chief Superintendent, Policy Development of the Security Intelligence Transitional Group.
03	August 19, 1983	The Honourable Robert Phillip Kaplan, Solicitor General of Canada. **Department of the Solicitor General:** Mr. Fred E. Gibson, Q.C., Deputy Solicitor General.
04	August 23, 1983	**Province of Ontario:** The Honourable Roy McMurtry, Q.C., Attorney General; Mr. Archie Campbell, Q.C., Deputy Attorney General. **Province of New Brunswick:** The Honourable Fernand G. Dubé, Q.C., Minister of Justice and Attorney General; Mr. Barry Athey, Assistant Deputy Attorney General.
05	August 24, 1983	Mr. John Starnes. The Honourable Mark MacGuigan, Minister of Justice and Attorney General of Canada. **Department of Justice:** Mr. Roger Tassé, O.C., Q.C., Deputy Minister.
06	September 12, 1983	Professor Peter H. Russell, Department of Political Science, University of Toronto. **Canadian Civil Liberties Association:** Mr. A. Alan Borovoy, General Counsel; Professor Kenneth Swan, Chairman, National Board of Directors. Professor Martin L. Friedland, Faculty of Law, University of Toronto.
07	September 13, 1983	Mr. Philip B. Berger, M.D. **Canadian Association of Chiefs of Police:** Mr. Thomas G. Flanagan, S.C., Chairman, Law Amendments Committee and Deputy Chief, Ottawa Police Force; Mr. John W. Ackroyd, Chief of Police, Metropolitan Toronto; Me Guy Lafrance, Director, *Communauté urbaine de Montréal.* The Honourable Warren Allmand, P.C., M.P., Former Solicitor General of Canada.
08	September 14, 1983	Mr. John Sawatsky, Journalist.
09	September 15, 1983	**Canadian Association of University Teachers:** Dr. Sarah J. Shorten, President; Dr. Donald Savage, Executive Secretary; Dr. V.W. Sim, Associate Executive Secretary. The Honourable Allan Lawrence, P.C., M.P., Former Solicitor General of Canada. **Centre for Conflict Studies, University of New Brunswick:** Dr. M.A.J. Tugwell, Director; Dr. David Charters, Deputy Director.

10	September 21, 1983	The Honourable Brian R. Smith, Q.C., Attorney General of British Columbia; Mr. Robin Bourne, Assistant Deputy Minister, Police Services, Ministry of the Attorney General of British Columbia. **British Columbia Law Union:** Mr. Craig Paterson, Barrister & Solicitor; Ms. Susan Polsky, Barrister & Solicitor; Mr. John Stanton, Barrister & Solicitor. **The Law Union of Ontario:** Mr. Paul D. Copeland, Barrister & Solicitor.
11	September 22, 1983	The Honourable Jean-Luc Pepin, Minister of State (External Affairs). **Department of External Affairs:** Mr. Marcel Massé, Under-Secretary for External Affairs. **The R.C.M.P. Veterans' Association:** Mr. A. Blake McIntosh, President; Mr. John Ewashko, Dominion Secretary; Mr. James Bilton, Chairman, Welfare Committee; Mr. Joe Borsa, Chairman, Membership; Mr. Ivan Rolstone, Member, Ottawa Division.
12	September 27, 1983	**Canadian Rights and Liberties Association:** Dr. Donald Whiteside, President. **Canadian Bar Association:** Mr. Robert M. McKercher, Q.C., President; Mr. Victor Paisley, Chairman of CBA Special Committee on Bill C-157; Mr. Donald G. Bishop, Member; Mᵉ Michel Côté, Q.C., Member. **The R.C.M.P. Security Service:** Sgt. Yvon R. Gingras; Mr. Raphael H. Schachter, Barrister & Solicitor; Mr. Victor Carbonneau, Legal Counsel; Mr. Jack Waissman, Barrister & Solicitor.
13	September 28, 1983	**Coalition for Gay Rights in Ontario:** Mr. Denis Leblanc, Member; Ms. Barbara McIntosh, Member. **British Columbia Civil Liberties Association:** Professor Robert S. Ratner, Director; Mr. John Russell. **Criminal Lawyers' Association:** Mr. Ronald G. Thomas, Q.C., President; Mr. Alan D. Gold, Barrister & Solicitor.
14	September 29, 1983	Mr. R.H. Simmonds, Commissioner of Royal Canadian Mounted Police. Mᵉ Jean Keable. **Parti québécois:** Mr. Sylvain Simard, *vice-président et président du Conseil exécutif national;* Mᵉ André J. Bélanger, *vice-président de la région Montréal — Ville-Marie*; Mᵉ Alain Mongeau, *président de la Commission juridique nationale*; Mᵉ Pierre Cloutier, *président du Comité national de la justice.*
15	October 4, 1983	**Union of Solicitor General Employees - Public Service Alliance of Canada:** Mr. Daryl Bean, Vice-President; Mr. Wayne Crawford, Executive Secretary. **Canadian Human Rights Commission:** Mr. Gordon Fairweather, Chief Commissioner, Mrs. Linda Poirier, Director, Research and Policy. Mr. Robert Bryce.
16	October 5, 1983	**Barreau du Québec:** M. le bâtonnier Louis LeBel; Mᵉ André Tremblay, Chairman, Committee on Bill C-157; Mᵉ Suzanne Vadboncoeur, Secretary, Committee on Bill C-157.

Canadian Jewish Congress: Mr. Milton E. Harris, President; Mr. Frank Schlesinger, Vice-President; Ms. Elizabeth Wolfe, Counsel; Professor Frederick Zemans, Chairman, Law and Social Action Committee;	17	October 11, 1983	Professor Joseph Magnet, Counsel. Mr. Gordon Robertson, President, Institute for Research on Public Policy.
	18	October 13, 1983	Me Jean Keable.

APPENDIX B

BRIEFS RECEIVED FROM THE PUBLIC

1. Professor Jennie Abell
   Prince Albert, Saskatchewan
2. The Advocates' Society
   Toronto, Ontario
3. The Honourable Marc-André Bédard
   Minister of Justice
   Government of Québec
   Ste-Foy, Québec
4. Canadian Labour Congress
   Ottawa, Ontario
5. Canadian Union of Public Employees
   Ottawa, Ontario
6. Chief Statistician of Canada
   Statistics Canada
   Ottawa, Ontario
7. Mr. André Chrétien
   Shawinigan Sud, Québec
8. Citizens' Independent Review of Police Activities
   Toronto, Ontario
9. *Commission des droits de la personne du Québec*
   Montréal, Québec
10. Mr. Richard Gosse
    Deputy Minister of Justice
    and Deputy Attorney General
    Regina, Saskatchewan
11. The Honourable Harry W. How, Q.C.
    Attorney General of Nova Scotia
    Halifax, Nova Scotia
12. Human Rights Institute of Canada
    Ottawa, Ontario
13. Professor N. Parker-Jervis
    Edmonton, Alberta
14. Dr. Peter Kirkby
    Islington, Ontario
15. The Honourable J. Gary Lane
    Minister of Justice and
    Attorney General of Saskatchewan
    Regina, Saskatchewan
16. Mr. W.R.C. Little
    Meaford, Ontario
17. Mr. David Maguire
    Montreal, Quebec
18. Mr. John H. Meier
    Tsawwassen, B.C.
19. Mrs. Jennifer Moore
    Calgary, Alberta
20. Mr. Gerald R. Nelson
    Pitt Meadows, B.C.
21. Mr. Lance Orr
    Etobicoke, Ontario
22. Mr. Glendon Trevor Peters
    Saint John, New Brunswick
23. Mr. Adam Popescu
    Winnipeg, Manitoba
24. Mr. Ken Rubin
    Ottawa, Ontario
25. Ms. P. Thomson
    Ottawa, Ontario

Respectfully submitted,

P.M. PITFIELD,
Chairman.

THE SENATE

Monday, November 14, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE SALTER A. HAYDEN

TRIBUTES ON RESIGNATION FROM SENATE

The Hon. the Speaker: Honourable senators, it is with deep regret that I announce the resignation of the Honourable Senator Hayden tendered in a letter to His Excellency the Governor General of Canada, the Right Honourable Edward Schreyer.

I will read to honourable senators the substance of his letter.

> Having become afflicted with a permanent infirmity disabling me from the due performance of my duties in the Senate, I hereby resign my place in the Senate pursuant to the provisions of an Act to make provision for the retirement of members of the Senate, Chapter M-10 of the Revised Statutes of 1970—

Hon. H. A. Olson (Leader of the Government): I am sure that all honourable senators learned with regret of the most serious illness that led Senator Hayden to believe that he should resign, and of the fact that he has resigned from this chamber.

I wish to pay tribute to Senator Hayden, who has served this chamber for over 43 years—indeed, he is the longest serving senator—and who has often been referred to as the dean of the Senate. Senator Hayden has always been an innovator in this chamber. He is responsible for what is now the Senate's established practice of the pre-study of bills at the committee stage, which practice has become known as "the Hayden formula." As the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, Salter Hayden exemplified the role that a senator plays in the legislative process. He is also in no small part responsible for the outstanding reputation enjoyed, in general, by Senate committees.

In the 43 years that Salter Hayden served this institution he earned the respect and admiration of all his colleagues for his many contributions to Canadian public life. It would be an understatement to say that Senator Hayden will be sorely missed.

I can only conclude by wishing Salter Hayden and his wife the very best in their retirement years.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, three months short of the forty-fourth anniversary of his appointment to the Senate, Senator Salter Hayden has apparently decided that he has done his share. I consider that not only has Senator Salter Hayden done his share, I would even say that he has done a lot more than his share.

He was a hard worker and, over the years, he has gained a reputation as a man who had a truly extraordinary capacity to do an excellent job. The senator was the inspiration and driving force behind the Senate Committee on Banking, Trade and Commerce. That committee was widely known because the knowledge and the ability of its chairman had already earned respect in business circles. The dean of the Senate is an expert in taxation matters. There were many times when, with the help of a few other senators, he was able to improve the government legislation submitted to his committee.

On many occasions, the senator launched preliminary studies of pieces of legislation which the Commons were debating at the same time. The work done by the committee under Senator Hayden's chairmanship has always been of exceptional quality. With his committee, he would study every aspect of the clauses of a bill and, thanks to his outstanding knowledge and experience in the wide-ranging business field, he often pointed out mistakes, uncovered shortcomings and difficulties which his committee would remedy and solve.

[*English*]

I am sure that those who appeared, or may wish to appear, before the Banking, Trade and Commerce Committee will be saddened by the news of Senator Hayden's retirement. Many are those who were subjected to the good senator's incisive cross-examination, and there are many today who wish they had had a better case. I do not think that anyone would ever complain that Senator Hayden was anything less than a gentleman; nor would they say that his tone was ever overbearing. But those who could not well defend what they were there to defend will surely say that after all the pertinent questions had been asked by the chairman they felt that they had been worked over by an intellectual and learned person who was also a lawyer.

Honourable senators, the dean of the Senate is a person of great ability. We in this chamber were privileged to have him guide us for so long, and Canadians have been fortunate to have someone of such stature to serve them so well for so long.

On behalf of my colleagues in the Senate, I wish Senator and Mrs. Hayden a long, pleasant and restful retirement. That retirement is indeed well deserved.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I want to add a few brief comments on this occasion. I recall, before my appointment to the Senate,

appearing before the Banking, Trade and Commerce Committee on behalf of a client. I had known Senator Hayden and his son Gerry professionally, but I also knew the senator and his wife Ruby socially. On one occasion I was in the senator's office seeking his advice, on behalf of my client, on a certain bill which at that time was being considered by the Senate. We were talking about the Senate and he said, "You know, Royce, I love this place". Those were his exact words. We all know that he did love the Senate, and it was that love, respect and affection for this place that brought so much honour to him, and to the Banking, Trade and Commerce Committee. Indeed, it brought great honour to all Senate committees and to the Senate as a whole and, accordingly, to each of us as his colleagues here. I believe I speak for all honourable senators in extending to him the same affection and respect which he brought to all of us and which he always extended to his colleagues and to all those who had anything to do with the Senate.

Hon. David Walker: Honourable senators, there is something about the Irish, in that they do awfully well in the Senate. I cannot help thinking of the late John Connolly, who was one of the most able men I have ever met—

Hon. Senators: Hear, hear.

Senator Walker: —and of the great Senator Grattan O'Leary, than whom there was no more eloquent speaker. Salter Hayden is another Irishman, and, believe me, he is really Irish. Senator Hayden and Senator Joe Sullivan were very great, tough, hard fighting athletes in their day. Both men were tops in their professions. Joe Sullivan was one of the finest surgeons in the world in his day and Senator Hayden, is one of the greatest lawyers in Canada. As a lawyer I faced Senator Hayden many times. Sometimes I was with him and sometimes I was against him, and he always excelled. He had an encyclopaedic mind. He could remember things that others would forget. He never seemed to have to study things and would rely on instant recall.

● (2010)

Honourable senators are aware of what Senator Hayden did for the Banking, Trade and Commerce Committee. He built it into the most powerful committee in the Senate and, indeed, in Parliament. Individuals and representatives of companies came from all over Canada for the privilege of presenting their views before his committee. I consider it a great privilege to have been a member of that committee for 21 years under the aegis of this very great man. I sometimes thought of him as a genius. Often times geniuses are ill-tempered but I never saw Salter Hayden lose his temper. Nor did Salter Hayden ever show his political leanings in the committee meetings. I never saw him distinguish between a Liberal and a Conservative in the committee even during very heated discussions. To my mind, Senator Hayden leads a charmed life. He has a lovely wife, Ruby, and three fine sons. He was head of what became one of the greatest and largest law firms in Canada, McCarthy and McCarthy. Somebody has already mentioned the length of his membership of the bar and of the Senate, so I will not repeat that remarkable achievement.

Never in my life have I met a parliamentarian of either house who had, to my mind, the abilities of Salter Hayden. He combined those abilities with goodness, mercy and charity toward others. Never did Salter Hayden get angry, excited or upset over what may have been said. He never reacted badly. He would sit over there across the floor, and when it came time for him to speak on an important bill, he would rise and talk at length on the various clauses of the bill and other pertinent matters without a note.

As you all know, I greatly admired the Right Honourable John Diefenbaker. These two men, each great in his own field, were a real contrast. It is sad and difficult to realize that Salter Hayden will no longer be with us. Many of us, including Senator Barrow, who has ably carried on in Senator Hayden's place as chairman, begged him to stay on. It is hard to think that Salter Hayden will never be with us again. Parliament, particularly the Senate, will never be the same because we will no longer have this great man urging and prodding us to do well and to give the public our best. I am sure that we all hope that Senator Hayden will be spared many happy years. I suggest that we will never have another like him.

Hon. Paul C. Lafond: Honourable senators, when I was appointed to this chamber 13 years ago I remarked that I was adding to the number of graduates of the University of Ottawa sitting in this chamber, the dean being Senator Hayden; then there was Senator John Connolly, Senator Lionel Choquette, me, to be joined later by Senator Wagner and Senator Haidasz.

Senator Hayden was truly a pillar of this institution. I was extremely fortunate in that he and Senator John Connolly became "godfathers" to me in the Senate. They inculcated in me a faith in this institution which very few others could have done. I am grateful to him. Not only was he a godfather but he was, and remains, a great friend.

As I said a moment ago, in Canadian history he will prove to have been a pillar of this institution, of the same stripe as Senator Raoul Dandurand and Senator Thomas A. Crerar, and perhaps a few others whose names I have not researched. I am indeed sad, as Canadians should be, that his physical capacity no longer enables him to contribute to the work of this Parliament. However, we are all grateful for everything he has given his country in the last 40 years.

Hon. Senators: Hear, hear.

[*Translation*]

THE LATE HONOURABLE WALTER D. BAKER, P.C., M.P.

TRIBUTES

Hon. Martial Asselin (Acting Leader of the Opposition): Today, honourable senators, the Canadian flag is at half-mast, and for a good reason. We are deploring the loss of an outstanding Canadian and of a friend of a great many parliamentarians.

If I may, on behalf of the members of our party in the Senate, I should like to extend our heartfelt sympathy to the family and the wife of the late Walter Baker, P.C.

Walter Baker was a kind, affable and extremely competent man. I had an opportunity to serve with him in Mr. Clark's Cabinet and that is where I was able to appreciate the intellectual abilities of the man. Walter was very good at synthesizing. The ramifications of a problem could be numerous, diversified and even complicated, but when Walter would join in the discussions to explain his point of view, he never failed to pinpoint the problem and make it a lot easier for everyone to understand.

Besides his talent for synthetizing, the Honourable Walter Baker was also able to express his views very clearly. He always managed to get his message through objectively and with all the simplicity he was well known for.

Honourable senators, the Canadian Parliament, the Canadian nation generally, and especially our party, have suffered a great loss yesterday. There will never be enough men of that calibre to serve our country.

[*English*]

On behalf of my colleagues in the Conservative Party in the Senate I wish to extend to Mrs. Baker and her children our most heartfelt condolences.

• (2020)

Walter's contribution to the public life of Canada is one of which his family can be justly proud. It is one worthy of emulation. He was a man of singular qualities who enjoyed the respect and affection of all those who had the opportunity and privilege to know and work with him. The sensitivity he displayed in considering the issues of the day, as well as the needs and aspirations of Canadians, made of him an outstanding politician.

Honourable senators, Walter Baker will be greatly and sorely missed.

Senator H. A. Olson (Leader of the Government): Honourable senators, it was with a great deal of sadness that I learned of the passsing of Walter Baker. Canada in general, and Parliament more particularly, has lost a great Canadian. Walter Baker was a very intelligent and knowledgeable person with respect to the parliamentary process. I would like to associate myself and the members of the Liberal Party with remarks that have been made by the Acting Leader of the Opposition about the late Mr. Baker.

By way of background, I would like to say that Walter Baker arrived in the other place in the same year that I left and, consequently, I did not know him personally as well as I would have liked. However, I knew him as an outstanding parliamentarian who devoted his life to Parliament and his constituents. He will be remembered as a person who made a large contribution not only to the House of Commons but, as I said a moment ago, to the institution of Parliament and to the parliamentary process as a whole. On behalf of the government, therefore, and all senators on this side of the chamber, I would like to extend my most sincere condolences to the Baker family.

Honourable John M. Godfrey: Honourable senators, I am speaking as Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments which, although not a very glamorous committee, is a very important one. Walter Baker was a member of that committee, and a very faithful attender at its meetings for many years. As well as being one of the nicest men I have ever met, he was also one of the most sensible when it came to discussions within that committee. I would add that the whole time that Walter served on our committee, he was impeccably non-partisan, and we are going to miss him very much.

Hon. Paul Yuzyk: Honourable senators, the untimely death of the Honourable Walter Baker, P.C., M.P., serves to remind us that the life of man of earth can indeed be short. His life was cut short at the age of 53 when he was still in his prime and should have been looking forward to an ever brighter future. However, fate decreed otherwise.

In the eleven years of his political activity, Walter Baker accomplished much for the good of his constituents and for the good of our Canadian nation. As his record has been outlined by previous speakers, I shall not repeat it.

I should like to remind honourable senators, however, that Walter Baker was active in cultural affairs and in the defence of freedom of peoples. For several years, he was co-chairman of the Parliamentary Sponsoring Committee of Baltic Evening on Parliament Hill, which has been attended and enjoyed by many senators and members of the other place. This annual cultural event of Canadians of Estonian, Latvian and Lithuanian origin brought a new dimension to the activities on Parliament Hill, due in large part to the untiring efforts of this man.

• (2030)

Walter Baker was a great Canadian; a great friend to his fellow man; a great defender of freedom, democracy and justice; and a great defender of the dignity of the human being. His untimely death is a great loss to Parliament and to the people of Canada.

On behalf of the Parliamentary Sponsoring Committee of Baltic Evening and its co-chairman, Stanley Haidasz, who is unable to be here this evening, I should like to express our deepest heartfelt sorrow and condolences to Walter Baker's family, his wife, Lois, his sons, David and Jeffrey, and his daughter Nancy. Walter Baker will remain fondly in the memories of all who had the privilege of being associated with him.

[*Translation*]

The Hon. the Speaker: Needless to say, honourable senators, that I am in complete agreement with what has just been said about both Senator Hayden and the Honourable Walter Baker. I knew the latter when we were both in the House of Commons and he managed to convince me that, above party lines and short-lived rivalries, human beings could experience very stable human relationships.

Walter was one of those with whom I established very good relations, as I did with some who now sit in this Chamber.

I share the sorrow that the Canadian people as a whole will certainly feel.

[*English*]

WESTERN GRAIN TRANSPORTATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-155, to facilitate the transportation and handling of western grain and to amend certain acts in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, before giving consent to proceeding with second reading tonight, I would like to give some details on how our party intends to deal with the Bill.

This is an important piece of legislation. As you know, it was under consideration for a number of weeks in the other place. Over 80 amendments were submitted and discussed. After several of them were agreed upon by the government, the debate came to an end only this afternoon.

Clearly, our group did not have time to look at all the amendments brought forward.

However, as Senator Roblin indicated last week, we do not intend to unduly delay the passing of legislation that we feel is important, albeit controversial.

There is virtually no chance of another session of Parliament being convened this week, as suggested in some quarters—that is, that the current session might be prorogued and a new one opened in the forthcoming days. As such is not the case, it stands to reason that we are going to allow for second reading of the Bill tonight.

We have, on our side, several honourable senators who have misgivings about this bill and who are anxious to air their views both at the second reading and committee report stages.

The Government Leader will probably agree that this bill is of tremendous importance and that many questions about it remain unanswered. It will have to be referred to our Standing Committee on Transport and Communications which will hear witnesses, including the Minister himself, and suggest solutions to some problems which the other place has failed to clear up.

We make no secret of the fact that we way move amendments on third reading. We wish to go easy on the government; yet, we also wish to fulfill our duties and assume our responsibilities, which is to criticize constructively the various pieces of legislation which the government introduces from time to time. We will accept the government's timetable, the one which I discussed this afternoon with Senator Frith and which calls for second reading taking place today or tomorrow.

Hon. Royce Frith (Acting Leader of the Government): We will start debate as early as tonight.

Senator Asselin: Yes, we could adjourn tonight until tomorrow afternoon, and second reading could continue tomorrow. We could refer this bill to the committee sometime on Tuesday. Because of the funeral of the late Walter Baker, there is an agreement between the parties: the committee could meet on Wednesday at 4 p.m., and also on Thursday morning in case it has not completed consideration of this bill. Third reading could take place on Thursday. We could move our amendments, should we decide to move any, on Thursday, and the vote could follow. Then, if the government so decided, we could have Royal Assent on Thursday afternoon. That is the way we think we should proceed when considering this very important piece of legislation.

[*English*]

Senator Olson: Honourable senators, Senator Frith, the House Leader, will deal with and, I am sure, concur in the outline of the agenda the Acting Leader of the Opposition has just put before this chamber.

If Senator Asselin had had a typed script before him, I am sure he would have said that we would send the bill to committee on Wednesday. We expect that the committee will meet on Wednesday. The bill could possibly be sent to committee sometime tomorrow evening so that the committee could deal with it on Wednesday. If that is understood, I have no problem.

We appreciate the agenda Senator Asselin has given, and we will be as helpful as we can to expedite all the requirements of the committee during the period he has outlined. Perhaps Senator Frith has one or two points he wishes to add, but, otherwise, I find the agenda, as outlined by the Acting Leader of the Opposition, acceptable.

[*Translation*]

Senator Frith: Senator Asselin has given the precise terms of our agreement and I have nothing to add.

Motion agreed to.

● (2040)

[*English*]

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the names of the Honourable Senators Bonnell and Buckwold be added to the list of Senators serving on

the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in case there is any misunderstanding about the Senate sitting on Wednesday, I will reiterate that the intention is not to sit on Wednesday. It is in that context that we hope to have the vote on second reading of Bill C-155 at some time tomorrow—tomorrow evening, if necessary. The Standing Senate Committee on Transport and Communications would then sit on Wednesday, but I repeat that the Senate will not sit on Wednesday.

Perhaps this is also a good time to point out to honourable senators that the copy of Bill C-155 they have before them is the proof copy of the bill as it was passed in the other place earlier today. It is possible, although it is not likely, that there are some technical mistakes in the proof copy of the bill. Tomorrow honourable senators will have on their desks the final proofread copy of Bill C-155.

[*Translation*]

THE ESTIMATES 1983-84

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(*e*):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1984.

Motion agreed to.

QUESTION PERIOD

[*English*]

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, I should like to ask a question of the Leader of the Government. Last week Prime Minister Trudeau toured Europe in order to discuss with the heads of state of various countries his plan for disarmament and for peace talks. Last night in Montreal the Prime Minister outlined to the Liberal Party there the objectives and the main purposes of the plan he had discussed with the European leaders last week. We would have preferred that that sort of statement be made in Parliament, because, when the Prime Minister visited Europe last week he did so as the Prime Minister of this country, not as the leader of the Liberal Party.

The Prime Minister has said that he wrote to the heads of state of the United States, of China and of the Soviet Union. Can the Leader of the Government tell us the nature of the replies, if replies have been received, respecting his proposals for peace talks as he discussed them with the leaders of the countries in Europe?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will refer that question to the Prime Minister's office for a more precise answer. There were, however, a number of comments made by the leaders of several European countries following the discussions that they had with the Prime Minister of Canada. There was one common theme running through the comments of the various leaders in Europe, and it was to the effect that they welcomed the initiative of the Prime Minister of Canada to achieve the objective he has outlined, which is, of course, to bring about discussions, negotiations and communications in this extremely serious situation so that east-west relations will not deteriorate even further.

I am not sure whether the Acting Leader of the Opposition asked me for the content of the letters that were sent to the heads of state of the United States, China and the Soviet Union. I believe that I detected a question as to the content of those letters. I do not believe that it is the usual practice to release the content of letters of that nature until the sender has received a reply and has had a little time to think about it. Therefore, I cannot give an undertaking that the content of those letters will be made available. I will certainly convey the honourable senator's request to the Prime Minister's office. I do not think that, to date, the content of those letters has been made public information.

Senator Asselin: Has the Prime Minister planned any visits to the heads of state of the United States, China or the Soviet Union?

Senator Olson: Honourable senators, I believe that, for quite some time, there has been a standing invitation to the Prime Minister of Canada from the President of the Soviet Union, Yuri Andropov. I would think, however, that before the Prime Minister would wish to indicate whether any visit will be made to Russia in the immediate or near future, he will want to assess the response he receives to the letter concerning this extremely important subject.

[*Translation*]

UNITED NATIONS

GRENADA—CANADIAN VOTE ON RESOLUTION

The Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, last week, Senator Roblin and I put some questions to the Leader of the Government dealing with certain statements made by the Defence Secretary of the United States, concerning the information that Canada had not received about the Grenada invasion, and the Government

Leader told us he would complete his answer after getting more details. Could he now state if he is in a position to complete the answer he gave us?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have replies to eight questions dealing with Grenada that were asked on November 3 by Senators Asselin, Murray and Roblin. I am prepared to read them or take them as read. The answers are not long, but there are eight of them. If Honourable Senator Asselin wishes me to read both the questions and answers, I will do so.

Hon. Martial Asselin (Acting Leader of the Opposition): I would like you to read them.

Senator Olson: Does the honourable senator wish me to read them now?

Senator Asselin: Yes.

Senator Olson: Senator Asselin's first question concerned Canada's abstention from voting on the resolution at the United Nations. The response is that Canada, along with 25 other countries, abstained from voting on the operational paragraph of the November 2, 1983 United Nations resolution concerning Grenada.

The honourable senator also asked a question concerning the clause-by-clause vote on that resolution. In reply, it is true that the United Nations resolution on Grenada was voted on clause by clause. However, as previously indicated, Canada abstained from the operative paragraph which condemned the United States.

The honourable senator's third question was whether Canada voted to condemn the United States. In reply, as indicated, Canada did not vote in favour of the clause condemning the United States.

The senator's fourth question was whether or not the United States forewarned Canada. In reply, it is true that Canada was not forewarned by the United States of its decision to invade Grenada.

The fifth question in this series was asked by Senator Murray and concerned the role of the Prime Minister of Dominica. In reply, no investigation has been carried out concerning reports that the Prime Minister of Dominica had been delegated to carry the message about the Grenada invasion but could not obtain Prime Minister Trudeau's telephone number for that purpose. The Canadian High Commission in Bridgetown, Barbados, which includes Dominica in its jurisdiction, could, of course, have conveyed such a message had it been contacted by the Prime Minister of Dominica.

The sixth question was again asked by Senator Asselin and related to whether there was any friendship between Canada and the United States. In reply, there is, of course, great friendship between the governments of the United States and Canada.

The seventh question was asked by Senator Roblin and concerned the explanation given to Canada by Mr. K. Dam, Deputy Secretary of State for the United States. In reply, the Government of Canada, through its embassy in Washington, has expressed its profound surprise and disappointment over the explanation given by Mr. K. Dam, and has informed the U.S. authorities that our exclusion on the decision to intervene was particularly surprising in view of the fact that our two countries are bound together by the NATO and NORAD security pacts.

The eighth question was asked by Senator Roblin and it concerned the relationship between Canada and the United States. In reply, as I have indicated, Canada has expressed its surprise and disappointment to the United States government over the lack of prior consultation in connection with the military intervention in Grenada.

CUSTOMS AND EXCISE

AMWAY CORPORATION CONVICTION—DISPOSITION OF FINE

Hon. Louis-J. Robichaud: Honourable senators, perhaps this question should be asked of the Deputy Leader of the Government. We have recently read in the press and seen on television news of the $25 million fine levied on the Amway Corporation. That fine is, of course, the heaviest ever imposed on any corporation or individual in the history of this country. The case was heard in the Province of Ontario, and I am sure that many people are wondering whether the Ontario treasury or the federal treasury will benefit from the fine imposed on the Amway Corporation.

We know that the fine was imposed because of a violation of the Customs and Excise Acts, which are federal acts. Where will the proceeds of that fine go? Will they go to the Ontario treasury or to the federal treasury? Many people are asking that question. I, as a former Attorney General, know the answer, but I would like to hear it from the Deputy Leader of the Government.

Hon. Martial Asselin (Acting Leader of the Opposition): Half and half.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I was intrigued by the fact that the honourable senator chose to address his question to me, and I am relieved to learn that his choice had nothing to do with Amway. I am taking a risk here, but my first reaction is to say that, because federal statutes are involved, apart from some administrative costs in connection with the court proceedings—because, of course, the courts come under the jurisdiction of the provinces—the proceeds of the fine would go to the federal government. However, I would have to confirm that. I will ask the Department of Justice, or the honourable senator himself, as soon as the Senate adjourns.

CANADIAN BROADCASTING CORPORATION

QUESTIONS ON ORDER PAPER

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government. According to the Minutes of the Proceedings of the Senate of November 3, there have

been 26 questions asked by our colleague, Senator Marshall. Of the 26 questions, 13 relate to locations leased by the Canadian Broadcasting Corporation in various parts of the country. If we add together the number of leased locations mentioned, it would appear that the honourable senator is asking for a list of 666 leased locations. In addition, he is asking for the exact location of each one, and also for each of the owners of the buildings, the amount of square footage leased, the amount of rent per square foot and the total monthly rental of those 666 leased locations. Finally, he asks for the term of lease of those 666 locations. That makes a total of 3,996 questions.

I would like to know from the Leader of the Government whether or not we can expect an answer to these questions before the end of this session. And does he have any idea how much it will cost the government to be nice to Senator Marshall by answering these questions?

• (2100)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I take questions on the order paper very seriously, as does every member of the government. However, I am equally concerned about the cost to the taxpayers of the questions just asked by Senator Asselin.

Senator Denis: Don't make such mistakes.

Hon. Martial Asselin (Acting Leader of the Opposition): Perhaps when I come back.

Senator Olson: I am sorry, I meant Senator Denis. I am well aware of who asked the question and who put the questions on the order paper.

Senator Asselin: Was it a planted question?

Senator Olson: Not that I am aware of.

Senator Asselin: That is quite a calculation.

Senator Olson: Senator Denis is very capable of such calculations and has a great interest in matters of efficiency, as he demonstrated when he was the Postmaster General. He has a great appreciation for the work and cost involved. Senator Denis mentioned that there were something like 3000—

Senator Denis: 3,996.

Senator Olson: —questions. Some of these questions will take several hours of somebody's time and the cost of formulating the replies in the precise way in which the questions are put will be tens of thousands of dollars. I hope that I will be able to have a chat with Senator Marshall about the matter because I do not think that he understands the cost involved in replying to such questions. If he insists that they be answered, then we shall provide him with the replies as quickly as we can, but I hope that he does not expect us to take on additional staff, which would mean greater cost, to answer such a multiplier question. That would be unreasonable.

[*Translation*]

Senator Asselin: Honourable senators, Senator Marshall is quite able to defend himself against the accusations or grievances which were made tonight about his way of seeking information.

The Leader of the Government will learn that on this side of the house, we hold as sacred the duty to advise the Canadian people on what is going on in Parliament. Canadian taxpayers have a right to know how their money is being spent. No matter if it costs a few thousand dollars to the government, so long as the information Senator Marshall is seeking is relevant to a question or project which is important to his province or Canada. I hope the Leader of the Government will not have to remind him that he should not seek such information if he feels that such questions are important to let Canadian taxpayers know how their money is spent.

Second, if the government had adopted sooner its freedom of information legislation, all these questions would probably not have appeared on the Order Paper. In order to obtain the information they need to advise people, they must submit written questions.

It is quite possible that from now on these questions will be fewer in number, because the Access to Information Act will make it possible for parliamentarians to go straight to the source of information to obtain the data they need. However, whatever the search for the information may cost, I think the public has the right to know.

[*English*]

Senator Olson: I think Senator Asselin misunderstood what I said.

Senator Asselin: Not at all.

Senator Olson: I have no objection at all to an honourable senator asking questions.

Senator Asselin: Then why are you complaining?

Senator Olson: I will explain, if you will give me a minute. I have no problem at all with an honourable senator asking questions concerning a reasonable area such as his or her constituency. It is true that senators from Newfoundland are in the same situation as senators from Alberta, in that we are senators for the entire province, not merely a specific part of it. As Senator Denis has pointed out, Senator Marshall has applied his question to the entire country, and that is where the numbers come in. Quite frankly, I think that to obtain the answer will be unreasonably costly.

I shall talk to the honourable senator, but if he insists on receiving an answer, we will try to get it, despite the fact that it will cost tens of thousands of dollars to obtain it. Perhaps he could be a little more specific and confine his questions to a series within reason, not one amounting to about 4,000 questions.

Senator Denis: Honourable senators, as a supplementary question I would like to know whether Senator Marshall or Senator Asselin could find the answers to those 3,996 questions by reviewing the Public Accounts, by checking with the CBC—

Senator Olson: Yes, they could do their own homework.

Senator Denis: —or by taking advantage of the new freedom-of-information legislation.

Senator Asselin: The leader and Senator Denis should know that they have been appointed to govern, which includes providing information to members of Parliament on the way in which taxpayers' money is being spent. You are the government, not us. You are there to provide information if we request it. That is all.

Senator Olson: What Senator Asselin has said is very reasonable, but when we receive a request for information that is so voluminous—most of which will probably be 99 per cent useless to the honourable senator—then I think it is irresponsible, and it will certainly be excessively expensive to obtain.

Senator Asselin: If the government must hire some people to put together the information, perhaps it can look to the two million unemployed in Canada, most of whom would be very happy to have a job.

Hon. Robert Muir: Honourable senators, is it for the Leader of the Government in the Senate to look down from on high and say that Senator Marshall is irresponsible?

Senator Olson: I did not say that. I said that it was an irresponsible request.

Senator Muir: Is it for him to look down from on high and say that this exercise is a terrible waste of money? Is it his right to condemn Senator Marshall, who is not here at the moment to defend himself, and to carry on a "by-line" with one of his fellow senators, thereby giving Senator Marshall a tongue lashing in this chamber? The leader shakes his head, but he is not telling the truth, because he is giving Senator Marshall a tongue lashing. As Senator Asselin said, Senator Marshall is quite capable of looking after himself, but I would not appreciate it if, for example, the leader attacked me, in my absence from the chamber, in the same way as he has just attacked Senator Marshall.

In all fairness and decency, it is not right for the leader to say, as he has said several times in his pious way, that he will contact Senator Marshall to see if they can arrange something else. Is it not right that the leader should have said in his initial response to Senator Denis that he would contact Senator Marshall to determine whether there is some other way to settle the matter, and not carry on for half an hour with condemnation and argumentation?

Senator Olson: Senator Asselin started the argument.

Senator Muir: You are the one who is condemning Senator Marshall, not Senator Asselin. There is no reason for such an attack. Common sense will tell you that it is not fair. I am sure that Senator Olson would not appreciate it if Senator Marshall, or any other senator, attacked him when he was not present in the chamber and was thus unable to respond. Senator Marshall will read *Hansard*, but it will not have the same effect as if he were present. He will not know that Senator Olson is more or less saying, "Well, Senator Marshall really is an idiot for asking these questions on a national basis." Is it not Senator Marshall's responsibility to ask questions, not only for his own region but for all parts of Canada, to determine what is transpiring with taxpayers' money? That is our job. I think you will acknowledge that it is our duty.

• (2110)

Senator Olson may think that these are not worthwhile questions. I do not know anything about them. Therefore, I cannot condemn Senator Marshall for asking them. However, the honourable gentleman may have some reason for doing so. Why not wait until you have conversed with Senator Marshall, because you would then be in a better position to assess the situation?

Senator Olson: Honourable senators, Senator Muir can place any construction he wishes to place on the comments I have made, but he will have to take responsibility for it.

I completely disagree with all that he has said and his interpretation. I did not speak from on high to anyone. I did not say that Senator Marshall was irresponsible; I said the request he made was excessively expensive, in my view. I am still of that opinion.

Senator Muir: Would the honourable senator like to check other expensive matters which have been exposed in this chamber and in the other place?

Senator Olson: With respect to whether Senator Muir is in any doubt as to whether senators have the right to express their opinions, I say that they do have the right to express their opinions, and I, as a member of the cabinet, have an obligation to express my opinion when I believe a request has been made which would prove to be excessively expensive to the taxpayer. I do not withdraw one inch from that view.

Senator Muir: Senator Marshall is not here to respond to you, Senator Olson.

Honourable senators, to use an old cliché, not invented by either Senator Olson or me, I think Senator Olson gets carried away by the exuberance of his own verbosity.

FITNESS AND AMATEUR SPORT

APPLICATION OF OFFICIAL LANGUAGES ACT

Hon. H. A. Olson (Leader of the Government): Honourable senators, a question was asked by Senator Asselin on May 12 last concerning the application of the Official Languages Act in Fitness and Amateur Sport.

The answer is that the official languages promotion program of Fitness and Amateur Sport has been approved by the Treasury Board.

Hon. Martial Asselin (Acting Leader of the Opposition): When was that?

Senator Olson: I am advised that the Minister of State for Fitness and Amateur Sport will give a full report on its implementation to the Special Joint Committee on Official Languages tomorrow, November 15, 1983.

CANADA-UNITED STATES RELATIONS

PROPOSED JOINT CONSULTATIONS RESPECTING SHARED WATER—GARRISON DAM PROJECTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on October 18, 1983, concerning the Garrison diversion report. It is a rather long answer made up of some five parts, and, if it is agreeable to honourable senators, perhaps it can be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows):

1. Discussions between Canada and the United States with regard to the Garrison Diversion have been undertaken on a regular basis over the past decade. Canada has had the opportunity to present its views and the United States has supplied us with the technical information we require.

2. Mr. MacEachen and Mr. Caccia raised the Garrison issue with Mr. Shultz and Mr. Ruckelshaus at their meeting in Halifax. The United States agreed to a bilateral meeting to discuss the Garrison diversion exclusively. It will be held in Ottawa on November 21, 1983, and will involve senior officials of Environment Canada and the Department of External Affairs. The discussions will focus on Canadian technical concerns as well as general policy questions. The need for extraordinary new measures was not discussed by ministers at Halifax.

3. The invitation to participate in studying Garrison that Senator Roblin refers to was raised informally in meetings in 1981 and 1982. No such invitation for joint study has been communicated to Canada by diplomatic note or other formal means. Moreover, this type of joint study was not thought to be necessary for several reasons:

(a) the project was blocked by court injunctions;

(b) construction was not at the stage where this would be useful;

(c) Canada was already receiving and evaluating technical and design information provided by the United States.

In addition, a joint study of Garrison has already been done by the International Joint Commission. The 1977 report and recommendations of the IJC form the basis of the Canadian position on this issue. Canada does not wish to enter into any arrangements that would dilute the impact of the IJC's recommendations.

4. It is not accurate to imply that, because Canada has not participated in the type of overview referred to by Senator Roblin, it is any less well prepared to comment on Garrison with a view to influencing development of the project. Since the early 1970s, the United States has provided Canada with available technical and construction drawings and designs. They have been studied carefully by officials of Environment Canada (engineers, biologists, etc.) and Fisheries and Oceans Canada. Canada's technical concerns with specific "Phase 1" features have been identified and communicated to the United States. A technical meeting was held on July 20, 1983, in Ottawa at which time U.S. officials made presentations regarding various aspects of the project. Canadian officials raised questions and pointed out technical concerns. A detailed summary of Canadian technical concerns was transmitted to the U.S. government by diplomatic note on October 3, 1983. These technical concerns, as well as general policy questions, will be discussed at the meeting of senior officials on November 21, 1983. It should be noted that officials of Environment Canada have also visited Garrison testing facilities and construction sites, either as part of technical meetings or with the International Souris-Red Engineering Board of the International Joint Commission.

5. The current arrangements regarding information exchange and consultation, at the official and ministerial levels, are working well. The United States government is fully aware of Canada's position and its concerns. The onus is on the United States to see that these concerns are fully taken into account and measures are taken to resolve them. We have no reason to believe that any other arrangement would cause the United States to take Canadian concerns more seriously than at present.

WESTERN GRAIN TRANSPORTATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. D. G. Steuart moved the second reading of Bill C-155, to facilitate the transportation, shipping and handling of western grain and to amend certain acts in consequence thereof.

He said: Honourable senators, Bill C-155, the western transportation initiative, comes to this house as one of the most fully debated pieces of legislation in years. This is an important fact since the government did not tangle with 87 years of history lightly or without a profound awareness of what the effects of the proposed changes will be.

The Crow rate is a subject around which a great deal of mythology has been built. The rate was originally created in 1896 as a developmental rate to encourage settlers to move into western Canada. It fixed the price at which settlers' effects and supplies would move into western Canada and the price at which their grain would move out to the Lakehead. The terms of the rate have changed significantly over the years as it was expanded from 289 shipping points to 1,245 shipping points and from one port to include the ports of Vancouver, Prince Rupert and Churchill. In 1925, the special westbound rates for settlers' effects was discontinued but the Crow rate has continued to the present day at a fixed rate of one-half cent per ton-mile. I point out that this is an average of about 13 cents a bushel.

As recently as 10 years ago, no one dared to question the effects of the Crow rate in western Canada—to do so would

have been suicidal. However, more recently a growing number of western Canadians have begun to recognize that the artificially low Crow rate was doing western Canada more harm than good. Originally, the Crow rate was not that good a deal. For example, in the 1920s the Crow rate represented about 18.7 per cent of the average price of grain. It was only later, as a result of the rise in inflation, that the Crow rate became a great bargain for farmers. Today the Crow rate accounts for less than 5 per cent of the price of a bushel of grain.

As the costs of operating the railways rose over the years, the large percentage of their costs covered by the Crow fell. By the late 1950s or early 1960s the Crow no longer covered the railways' costs for moving grain, and the railways began to lose money hauling grain. By the 1980s these losses had reached in excess of $300 million annually. As these losses mounted the railways' incentive to invest in the system declined, and with it our ability to ensure that our grain was marketed on time and our customers' confidence also declined.

Eventually the government had to become involved in order to protect the producers and our export markets. This was done through a number of ad hoc programs such as the branch line subsidy program, the branch line rehabilitation program and the purchase of hopper cars. These were merely stop-gap measures, and because of them a major disaster for our producers was avoided. However, even with these measures there were years when sales were lost because we could not guarantee delivery, particularly 1978 and 1979.

While railway losses on grain were mounting so were the demands on the western rail system. In 1962 only 44 per cent of the railways' total work load for all of Canada was west of the Lakehead. By 1980 the work load had risen to 63 per cent, and it is projected that by 1990 the west may account for as much as 70 per cent of the railways' work load. Potash, sulphur, coal, petrochemicals and lumber all compete with grain for limited rail capacity.

While the recession has delayed the problem and allowed grain to continue moving without major problems, the day is fast approaching when we will face a crisis in rail capacity, when the railways will be forced to ration traffic through the overworked mountain region.

Politically, it would have been wise for the government to await the crisis—until it became painfully obvious to everyone that something must be done. It would have been easy to bring in this legislation if grain was piling up on farms and if elevators were plugged, or perhaps if the Wheat Board was losing contracts because we could not deliver. Unfortunately, a $16.5 billion railway expansion cannot occur overnight. The double tracking and tunnelling which needs to be done through difficult mountain terrain will take years to complete. Only an irresponsible government could ignore the need to move now. It should be clearly noted that if this bill is not passed a great deal of that work will not be done at all. Certainly a great deal of it will be delayed.

• (2120)

It is not only the government which recognized the growing capacity problems. Two broadly-based western grain organizations also saw the growing problem and the relationship between the need for Crow change and a comprehensive solution to the rail capacity shortfall. The Western Agricultural Conference, which includes the great co-op grain-handling companies, United Grain Growers and others, in conjunction with the Prairie Farm Commodity Coalition, which includes the Pallister Wheat Growers Association and the Rapeseed Association — these and other organizations called on the government to deal with the problem and agreed that, if certain conditions were met, they would negotiate Crow change. They told the government to put its money on the table and show that it was serious about the need to solve the problem. The government replied by putting on the table $3.2 billion — which has now been increased to $3.7 billion — and by appointing Dr. Clay Gilson to meet with all interested western agricultural groups and the railways to try to work out an acceptable solution to the western transportation problem.

In addition to the capacity problem which I have described, there is a second way in which the Crow negatively affects western Canada. By giving an artifically low freight rate on grain being shipped for export while retaining commercial rates on processed products, the Crow has acted as a disincentive to adding valued industry to western Canada. Every economic activity from livestock production to agricultural processing has been affected by a freight rate system which encourages western Canada to export its raw grain and, with it, jobs and economic growth. We have, therefore, a system so totally biased in favour of growing grain for export that producers often use for wheat production land that is much better suited for other "non-Crow" crops or for livestock. In the view of many agrologists, this practice is endangering the western land base.

After the government appointed Dr. Gilson, he undertook very broad consultations with all the interested parties and found many areas of agreement. In other words, all parties seemed to agree on the need to end the *ad hoc* programs and replace them with a comprehensive approach to the Crow rate problem. They agreed on the need to deal with the distortions and anomalies created because of the Crow; they agreed on the need for a new grain transportation agency to oversee the workings of the grain transportation system and they agreed on the need for the railways to be properly compensated.

There were two main issues on which Gilson had trouble reaching an agreement or concensus: one was the question of how much the producers should pay and the other was the method of payment. In other words, to whom should the government pay the subsidy?

Method of payment has been a very difficult issue throughout the long Crow debate. Dr. Gilson recommended that payments initially be made to the railways, with producer payments being phased in until they reached the figure of 81 per cent, with 19 per cent going to the railways. When the minister, Mr. Pepin, took over, he proposed a 50-50 split in the

payments. After finding little support for that proposal, and under pressure from the prairie pools and eastern producers, he then moved to 100 per cent payments to the railways. The major problem was finding a fair way to make the payments. Acreage payments were suggested; the Alberta government came up with something called the double-80 formula; the Manitoba Farm Bureau devised the freight entitlement plan. All of these devices were complicated and none was universally accepted. As a result, the government has included in this bill provision for a commission of inquiry to examine methods of payment; to explore economic and social implications of producer payments; and to report its findings within a year. As Dr. Gilson had suggested that the payments all go to the railways in the first year in any event, this is a very acceptable compromise and leaves the issue open for future amendment.

When one looks at the reports of the standing committee which toured the west, one can see the differences of opinion which exist. Clearly, the west is not the homogeneous area that some would like to portray. In Alberta, for example, most witnesses who appeared seemed to view the method of payment as the most important issue, and most of those witnesses favoured producer payments. However, when the hearings moved to Saskatchewan, railway payments were the preferred way to proceed, and the whole issue of method of payment took a back seat to the question of what the farmer could afford to pay.

Honourable senators, grain prices have, admittedly, been depressed for the past few years as world wheat stocks have been high. At the same time, producers have faced skyrocketing costs for fuel, fertilizer and many other commodities, together with high interest rates. As a result, the producers' profit margins have been squeezed. Many producers, therefore, fear that they just cannot afford an increase in shipping costs at this time. It is important to recognize, however, that what the farmer can afford even less than an increase in transportation costs is a transportation crisis. If our transportation system is not capable of getting a farmer's crop to market, he will lose revenue from sales and face ever-increasing interest costs and on-farm storage costs.

At the same time, while freight rates are to be increased, there are a number of protections built in to ensure that producers are not being asked to pay more than they can afford. First of all, the government will pay $650 million annually towards producers' freight bills — and that is a monumental commitment. Secondly, the government will protect them from future inflation by paying everything above three per cent of railway cost increases in the first three years, and everything over six per cent thereafter. This is protection from inflation that few people in Canada will enjoy.

Thirdly, there is a safety net which ensures that at no time will producers pay more than 10 per cent of the value of their product as freight costs. This safety net will start at four per cent and be phased in over five years. This safety-net provision is a key one, and has not, in my opinion, been well understood. Forgetting the predictions of five-times or ten-times Crow, if wheat sells, for example, at $6.00 per bushel, the freight rate will never exceed 60 cents a bushel. This safety net provides a great measure of both protection and certainty for the producer. In addition, the Crow is being expanded to cover a whole range of new crops and products. No longer will the system be biased strictly in favour of the traditional crops.

Honourable senators, through this bill the government has committed itself to the economy of western Canada. It is committed to building a first-class rail transportation system which will ensure that all western products get to market and will protect our reputation as a trading partner. At the same time, the interests of grain producers will be protected and their historic right to a statutory freight rate system will be maintained. This, in turn, will protect them from the monopoly of the railroads and the uncertainties of inflation.

To sum up, the government will pay at least $650 million annually in a subsidy to help western farmers move their grain to market. It is true, however, that the farmers will pay more. It may take two, three or four times the present rate, which again, I point out, is only 23 cents a bushel on average. In return, they will get a modern tranportation system within the next eight to ten years. Farmers will be protected by a ceiling against rapidly rising inflation and railway costs, and by the ten per cent limit in the relationship between the amount of money they receive for their grain and the cost of freight to move that grain to market.

In turn, the railroads are committed to spending something over $60 billion in the next eight to ten years to modernize both the rail transportation system and the port system. This money, incidentally, will be spent in all parts of Canada.

Honourable senators, this bill is the result of great consultation; of many good, sound compromises. I urge all honourable senators to give it their support.

Some Hon. Senators: Hear, hear.

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, first, I would like to congratulate Senator Steuart on his able presentation of the bill. Once again he has shown that he is an expert on agriculture. However, while Senator Steuart gave a good explanation of this bill, it is more complicated than he would have us believe. In my opinion, it will take this chamber several days to understand all the angles and facets of this legislation.

• (2130)

When I was first elected in 1958, the first speech I ever heard was a speech on grain. At that time we had 208 members, many of whom were elected from the west. Our Prime Minister at the time, the Right Honourable John Diefenbaker, was from Saskatchewan. Every day we heard speeches by farmers from the west about grain. We did not know too much about the Crow at that time. We knew that the Crow was historical and we knew that it had something to do with freight rates for western grain producers. Even then we sensed that that could only be appreciated by someone born in the vast rolling lands of our western provinces, and who grew grain. We learned that the Crow rate had its origin in 1897, after an agreement with the CPR and the passing of the

Crow's Nest Pass Act. This agreement gave moneys and land to the railroad in exchange for railroad construction and a flat rate transportation charge on prairie grain bound for export destinations such as Churchill, Thunder Bay and west coast ports.

We also found that many people confused the Crow rate and its beginnings in 1897 with the CPR's transcontinental agreement of 1881. In that year Parliament passed the CPR Act which provided a grant of $25 million, 25 million acres of lands and exemption from taxation for some years in return for constructing the transcontinental line from Thunder Bay to Vancouver. The two agreements are not the same, but their purpose was to tie this country together from sea to sea, and, whatever may be said about these arrangements, they were then deemed necessary in the national interest.

The Crow rate was seen by the western grain farmers as Canada's guarantee to them of a fixed rate that would secure their capacity to compete and prosper. It was in a very real way the reason for being Canadian.

Speaking about the Crow rate, my good friend the Honourable John Fraser, from Vancouver, told this story recently:

> There is a story that has been told before but bears re-telling. In the 1930s, in a small school in rural Saskatchewan, an important educational expert from the east was visiting. The teacher wanted to be sure that on that day her class would make a favourable impression. After the eastern educational expert was introduced, she said, "Now class, today we will discuss the Crowsnest Pass rate." "What," inquired the visitor, "is the Crowsnest Pass rate?"
>
> The whole class rose and, in unison, piped out, "Half a cent per ton per mile—FOREVER".

And therein lay the rub—"forever". But the idea of forever does not die easily. In 1949-50, the Turgeon royal commission considered whether grain rates should remain under the control of Parliament or be determined in the same manner as rates for other traffic. It concluded that grain rates should be altered only by Parliament.

In 1961, the MacPherson royal commission found that the railways were losing money due to the Crow—$16 million in 1958—and recommended that losses under the Crow be paid as a subsidy to the railways. MacPherson also said that benefits of government land grants and financial assistance should not be used to operate railways. He said:

> We find no evidence that either donor or the receiver contemplated such action. Grants were made to get the railway built . . . we do not recommend that earnings of other corporate investments be taken into account in setting freight rates.

In 1976, the Snavely royal commission concluded that the railways lost $105.5 million moving grain in 1974.

In 1977, the Hall royal commission concluded that the Crow should be kept and expanded to other commodities and said that the government should pay the Crow shortfall to railways as a subsidy.

Senator Roblin gave me some notes which I shall review this evening in order to continue tomorrow to explain to the Senate what kind of problem this party faces with the present legislation before us.

On motion of Senator Asselin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, November 15, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Thursday, November 17, 1983, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. Martial Asselin (Acting Leader of the Opposition): It is my understanding that the Transport and Communications Committee will meet at 4 p.m. tomorrow.

Senator Frith: Honourable senators, yesterday I met with Senator Langlois, the chairman of that committee. He suggested that should the bill receive second reading before 6 p.m. today the committee could meet this evening as well as tomorrow at 4 p.m., following the funeral service for the late Honourable Walter Baker. If the committee meets this evening, the minister will not be available for that meeting. However, the committee could deal with other business tonight and the minister would then appear tomorrow afternoon. I have not yet received notice of the exact time for tomorrow's meeting.

Senator Asselin: I thought it had been decided yesterday that the Transport and Communications Committee would meet at 4 p.m. on Wednesday. Accordingly, we on this side of the house have organized our business in order to be able to attend tomorrow's meeting.

Senator Frith: There is no question that that is the plan, just as we agreed to it. I am merely adding that, should the bill receive second reading before 6 p.m. today, the committee could meet this evening to deal with other business relating to the bill as well as meeting tomorrow afternoon, when the minister is scheduled to appear. Senator Langlois may wish to add something to what I have said.

Hon. Léopold Langlois: Honourable senators, I do not have much to add to what the Deputy Leader of the Government has said, but if necessary, we could also sit tomorrow evening. Apparently, the minister will be available to appear before the committee tomorrow afternoon only. Departmental officials, however, would be available this evening, so that we could commence our study of the bill, as amended in the other place, and could then meet with the minister at 4 p.m. or 4.30 p.m. tomorrow.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, while we are on the subject of committee meetings, could the Deputy Leader of the Government in the Senate tell us which committees will be sitting this week? Could he also give us the assurance, as he gave it to me over the phone earlier today, that the Committee on Banking, Trade and Commerce will not sit this week to consider Bill S-31, for the reasons I gave him, and that the sittings of that committee will be put off until next week?

Senator Frith: Honourable senators, as discussed between Senator Asselin and myself this morning, I made that recommendation just as we had agreed. I tried to get in touch with Senator Barrow to keep him posted, but to no avail. I see that we did not get notice of a Thursday meeting even though one had been scheduled. I have discussed this with the Leader of the Government and, as far as I can tell, it seems we will proceed as planned. Perhaps he might have something to add, but since I was committing myself, I made the exact recommendation which we agreed to today.

Senator Asselin: I raised the question because I have been advised that witnesses had been called to appear before that committee on Thursday this week. I want to make sure that those witnesses will be told that they will appear before the committee next week rather than Thursday this week.

Senator Frith: With respect to the witnesses and the committee proceedings, as I just said, I was unable to get in touch with Senator Barrow.

As to the other matter, namely the recommendation to the Leader of the Government, I did make it.

I am sorry I have not heard anything about the witnesses due to the fact that it has been impossible for me to reach Senator Barrow.

Hon. Jean-Paul Deschatelets: You are still talking about Bill S-31?

Senator Frith: Yes, honourable senators.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

HON. HARTLAND DE M. MOLSON

FELICITATIONS ON AWARD OF HONORARY DOCTORATE BY McGILL UNIVERSITY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps you will permit me to bootleg a comment under Notices of Motion. I must begin by saying that the senator to whom it applies preferred that I not say anything. Nevertheless, I think you would want me to tell you that earlier this month our colleague, Senator Molson, received an honorary Doctor of Laws degree from McGill University.

Hon. Senators: Hear, hear.

Hon. Hartland de M. Molson: Honourable senators, I thank my colleague for his very kind remarks. I shall not go into the question of whether or not the honour was deserved, but the fact remains that it was from McGill University, a university we all respect, and it is, indeed, a great honour. I was grateful and proud to receive the honorary degree.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, I believe the same subject was raised last week by Senator Deschatelets. I have no objection, however, to the Deputy Leader of the Government mentioning this event again. In any case, Senator Molson was not present the first time.

I would like to say that we on this side join those on the Government side in offering the honourable senator our sincere congratulations.

Senator Molson: I wish to thank the Acting Leader of the Opposition.

[*English*]

HON. HAZEN ARGUE, P.C.

HON. DONALD CAMERON

Hon. H. A. Olson (Leader of the Government): Honourable senators, I would like to advise you that Senator Argue is ill and is in hospital in Regina with a severe case of the flu. We think that he will not be able to return to the chamber for several days.

I would also like to mention that Senator Cameron has rejoined us today, after having spent several weeks in hospital. I am sure that all honourable senators wish to join me in welcoming him on his return to the Senate.

HON. ARTHUR TREMBLAY

FELICITATIONS ON AWARD OF HONORARY DOCTORATE BY WATERLOO UNIVERSITY

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, since we are all extending congratulations, I would like to mention that Senator Tremblay recently received an honorary doctorate from the University of Waterloo.

Hon. Senators: Hear, hear.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Lucier be substituted for that of the Honourable Senator Stollery on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

BANKING, TRADE AND COMMERCE

CHANGES IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the names of the Honourable Senators Anderson and Hastings be substituted for those of the Honourable Senators Stollery and Buckwold on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

CYPRUS—UNILATERAL DECLARATION OF INDEPENDENCE BY TURKISH POPULATION—SAFETY OF CANADIAN MILITARY PERSONNEL IN U.N. PEACEKEEPING FORCE

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. We heard this morning about the unilateral declaration of independence by the Turkish population of Cyprus, which was quite a shock to the Cyprus community. The Turkish and Greek authorities are on the alert and the United Nations is apprised of the precarious state of affairs.

Since Canada has had a peacekeeping force in Cyprus for well over ten years, does the Leader of the Government have any information to give us concerning the situation on the island? Could he tell us whether our personnel based on Cyprus for peacekeeping purposes are in peril and should they not rather be repatriated?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the background is essentially as Senator Asselin has described it. There has been what I think is termed a "unilateral declaration of independence" by the Turkish population living in a certain part of the island of Cyprus. As the honourable senator has indicated, this has created some ten-

sions and certainly some apprehension with respect to what it really means. It is correct that there are about 500 Canadian military personnel there as part of the United Nations peacekeeping force. I believe they went there some 19 years ago, as opposed to some 10 years ago.

At the present time we are trying to assess the implications of the situation. In any event, the situation will be handled by the United Nations since all the troops which are there from several countries, including Canada, are part of the U.N. peacekeeping force. When I have further information I will let the honourable senator know. In the meantime, our concern is that no Canadians, including the military personnel there, get into a difficult or untenable situation.

● (1410)

[*Translation*]

Senator Asselin: Honourable senators, I have a supplementary. The Secretary of State for External Affairs and the Prime Minister had suggested that the Canadian Government might repatriate our peacekeeping force on Cyprus. Is this still under consideration?

[*English*]

Senator Olson: Honourable senators, some weeks ago the Prime Minister suggested that perhaps it was time to reassess the situation in Cyprus. The original assumption was that the Canadian troops were in Cyprus for a reasonable time as part of the U.N. peace-keeping force to assist in maintaining peace and order along the demarcation line, if you will, and, in conjunction with troops of other nations, had fulfilled that task.

However, it was never Canada's intention that this would be a permanent commitment to perform this kind of peace-keeping role in Cyprus, and the Prime Minister has suggested—very properly, in my view—that, after 19 years, Canada should assess whether or not it should continue to have that kind of temporary peace-keeping force.

[*Translation*]

ECONOMIC DEVELOPMENT

QUEBEC—FEDERAL ASSISTANCE

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, I have a question about another current issue. Last week, at a special Cabinet meeting, the Government of Quebec decided to spend substantial amounts on speeding up Quebec's economic recovery in various industrial sectors.

Last night on television, the Premier said that officials of the Quebec Government and federal Government had been working for some time to determine the federal Government's contribution to Quebec's economic recovery.

Could the Leader of the Government tell us whether this matter was discussed in Cabinet? Could he also tell us whether the federal Government will be contributing to the emergency fund being planned by the Quebec Government? Is the federal Government prepared to make a substantial contribution in order to help in Quebec's economic recovery?

[Senator Olson.]

[*English*]

Hon. H. A. Olson (Leader of the Government): My reply to Senator Asselin's inquiry is: Yes, I shall take parts of his question as notice. However, I can tell my honourable friend now that there has been a significant and on-going effort made by the federal government to deal with the economic situation in all parts of Canada, including Quebec, and to try to enhance it.

Since my honourable friend's question specifically concerns Quebec, I can tell him that there have been massive commitments of financing for Quebec in several sectors. For example, there is the federal government's investment in a new helicopter industry; shipbuilding has been accelerated at two of the shipyards, since Quebec is playing a very important part in the frigate program; there is a very large research and development program for the Pratt and Whitney works at Longueuil; the Gaspésie development program is a large project which includes many smaller projects, and that is now under way.

I would be glad to request a complete list for my honourable friend, and I am sure he would be impressed with the magnitude of what the federal government is attempting to do to enhance the economy of Quebec.

Senator Asselin: Honourable senators, my good friend Senator Olson never misses a chance to convey a partisan political message from his government. We have known for some time that the federal government has invested some funds to help the economy of our province. However, the specific question I was asking him involved the decision that has been announced by the Government of Quebec to invest more money to give the Quebec economy a boost. In that regard, the Premier of Quebec said last night that he will ask the federal government to share in that upsurge of the Quebec economy by making a contribution. I only want to know if your government is disposed to going along with the Government of Quebec in the matter of this fund.

Senator Olson: Honourable senators, I do not think Senator Asselin should get so excited, because in the answer I gave him a minute ago, I indicated that I would take as notice that part of the question regarding specific funding. Because he does not often initiate that kind of discussion, I wish to draw to his attention the large number of significant economic enhancement programs that the federal government has already undertaken. I am sure he appreciates my reminding him of that from time to time, because I realize he derives great interest and satisfaction from knowing that the federal government has this keen interest in the economic enhancement of Quebec.

[*Translation*]

Senator Asselin: Unfortunately, when we ask my honourable friend questions about Quebec or economic development in Canada, his answers are often far too partisan and subjective. They would be far more valuable if they were more objective.

[*English*]

Senator Olson: Honourable senators, I find it somewhat difficult to reply to Senator Asselin without dealing with the

preamble to the questions he has put. When he comes to the specific answer, of course, he wants me to confine myself to that. However, if he does not want me to comment on, or give some background information on, the preamble, then I suggest that he omit it. I think that he is entitled to a complete response to all of the comments he makes, both in the preamble and in the specific question. If he would like to be more specific and confine himself to the question, I promise him that I will respond to the question only.

Senator Asselin: I learned how to ask questions from you when you were sitting in the opposition as a member of the Liberal Party.

Hon. Royce Frith (Deputy Leader of the Government): Well, you learned from the best then!

CANADA DEVELOPMENT CORPORATION

VALUE OF HOLDINGS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Social Development. Could he confirm the accuracy of a report that the value of the Canada Development Corporation's holdings is significantly less than the $809 million claimed in the company's last annual report?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I doubt that I will be in a position at any time to offer comments on CDC's stock market values. I will be prepared to report on the government's investment in that portfolio, but I do not see the advantage or—

Hon. Royce Frith (Deputy Leader of the Government): Propriety.

Senator Austin: —propriety—thank you—of engaging in stock market speculation.

Senator Nurgitz: I was asking the minister if he would comment on the value of the holdings, which is a totally different question. Notwithstanding the minister's good coach, I have no interest whatsoever in the stock market price of the shares. A Toronto newspaper report today indicates that the holdings should be valued at $478 million. That is a 41 per cent difference from CDC reports. I think that is significantly different from the question the minister suggested I was asking.

Senator Austin: The Canada Development Corporation has been reported as seeking to issue equity to the Canadian public. It has filed a prospectus with the Ontario Securities Commission, and perhaps with other commissions, in order to begin to establish that offering under appropriate securities rules. Given that that process is under way, I think it would be most inadvisable for me to comment on value. There is no doubt that the offering itself, if accepted by the Canadian public, will say something as to value.

● (1420)

As Senator Nurgitz knows, there are many tests of value, such as market, book, fair value on sale, and so on. All I can report, although I know it may not satisfy Senator Nurgitz, is that the government's policy with respect to offering its shares to the Canadian public, which was arrived at by agreement on May 27, 1982, still stands, but to this time the government has not received any proposals from the private sector to acquire our position or any part thereof.

In the meantime, I have been requested by the directors of the Canada Development Corporation to declare that the Government of Canada will not sell any of its equity holdings during the currency of a Canada Development Corporation offer. That is a standard provision under securities practice which ensures that there is no undisclosed secondary offering. For the time being, I am in a position to advise this chamber that my shares are not in the market, and, consequently, the Canada Development Corporation can proceed with its treasury offering.

UNEMPLOYMENT INSURANCE

1984 PREMIUM

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, on October 20 Senator Roblin asked a question with respect to unemployment insurance. When I replied to it on October 25, I included an undertaking that, when the Minister of Employment and Immigration, the Honourable John Roberts, made an announcement with respect to unemployment insurance and the establishment of premium rates for 1984, I would endeavour to convey that information to Senator Roblin.

That announcement was issued by Mr. Roberts on October 28 and was circulated to all senators and members of the other place and, I am advised, would have been in all offices by Monday, October 31. I was in this chamber, as was Senator Roblin, on Tuesday, November 1, but no question was addressed to me on the matter by Senator Roblin.

When I inquired of the office of Mr. Roberts to ensure that Senator Roblin and other senators had received this statement by the minister, I was advised that it had been circulated. My office also circulated a copy to Senator Roblin.

I make these comments in order to express my dismay over Senator Roblin's question in this chamber on November 3, in which he indicated his dismay that I had not communicated the statement of Mr. Roberts.

Senator Roblin is not here today, but this is my first opportunity to respond to his question of November 3. I believe that, because of the circulation by Mr. Roberts' staff and by my own staff of the statement of October 28, I have fulfilled my undertaking to convey it to Senator Roblin. Therefore, I am not sure of the exact nature of Senator Roblin's dismay.

[*Translation*]

WESTERN GRAIN TRANSPORTATION BILL

SECOND READING

The Senate resumed from Tuesday, November 14, 1983, the debate on the motion of Senator Steuart for the second

reading of Bill C-155, to facilitate the transportation and handling of western grain and to amend certain acts in consequence thereof.

Hon. Martial Asselin (Acting Leader of the Opposition): When I adjourned the debate last evening, honourable senators, I made a reference to the important issue of the Crow rate, the Bill before us. I said that it would be easier to appreciate the history of the Crow rate if we had a better knowledge of the history of Western Canada. The grain producer of Western Canada is the author of a very impressive success story, almost unrivalled in the economic development of Canada. Production has gone up 50 per cent in recent decades. In net terms, grain accounts for $6 billion in our balance of payments account. Grain production opens up a market worth billions of dollars to the Canadian industry and therefore creates thousands of jobs for Canadians. Despite such truly exceptional results, the grain producer's net income has not kept pace.

[*English*]

Costs of production have risen sharply from 1971 to 1983. The costs of economic inputs have risen from 100 per cent to 300 per cent. The farmer pays for these inputs on the basis of domestic cost structure. The grain he exports, however, is not sold on a domestic price basis; it is sold on the basis of internationally established prices. This means that grain prices have been subjected to a cost-price squeeze. The farmer does not set his selling price on the basis of his cost of production. His cost of production is dictated by the domestic market, which is outside his control. His selling price is dictated by international forces, which are outside his control.

[*Translation*]

Senator Asselin: The result can therefore be summarized as follows: The net yearly farm income in the Prairies for 1971 was $4,825. In constant dollars, in 1982 that same net income was $5,096. Between 1971 and 1982, some years were naturally better than others, as the production volume increased by 50 per cent. This is where we can see the significance of the Crow rate. This rate of $4.89 per ton was the only thing that remained stable and on which the farmers could count. We now have Bill C-155, the Crowsnest Bill. Under its provisions, the price per ton would increase from $4.89 to $9.35 within three years. This bill is rather complex and I would ask for Senator Denis' indulgence in listening to me.

Hon. Azellus Denis: I can understand you very well.

Senator Asselin: You understand nothing about it; I find this understandable. I was saying that the rate will be $27.21 per ton in eight years. What is the use of applying the 6-and-5 policy to wage increases? It is fair to note that grain farmers were subsidized and that the Crow rate was a major element of this subsidy. In view of the distances involved, transportation costs in Canada are much higher than in the United States, Australia and the European Economic Community. Indeed, for the period between 1972 and 1982, the total of Canadian subsidies for grain production was estimated at 4 per cent of the market price. During this same period, the subsidy amounted to 8.6 per cent of the market price in the United States and 10.8 per cent within the European Economic Community. Crops were even better in 1982 and 1983. This year, the subsidy amounted to 37 cents a bushel in Canada, while it reached $1.12 a bushel in the United States.

[*English*]

Thus the grain trade has been one of the great engines of our economy. The farmer is squeezed between uncontrollable domestic costs and uncontrollable international prices, while his main competitors in the world market receive significantly higher subsidies. The effect of the Crow reform is to increase the farmer's transportation costs by five times over the next eight years. This most certainly raises the question of the farmer's ability to pay, on which I will have more to say later.

• (1430)

Against that background of farming concerns, what does Bill C-155 propose? It proposes to put western rail transportation on a sound economic and technical footing by ensuring that the railways receive adequate compensation for the movement of grain. All exporters, whether of wheat or other natural products such as coal, potash or lumber, et cetera, are beneficiaries of this reform. In the national interest, there is general agreement to proceed. A significant product of the Crow reform should be the removal of Crow economic dislocations. At present, the Crow rate promotes the export of raw farm materials but harms the processing in Canada of farm materials. The Crow reform should also be counted on to introduce the "hidden hand" of competition and enterprise and to promote the cost effectiveness of our transportation system.

[*Translation*]

Honourable senators, the Bill acknowledges that grain producers need help to adapt to that new situation. We must change, it is true, but change is sometimes painful. However, it will be easier to accept if it is implemented as fairly as possible.

I want to examine with you some of the basic principles of Bill C-155 which will ensure that the new transportation costs which the grain producer might incur will be fair, and how the new rates might prove to be more beneficial and more effective.

The people who drafted Bill C-155 expect a sustained inflationary spiral in rail transport costs. In the first three years, the producer will pay the first 3 per cent of the new inflationary thrust and, after that, the first 6 per cent of the inflation rate.

Let us compare those rates with the estimated inflation rates contained in the last budget of the Minister of Finance, the Honourable Marc Lalonde: 6.3 per cent in 1983, 4.5 per cent in 1984, 4.5 per cent in 1985, 4 per cent in 1986, and 3.7 per cent in 1987.

[*English*]

The provisions of the bill do not appear to be very generous. They ensure that the first charge for inflation will be against the farmer. The government will pay more only after the farmer's contribution has been taken into account. Thus, the

farmer pays most of the increased costs. It would be far more equitable if the inflation factor were shared from the beginning between the farmer and the government. A fifty-fifty split might be considered.

The bill also purports to protect the farmer against low grain prices by proposing a "safety net". The safety net would provide that the transportation charge would not exceed 10 per cent of the export price of grain. That is not a very comforting proposal. In the 20 years up to 1981, the 10 per cent factor would have come into play only three times. In the last 10 years, a 5 per cent factor was exceeded only once, while a 4 per cent factor was exceeded three times. In order to be of practical assistance to the farmer, the safety net percentage should be made more generous. The figure of 4 per cent as a permanent percentage might be appropriate.

A third area in which the bill is unsatisfactory has to do with the total amount of grain exports to be taken into account in deciding the cost of freight. That total is capped at 31.5 million tonnes. Volumes of grain exports above this figure will pay the full cost of transportation. This is obviously a penalty for greater productivity, and it should be removed. The volume of exports has been increased by 50 per cent over the past 10 years. Government targets call for exports of 36 million tonnes within seven years. The cap therefore becomes a disincentive that should be lifted.

I would propose that the bill be amended to improve the farmer's position in those three particular areas. Unfortunately, as that would probably call for an increase in public expenditures, such a change could originate only in the House of Commons.

I turn now to the calculation of the Crow gap, which is to say the money that is required to bridge the gap between railway costs and railway revenues in respect of grain traffic.

The bill provides for a Crow benefit of approximately $650 million-plus each year. That would total approximately $2 billion over a three-year period. When other subsidies, such as those for branch line maintenance and hopper cars, et cetera, are added in, the total subsidy amounts to around $3 billion over a three-year period.

At least two items of this subsidy are open to question. First is the cost of capital. Under the provisions of this bill, the subsidy provides a sum of $63 million to pay a return of 20.1 per cent on the cost of capital. Capital includes not only borrowed moneys but also the equity in shares and the return of reinvested profits. A quick comparison with the same second calculation applied to other public utilities would lead one to think that this is a generous provision. Indeed, it may be too generous. The government itself is so uncertain in the matter that it intends to ask the Federal Transportation Commission to hold hearings on it.

The second questionable calculation has to do with an item called "contribution to constant costs". Besides the variable and other costs of grain movement that can be verified, there are certain other railroad costs that are hard to identify and define. It appears that a subjective judgment has been made to the effect that the so-called constant costs are equal to 20 per cent of the variable costs and are included in the subsidy accordingly. This means, of course, that the contribution to constant costs is a sort of cost plus factor. As in the current year, they will amount to $116 million. They are an important factor. The introduction of the cost plus feature in the subsidy obviously does little to encourage efficient operation. In the present case, the contribution of $116 million to the constant cost factor will flow right through to the bottom line of the railways and will thus constitute a direct addition to their profits each year.

● (1440)

[*Translation*]

Honourable senators, there are obviously some questions about capital and the contribution to constant costs that have not yet been answered to everyone's satisfaction. Benefit payments should depend on there being a satisfactory solution to these two problems. In addition to the Government subsidy, producers themselves will be paying hundreds of millions of dollars more to the railway companies for the transportation of their grain. However, because of the way the rates have been established, the producers' contribution, during the first three years under the new Crow rate will be relatively modest.

In fact, it will amount to about $200 million for those first three years. This is the farmers' contribution that can be frozen at that level while attempts are made to resolve any problems encountered in connection with the new Crow rate. The suggested freeze would apply only to the producers' contribution of $200 million over the next three years.

No freeze is suggested for the remaining period covered by this financing plan. Even without the producers' contribution, the railway companies will be receiving $2 billion in compensation for the Crow rate over the next three years, and another billion reflecting a number of other subsidies. The three-year freeze on any increase in the $200 million costs to producers will not affect the plan as a whole. However, it will give us time to see what the producer can afford to pay. It will give us time to clarify other issues raised by the requirements of this legislation. As far as the railway companies are concerned, the process should not take too long, but it would appear that the problems of producers will take much longer to solve.

The last controversial point I would like to raise is the method of payment of Government subsidies. The two potential recipients are the railway companies and the producer. Professor Clay Gilson, quoted by Senator Steuart yesterday evening, was also in favour of the producer receiving 80 per cent and the railway companies 20 per cent of the subsidy. Minister Pepin's first position was to give 50 per cent to producers and 50 per cent to railway companies. The relevant provision in Bill C-155 would give the entire subsidy to the railway companies.

Clearly, when Minister Pepin decided to change the subsidy formula in Bill C-155 so as to give the entire subsidy to the railway companies, he was being influenced either by the Members from Eastern Quebec or the Quebec agricultural

organizations which, in my view, misinterpreted certain provisions of the Bill.

This last comment is by Senator Roblin. It was feared that the new method for subsidizing the railway companies would raise the price of Western feed grains for producers in Eastern Canada.

I am not saying that I disagree, but I would like to give my own explanation. I think this is an erroneous interpretation of the Bill, since the price of feed grain in Eastern Canada is affected above all by the price of corn imported from the United States. What happens to prices in Western Canada is purely academic. If the price of Western grain does not compare favourably with the price of U.S. corn, not much Western grain will be sold in Quebec.

I think that is abundantly clear.

[*English*]

A second argument is that meat producers in Quebec would suffer. The west might secure a comparative advantage but it is not likely to have any competitive advantage. After all, poultry prices in Eastern Canada are set by marketing boards. The subsidies given by the Quebec government to hog and beef producers are a most significant consideration in setting the returns to farmers in that province. Nevertheless, the federal government yielded to the pressure.

I must also say that western opinion has been split on this distribution of the subsidy. The wheat pools defend the status quo with particular reference to their elevator systems and to the social impact on rural communities. I do not minimize this opinion, but it is clear that sooner or later changes will come. Recent experience makes it perfectly clear that it is better to meet change head on and master it than to suffer the consequences of perpetuating the status quo.

A second western view—the one which in my opinion will ultimately prevail—is that paying the railways is the second best alternative. It is better to pay farmers. Paying the railways locks in a fixed and relatively inefficient handling system which is of little benefit to eastern livestock producers. The prairie grain producers will be tied to the railways even if truck competition offers lower costs overall. Certainly, railways will have less incentive for efficiency and cost control. The export of raw materials will continue to be more attractive than local Canadian processing. Paying the Crow subsidy to farmers improves the chances of maximizing economic leverage and of taking advantage of price competitive developments.

[*Translation*]

Honourable senators, Bill C-155 raises a number of questions which remain unanswered.

The Bill must go forward if the Crow rate is to be of any assistance in the development of our transportation system, but that does not mean that the whole bill must be adopted immediately.

If there is a basic question which is of great concern to me and to many Canadians, it has to be the capacity of the producer to pick up the tab.

[Senator Asselin.]

The protection offered by this bill is inadequate. Too many uncertain factors will weigh heavily on the shoulders of the grain producers. We need to understand those thorny issues much better than we do now.

I think it is altogether reasonable that the $200 million increase in the cost of transporting grain be spread over three years. That will not in any way distract us from the ultimate goal which is to come up with an improved transportation system for those who use our trains; it will give us the time needed to solve all our problems.

In its October 22 editorial, the *Toronto Star* made a worthy and thought-provoking contribution to the Crow debate when it made the following suggestion:

[*English*]

> By setting aside for further review their controversial proposals to hike the cost of shipping western grain, the Liberals could press ahead unopposed with those parts of the bill which deal with much-needed investments in our country's transportation network. Revenues from the proposed higher rates would be foregone, but in any case they play only a small role in financing the overall improvements.

[*Translation*]

It ended with the following conclusion which I think deserves full marks and in which the Western grain farmers are singled out:

● (1450)

[*English*]

> Western grain farmers use only a small part of the rail system, but they are being threatened with 400 per cent increases in rates by the end of the decade.

My hope is that some way and somehow we will take this advice to heart.

[*Translation*]

Honourable senators, in concluding, I want to say that in committee we shall try to clarify the various issues I raised in this debate. My colleagues will also have an opportunity to consider them in the course of this debate on second reading.

I would also like to point out, quite frankly, that some parts of this speech consisted of comments Senator Roblin left with me before going on his trip to the Middle-East.

[*English*]

Hon. R. James Balfour: Honourable senators, anyone who has grown up in western Canada, and especially in the great wheat growing province of Saskatchewan, has understandably been exposed for his entire life to debate and discussion concerning the Crowsnest Pass agreement or, more correctly, to what evolved from that agreement, the statutory rate for the movement of grain and flour.

The statutory rate had its genesis in a Supreme Court of Canada decision which held, in effect, that application of the 1897 Crowsnest rate would lead to discrimination in freight charges because on rail lines built after 1897 freight charges could be higher than the Crowsnest rates. This decision of the

Supreme Court required that a legislative solution be found in order to address this problem. In due course, the federal government submitted to Parliament certain amendments to the Railway Act which became effective on July 23, 1925, and had the result that since that date the Crowsnest Pass limitation on rates has not existed except with respect to the movement of grain and flour from western Canada to export positions at the Lakehead. By subsequent amendments, the law was extended to apply to export grain moving through west coast ports and the port of Churchill, and in 1961 Parliament amended the law to make the rate apply to the movement of rapeseed.

In the result, the situation has changed from 1897 from one in which a two-party agreement set rates for moving grain to one port from 289 points on 3,000 miles of track applicable to one railway, to the present circumstance in which the law prescribes the freight rate for moving grain to five ports from more than 1,600 points on 20,000 miles of track operated by three railways.

Current rates are still at the Crowsnest level because of the amendment to the Railway Act passed in 1925. Therefore, these rates owe their existence to the act of 1925 as subsequently amended, and not to the agreement of 1897, and fall under the jurisdiction of Parliament and not the Canadian Transport Commission.

There have been a number of attempts to have the statutory rates altered. There was the Turgeon royal commmission in 1951 which was established to examine the rail freight rate structure and which, after examination of the subject, recommended no change in the rates. There was also the MacPherson commission on transportation in 1959-61 which, after lengthy hearings and in-depth study, recommended that losses which it had recognized the railways were incurring should be borne by the Parliament of Canada, and that the railways should be subsidized to the extent necessary to cover their costs and achieve a reasonable return on investment associated with the task performed. In spite of this recommendation no alteration to the statutory rates occurred.

The most recent investigations of the situation conducted by Carl M. Snavely and Mr. Justice Emmett Hall both found that the railways were losing money moving grain at the statutory rate. Both Mr. Justice Hall and Mr. Snavely recommended that the statutory rate be retained, and that losses be covered by a government subsidy to be paid directly to the railroads.

I think it must be recognized that a critical point is approaching in that the low revenue from the statutory rate is hindering the transportation companies in implementing their plans for a major restructuring and expansion of the western transportation system.

Both major railways have estimated that as much as $14 billion is required for future rail line upgrading and expansion to cope with the needs of western Canadian commodity producers. In addition to grain, these commodities include coal, sulphur and potash.

A consensus has developed in western Canada that changes to the statutory rate will have to be made. However, there is no consensus with respect to who should bear the burden or, perhaps more correctly, in what proportion the burden should be borne in order to cover the deficits of the railroads and provide them with the return on investment needed to justify the huge investment which must be made.

I would now like to attempt to put this matter into perspective from the standpoint of the province of Saskatchewan. Last year prairie farmers sold some 27 million metric tons of grain on the export market and earned some $6 billion of foreign exchange for this nation.

Obviously, if our farmers cannot afford to grow grain in such volumes and ship that grain through an efficient transportation and grain handling system, then the economic consequences to this nation will be very serious indeed. Grain accounts for 70 per cent of our agricultural exports. Based on a multiplier of four, export grain provides a $24 billion contribution to Canada's gross national product.

In 1981 prairie farmers spent over $2 billion on farm machinery and repairs, $760 million on energy and $640 million on fertilizer. These inputs provided an important market for the Canadian manufacturing sector. Over 150,000 farm families and 25,000 workers are directly involved in the production, shipping and handling of export grain.

Grain is the largest single commodity shipped through the St. Lawrence Seaway and provides a valuable backhaul opportunity for vessels moving iron ore upstream. The Great Lakes movement of grain also generates significant activity in Ontario's shipbuilding and ship-repairing industries. Clearly, a healthy prairie farm base generates a high level of activity throughout the total economy.

No Canadian, no matter where he or she lives, or what he or she does for a living, will escape for long the ripple effects of such a serious impairment of our national economy. The textile worker in Quebec will suffer. The factory worker in Ontario will suffer. The fisherman in the maritimes will suffer, as will the fruit farmer in British Columbia.

Fundamental, therefore, to any significant alteration to the existing statutory rate system must be the continued economic viability of the prairie grain grower faced with the necessity to move the product which he grows to ports where it can find its way to the markets of the world.

Perhaps to understate the situation, the bill before us has received intense, exhaustive debate and scrutiny, both in debate in the other place and also in committee there. Understandably, western Canadian members of Parliament representing the Progressive Conservative Party of Canada have been prominent in that debate and have ably, and with clarity, expressed their views on the details of the bill and, indeed, have succeeded in having accepted by the government substantive amendments to the bill. Notwithstanding this fact, we remain opposed to passage of the bill in its present form—a point of view held as well by every major western Canadian farm organization.

Two fundamental amendments to this bill were advanced in the other place by our party and were rejected in turn by Mr. Axworthy and the government.

The first amendment proposed would have placed a freeze on producer payments for three crop years—that is to say, up until July 31, 1986. This proposal has been misinterpreted and misunderstood as advocating a three-year delay in implementing the entire bill. Honourable senators, this is simply not the case at all. Notwithstanding the proposed freeze on the statutory rate within the time frame proposed under the terms of the bill, approximately $1 billion of economic benefits would flow to the railways in each of those years. This amount of money would certainly enable the railways to get on with the job of modernization and expansion of the existing transportation system.

● (1500)

The second proposed and fundamental amendment to the bill was a clause to facilitate a change in the method of payment to the railways by regulation rather than by statutory amendment as would be required under the terms of the existing bill. The minister, the Honourable Lloyd Axworthy, announced in the Standing Senate Committee on Transport and Communications that once the bill became law, a review committee would be established to examine this method of payment. However, without this proposed enabling clause to facilitate a change in the method of payment—if indeed a change was recommended—the work of such a review committee would become a sham, since changes which would be required by legislation could conceivably take as long to bring about as have the proposed changes to the statutory rate presently under debate.

Honourable senators, it is our intention to introduce on third reading amendments along these lines, and perhaps others, the defeat of which in this chamber will make it impossible for senators on this side to support the bill.

Hon. Douglas D. Everett: Honourable senators, I really do not intend to enter into the debate as it has been expostulated so skillfully by Senator Balfour. Indeed, having read Senator Steuart's speech of last evening, I really think there is very little that I can add to the subject that he has not already dealt with.

There is one aspect, however, that comes within the expertise that I have arising out of the investigations of the Standing Senate Committee on National Finance, and that is the importance of renewable resources to the Canadian economy. There is no question in my mind that the Crow rate should be revised, and that the transportation system that will carry grain to the ports should, by virtue of that higher income to the railways, be made as efficient as possible. Indeed, we would be living a myth if we thought we could continue with the low transportation rates as envisaged by the Crow and still have the kind of railway system that we need in this modern world.

However, there is something that we must not lose sight of in respect of grain, lumber, fisheries and so many of the other renewable resources that Canada is so capable of exploiting. We need foreign exchange to live. We are indeed a trading nation. We believe in the concept that a manufacturing base is essential to our survival and I would not, for a moment, doubt that that is so.

However, we now have a new mythology that everything can be solved by high technology, and we are in danger of pouring hundreds of millions of dollars of government money into areas of high technology that might very well prove to be uncompetitive in this very competitive world. What is interesting is that our renewable resources in Canada account for 33 per cent of our exports. Indeed, if you remove the vehicles and parts that go back and forth across the Canadian-American border under the Auto Pact, then renewable resources account for an even higher percentage of our exports—perhaps 40 or 45 per cent. I do not intend in any way to downgrade the Auto Pact. It is simply that the Auto Pact is a north-south movement of vehicles and parts so that we in Canada manufacture for the American market, and the Americans, in turn, manufacture for our market and, in my view, it is therefore legitimate to remove the Auto Pact when looking at the magnitude of our exports.

It seems to me, in all the examinations that have taken place in the Standing Senate Committee on National Finance, that what has come home to us is that our renewable resources are a very important part of our exports. We might find it difficult to accept the fact that we are hewers of wood and drawers of water. The bolstering argument against this activity is that wasting resources are being exploited and the product exported to someone else to do the manufacturing. Perhaps that is true of non-renewable resources, but in renewable resources we in Canada are probably as efficient as any country in the world at producing those resources which contribute so vitally to the livelihood and well-being of Canada and its citizens.

While I support the Crow bill, and think that it is essential to have an efficient means of transporting grain to the ports, I say we must not lose sight of the fact that our future is more greatly assured through our renewable-resource industries such as grain than through any aspect of our undertakings in technology. I think that sometimes in Canada we get carried away with the idea that we ought to be a manufacturing country at a time when it is becoming more and more difficult to compete with the low-wage manufacturing countries of the world; that, somehow, high technology will solve our problems. In my opinion, what will contribute most to our standard of living in Canada is our renewable resources.

Hon. Nathan Nurgitz: Honourable senators, I rise to make a few brief comments with respect to Bill C-155, which I believe is one of the most important pieces of legislation to come before Parliament in a long time, especially if one looks at it from the perspective, as I do, of a western Canadian. No one in Canada can doubt the importance of rail transportation and agriculture to this country. The building of the railway system was a means of nation-building in this country. The railway provided the link between the various regions and encouraged settlement of vast areas, both in the east and in the west.

I should like to mention that, during the course of my comments, I shall be incorporating some comments left with me by Senator Sherwood who, because of illness, is unable to participate in this debate, and who wanted a few comments made on behalf of people in the Atlantic region.

Agriculture has long been a mainstay of our economy. Even today, following the massive urbanization and industrialization that has taken place in the last 40 or 50 years, agriculture remains a major component of our economy. Western grains and oilseeds alone, as has already been mentioned, contribute over $6 billion to Canada's balance of trade and, through the multiple effect, generate some $24 billion-worth of economic activity in Canada.

Beyond its economic contribution, agriculture has historically helped to determine the social structure and fabric of Canada. Our social and cultural institutions grew out of rural settlement patterns of Canada's early days. Part of the Canadian identity is the heritage of the adventuring spirit and courage possessed by the first pioneers and their off-spring, most of whom were engaged in agriculture or related industries.

• (1510)

The railways and agriculture are intertwined in our history as a nation, and I expect they always will be. I suggest that what we are dealing with in Bill C-155 is not simply a question of dollars and cents but how much money the railways are losing hauling grain and how much the farmer can afford to pay, or what portion should go to whom.

It is a large issue. It is about a way of life. It is about the very fundamental socio-economic structure of western Canada. These are rather strong terms, but I do not think they overstate the case. The right to an affordable, efficient and reliable rail transportation network is tantamount, as has been said several times, to a constitutional pillar, in western Canada.

Senator Sherwood asked me to remind honourable senators of the anger and outrage generated in Atlantic Canada by Via Rail cuts in 1981. The abritrary and unilateral manner in which these cuts were imposed, as was suggested by some, reflected a government that had forgotten some of the historical importance of the railways to Canadians.

In western Canada, and to some degree in the maritimes, the railways in many ways determined the settlement pattern. Our forebears, with their national policy and through the establishment of the Crow rate, clearly wanted the railways to become the vehicle for settling the west, and they did.

What the government is now proposing is to radically alter the Crow rate. Such change will have an important impact on western Canada and on prairie grain producers in particular. Many westerners have viewed the whole process of Crow reform with a certain degree of fear and trepidation.

Recently, the federal government launched a comprehensive review of transportation policy in the Atlantic region, including an examination of the maritime freight rate assistance and the Atlantic region freight assistance programs.

My colleague, Senator Sherwood, wanted me to say that, as with the Crow, these programs are seen as an important element in encouraging the economic growth of the Atlantic region. Whether it be in agriculture, forestry or manufacturing, they enable Atlantic Canada to overcome one of the major stumbling blocks in terms of competitiveness and economic development, that is, its distance from major markets.

As part of the government's review, the recently completed Heckling report examined the impact of removing the freight assistance. That report concluded that to do so would eliminate approximately 12,000 jobs and cause considerable loss of income in the Atlantic region. Due to these findings, I was pleased to see that the Minister of Transport announced in Moncton last month that the government had decided not to phase out the maritime freight rate assistance and the Atlantic region freight assistance programs.

In developing Bill C-155, the government based the proposed legislation on the Snavely commission and the Hall commission, which studied the railway system during the 1970s, as well as the Gilson report prepared in 1981. While these were worthwhile studies and have contributed to the debate, they all focus on the need to provide additional revenues to ensure maintenance and expansion of the western rail network. None of them examined—although the Heckling report attempted to—the impact of a change in the freight rates on the shippers, the people we ought to be most concerned about, the prairie grain farmers.

What the government has done is develop in Bill C-155 a new freight rate structure without a clear understanding of the impact of this new structure on western producers. They intend to implement this scheme and then, during the 1985-86 crop year, examine its consequences through a comprehensive review of the act.

Given the importance of the grain industry to western Canada both in an economic and social sense, we find it somewhat unsupportable for the government to proceed without first studying the impact of the proposed legislation on those most directly affected, the farmers of western Canada.

We find the government's course of action particularly unacceptable because the evidence that was available to the House of Commons Transport Committee clearly indicates that, at present, grain producers simply cannot afford to pay the additional freight costs proposed under the bill, nor should they have to. It is just not right to expect it from the farmers who have made the Canadian agricultural industry one of the most efficient and productive in the world. If other segments of the country's industry had achieved and maintained the same degree of efficiency and productivity as Canadian agriculture, our economic position would be far better.

There are some startling statistics in terms of prairie grain producers. There is some indication in several reports that 10 per cent of prairie farmers are in financial difficulty. Farm income was down 29 per cent in 1982. The price of grain has fallen to 1973 levels, yet input costs tripled in the past decade. Interest costs over the last five to seven years have been

astronomical. Fuel costs have doubled since 1979. By 1992 the new rate will be five times the Crow and will cost producers an extra $3.5 to $4 billion dollars. The National Farmers Union projected figures show that in 1992 a farmer shipping 14,778 bushels under the present Crow rate would pay $1,773. Under the new proposal, that same farmer will pay $11,258—a difference of approximately $9,500. The average net farm income in 1982 was only $13,300.

I could go on. Suffice it to say that grain exports contributed $6 billion to Canada's balance of payments and in some way generated economic activity of $24 billion. Given that the international market is highly competitive and highly subsidized, and that Canada's share of the world wheat trade has dropped from its high in the 1960s of 25 to 28 per cent to approximately 17 to 18 per cent today, our concerns are genuine.

Faced with these statistics, it is clear that Bill C-155 will increase producer freight rate costs over the period to the end of July 1986 and will threaten the viability of many prairie farmers. Accordingly, my party has put forward the proposition that the existing freight rate be maintained until at least the end of the 1985-86 crop year.

With respect to western Canada, our grain producers are price-takers on the world market and any freight increase will have to be absorbed by those producers with a consequent reduction in return. It is simply a question of economics and of supply and demand.

At present, the world grain market is highly competitive and it is putting our producers in a difficult position. The statutory freight rate represents the major benefit afforded to Canadian farmers. At present, United States and European Economic Community subsidies are two and three times higher than the benefit our producers receive.

The reality of today's international grain market demands that in order to remain competitive Canadian producers continue to receive this benefit. I remind honourable senators that 89 amendments were adopted in the House of Commons and many more, including the freeze I have spoken about, were not considered in the other place. I am sure they will be moved by my party on third reading.

In closing, I should like to quote from a rather thoughtful article on the Crow, that appeared in the Toronto *Globe and Mail*, by a reporter from Edmonton. It stated:

> Most want to see an efficient grain handling and transportation system, even at the cost of higher freight rates. Few think the new arrangement will achieve that end.

Hon. Louis-J. Robichaud: Honourable senators, I should like to put a sincere question to Senator Asselin and Senator Nurgitz. Senator Roblin and Senator Sherwood are absent today. In his speech Senator Asselin said, "Senator Roblin asked me to say" such-and-such; and in his speech Senator Nurgitz said, "Senator Sherwood asked me to say" such-and-such, which is perfectly acceptable.

I have a question to address to both senators, and I do not intend to provoke a speech as an answer. Do they themselves subscribe to what they were asked to tell the Senate today? My question is as simple as that.

• (1520)

[*Translation*]

Senator Asselin: If Senator Robichaud had bothered to listen to the speeches made by senators on this side of the House, he would not have had to ask this question. Where appropriate, we pointed out we were quoting comments by Senator Roblin or Senator Sherwood. We said so. I think the best contribution Senator Robichaud could have made would be to speak on behalf of the people of New Brunswick and let us know what he thinks about this legislation.

[*English*]

Senator Nurgitz: In response to Senator Robichaud, I wholeheartedly endorse the comments of Senator Sherwood. I might say that I did not refer, on each and every occasion, to some of the notes I used. I did not give all my sources away.

Senator Robichaud: That is an intelligent answer.

Hon. Martha P. Bielish: Honourable senators, I rise to make a few comments on Bill C-155, the Western Grain Transportation Bill.

The Honourable John Fraser, P.C., M.P. for Vancouver South, in an attempt to explain the Crow to British Columbians, said:

> I knew the Crow was historical. I knew it had something to do with freight rates for western grain producers and even then I sensed that there was an almost religious devotion to the Crow rate that could only be appreciated by someone born on the vast rolling lands of our western provinces and who grew grain. I learned that the Crow rate had its origin in 1897 after an agreement with the CPR and the passing of the Crowsnest Pass Act. This agreement gave monies to the railroad, and land, in exchange for railroad construction and a flat rate transportation charge on prairie grain bound for export destinations—Churchill, Thunder Bay, and west coast ports.
>
> I also found that many people confused the Crow rate and its beginnings in 1897 with the CPR's Transcontinental Agreement of 1881. In that year Parliament passed the CPR Act which provided a grant of $25 million, 25 million acres of land, and exemption from taxation for some years in return for constructing the transcontinental line from Thunder Bay to Vancouver.

The purpose of those two acts was to bind the country together from coast to coast. The railway was a means of transportation and communication while the Crow was Canada's guarantee to the western farmers that the cost of the transportation of grain would be constant, thus securing their growth and development.

Once again, I refer to John Fraser's speech where he said that he sensed an almost religious devotion to the Crow rate that could only be appreciated by someone born on the prairies and who grew grain. Honourable senators, I was born on a farm in Alberta and, with very few exceptions, have lived my

entire life on a farm. I helped to harvest the 1983 crop, hauling about 15,000 bushels of barley into the bins. I know the costs and the labour involved. I know what hail, frost, drought or sudden torrential rains can do to the best of husbandry and management.

From a very early age I was aware of the security of grain transport under the Crow rate, although I did not recite, "Half a cent per ton per mile forever." I never learned that until much later.

I was also well aware that in 1933 farmers lost carloads of grain—grain that was hauled into the elevator during the price crash. Elevators charged storage. As prices came down and the storage mounted, some farmers just signed off when the storage costs surpassed the value of the grain. They therefore avoided the transportation costs. Others salvaged very little. On the other hand, farmers shipped cattle and hogs to the city stockyards and ended up with a shipping bill that was more than the price received for the livestock.

Does anyone wonder why farmers are so concerned, or why the Crow is so revered? It is, in fact, the only guarantee that western farmers have had. The Crow rate was encompassed in an act of Parliament, the main purpose of which was to bind the country together in 1897, and, for that same reason, it may even be more crucial in 1983 than it was then.

Farmers' costs are escalating, and farming returns are on the downgrade. Senator Nurgitz gave us a good account of the situation in figures. Canadian grain, as a percentage of world markets, is losing ground, now only constituting about 18 per cent.

Canada's record of delivering grain on time has not been very good. The transportation of grain from prairie farms via the Crow rate and railway losses is not something that was not foreseen. It was foreseen by the Turgeon royal commission of 1949-50. In 1961, the MacPherson royal commission estimated that the loss in 1958 was $16 million. The 1976 Snavely commission estimated that the loss in 1974 was $105.5 million. The 1982 Snavely report estimated that the loss for 1980 was $537.8 million.

All of the above commissions and reports recommended that the government simply meet the costs of the railways. Rising shipments of bulk commodities such as coal, sulphur and forest products added to the costs. Lack of vision, responsibility and action on the part of government over the years—not now, but over the years—has led to the crisis in which the country now finds itself.

Some provincial governments, such as Saskatchewan and Alberta, provided rolling stock in order to keep the grain moving. In all fairness, the federal government also provided some rolling stock.

● (1530)

It was not until 1980, when the Honourable Don Mazankowski became Minister of Transport, that that situation was helped by the creation of the Grain Transportation Authority, which allocates rail cars carrying grain along prairie railways each day.

On February 1, 1982, the then Minister of Transport, Jean-Luc Pepin, appointed Dr. Gilson to examine the situation. Dr. Gilson identified railway losses and recommended an annual Crow benefit of over $600 million, 81 per cent of which was to be paid to the producer by 1989-1990 so as to end distortion and promote agricultural diversification. The Gilson report was not universally accepted, but the government adopted much of it. The principal divergence was a fifty-fifty split of the $651.6 million Crow benefit between the producers and the railroads. Before the legislation was ready, however, the wheat pools lobbied the Quebec MPs to come out against any split to the producers of that $651.6 million. It was argued that such a split would create competition for Quebec producers, especially the livestock producers. The Minister of Transport gave in to this pressure. At that point, whatever fragile consensus had existed in western Canada collapsed.

Bill C-155 was introduced in Parliament before the summer adjournment. Within several days of its introduction the Liberal government was threatening closure, despite the fact that this bill was publicly declared to be the third major initiative of the government after the Constitution and the National Energy Program.

The government responded predictably to the parliamentary uproar. It immediately put out the story that if the bill did not get through quickly, it might have to be withdrawn completely—and who knows when it would be considered again. There were rumours that if the bill were not passed by the end of June, that would be the end of it—there would be no rail improvement, no jobs, no infusion of the promised $16 billion of investment by the railways, and so on.

Honourable senators, Bill C-155 is far from perfect. It does not adequately address the farmers' ability to pay, international competition, disincentives to production, the method of payment, service guarantees and the lack of impact assessments on rural agricultural communities. Destroy western Canadian agriculture and the country itself will suffer.

Hon. D. G. Steuart: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Steuart speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Steuart: Honourable senators, I should like to reply to two or three points raised by senators opposite. Senator Asselin has pointed out that there has been a huge increase in the production of western farmers over the past decade—an increase welcomed by all Canadians, I am sure. He questioned whether, in spite of that increase, the western farmers have really profited from it. As a westerner, I think it is fair to point out that, while there is no doubt that western farmers have had a great lobby in Ottawa over the years—one perhaps out of all proportion to their number—they have indeed profited considerably from the increase in production. I agree that farmers in the west have had their ups and downs, but I think that if we were to tour western Canada we would find that most established western farmers have operated prosperous businesses

over the last few years. They have had their difficulties, but they have indeed profited.

Those in difficulty are the young, new farmers, who, when they bought their land and machinery at high prices, faced high interest rates. Without a doubt, they are facing a great many difficulties.

I realize that they are not alone in this regard. Honourable senators no doubt recognize that a great many other young men and women who have gone into business over the last 10 years have faced the same difficulties. I simply wanted to go on record as saying that the western farmers, in general, have prospered over the last 10 or 20 years.

Honourable senators, there has always been talk about the increased costs facing farmers under Bill C-155. There is no doubt that farmers will face an increase in freight costs. However, one thing that has been overlooked is the 10 per cent ceiling on the rate the farmer will pay under the provisions of Bill C-155. This will mean that, if the rate increases five times, as is predicted—in which case the farmer will pay something like $27 per tonne or roughly $1.15 per bushel—the price of grain will have had to more than double. The price of grain at the present time is under $6 per bushel. If the rate were to increase five times, the price of grain would have to be something over $10 or $11 per bushel.

Senator Asselin: That would be difficult in terms of the competition.

Senator Steuart: I am sorry, I do not understand.

Senator Asselin: That would be difficult in terms of the competition with other countries.

Senator Steuart: I agree that our farmers are dependent upon world prices; of course our farmers cannot control world prices. However, the only way that the farmers would ever pay five times the Crow rate to move their grain to market would be if the world price of grain more than doubled. That is a fact; that is in the bill. If that should happen, while their costs would rise sharply, their income would also rise sharply. I believe that most farmers would be happy to pay $1 per bushel per shipment of grain, if they were paid $11 per bushel for the final product. I think that we must keep these things in mind.

I think it well to remember that the alternative to paying higher freight rates is an ever-increasing difficulty to move grain to the market place. Something must be done to improve the rail transportation system and the port facilities. It would not benefit farmers a great deal to hold the freight rate at 23 cents a bushel—the present Crow rate—if, as happened back in the 1970s, the farmers could not ship their grain. That would only increase their on-farm storage and their interest costs.

As to whether western grain prices influence what the eastern farmers—primarily, Quebec farmers—pay for feed grain, I am afraid that there is such an influence. In this last year, the price of feed grain was controlled by the price of corn coming out of Chicago. This year, however, the price of corn is extremely high because of the drought in the western United States, so feed grain prices will also be very high. Because of the Crow rate and because of the feed grain assistance, the costs to eastern farmers—especially Quebec farmers—are kept artificially low. I only mention "especially Quebec farmers" because they buy more feed grain than Ontario farmers do. Ontario farmers are now growing more of their own corn.

Quite frankly, I think the Quebec farmers were misguided in the view that, if part or all of the money were paid to the farmer rather than to the railroad, western cattlemen would be in a favoured position compared to eastern cattlemen. I do not agree with that view. Perhaps the opposition to the method of payment was based upon false information, which came, in the first place, from the Government of Quebec. When the review system examines this point, I hope that those farmers will see that they objected wrongly, and I hope that they, along with many other groups, will recognize that it is in the best interests of the whole of Canada—not only of the western farmers—to take a serious look at the method of payment.

The method of payment, as I stated, will be examined by the review committee. There are really two review committees. One will commence next April and will go to the following April. It will really set the stage for the longer range review committee that will report three years after the bill is passed. To say that it is a bit of a sham is something with which I cannot agree. They will look into a broad range of problems and questions raised as a result of Bill C-155. A major one, of course, will be the method of payment. The honourable senator is right in saying that the method of payment recommended by Snavely was 80-20, namely, 80 to the farmers and 20 to the railroad. The Honourable Jean-Luc Pepin came in with 50-50, but the Quebec farmers, the Quebec caucus, took a strong stand against that.

• (1540)

I would point out that they were joined, from the beginning, by the largest grain growing farm organization in western Canada. The Alberta, Saskatchewan and Manitoba wheat pools together represent far more grain farmers than any other organization in western Canada, and from Day One, for their own reasons, good or bad, they were strongly opposed to paying the money to the farmers. They said, "This is a transportation subsidy and it should be made to the transportation companies and not to the farmers." They also have other reasons for opposing it. So we had the largest grain organization in the west joining with the Quebec farmers to make a stand against it.

The rest of the opposition was split. Cattlemen from Alberta and Saskatchewan were split on this question. When the committee visited Alberta, the main issue there was the payment, and most of those who attended the committee hearings wanted the payment made, all or part, to the farmers, and either not at all to the railroads or only part to the railroads. When the committee reached Saskatchewan, where 60 per cent of our grain is produced, that was not the major question. Most of those who attended the hearings in that province said that the money should be paid to the railroads. Their main question was whether the farmers could afford to pay any increase.

I do not believe that the review committee is a sham, or that it would cause an uproar, which appears to be the feeling of those on the other side of the house. Let's face it, the debate in which we are now engaged is a wrenching experience for prairie farmers and for western Canada generally. We are in the process of changing one of this country's basic props, one of the only subsidies given to western farmers, something that has been part of our heritage. In my view, it is quite amazing, and says a great deal for the broadmindedness and outlook of most western farm organizations, that they were prepared to sit down and agreed to some changes.

I doubt whether there is any group in the west that likes all of the provisions contained in Bill C-155. However, the fact that they were ready to sit down and consider some changes speaks volumes for their outlook and reasonable approach to this whole question.

Some Hon. Senators: Hear, hear.

Senator Steuart: But to say that if three years from now the review committee recommends a change, such as in the method of payment, it would result in a debate similar to that which we are now having, I just do not believe is accurate. What we are doing now is quite basic, and to fine tune the legislation three years from now, no matter which government is in power, will not, in my view, produce as many problems or the same type of debate as we have so far experienced.

As to the suggestion of putting a freeze on the bill, I agree with Senator Balfour that the suggestion by the Conservatives in the other place is merely to say: "Put the Crow bill through, pay the railroads the full subsidy and let them get on with the job of improving the transportation system. Spend the $16.5 billion over the next eight nine or ten years, but don't raise the rates to the farmers. Keep the Crow rate at $5 per tonne or 23 cents per bushel." In my view, that is a cop-out. If I were a Tory and I honestly felt that my party would be the government after the next election, I would be double damned if I would want this problem dumped into my lap, to have to suddenly face farmers three years from now and say, "Well, we got rid of those Liberals, but now we are going to raise the freight rate, double, triple, or four or five times." I do not believe that honourable senators really want that or are really serious about it.

On the other side of the coin, if, in fact, honourable senators on the other side of the house say to the railroads, "We are going to have to suspend these extra payments," I am not sure that the railroads or their investors will be prepared to invest the billions of dollars necessary to upgrade the railroads knowing that three years from now they will again have to face a lengthy debate, or that the government of the day will be prepared to pay $1 billion per year—or perhaps by that time well over $1 billion—in annual subsidies to the railroads. I am not sure that investors would take that chance.

Frankly, I do not believe that this amendment is any more than an effort to say, "Look, we are not really going to stand in your way. We know there is a great deal in this bill that should be passed, but we have found some way to dump it squarely on the back of the government and to say, 'Look what good fellows we are. We say pass the bill, get on with the job of improving the railroad system but do not charge the farmers' rates." I do not think it is practical and I do not think that those on the other side of the house really believe in it themselves.

Honourable senators, I do not believe there is much more that I wish to say. I look forward to having this bill considered in committee and hearing an explanation of the amendments by the minister and his officials. I look forward also to any changes that may be proposed in committee, because the bill that was considered during the prestudy stage is in fact a far different bill in many ways from the present one. I look forward to a clause-by-clause study of the bill in committee.

Senator Bielish: Honourable senators, I cannot help but read into the record—

Hon. Royce Frith (Deputy Leader of the Government): I must point out to the honourable senator that debate on second reading of the bill is now closed.

Hon. Martial Asselin (Acting Leader of the Opposition): If the honourable senator wishes to provide further information, she is permitted under our rules to do so.

Senator Frith: Perhaps she could put it in the form of a question.

Senator Bielish: Senator Steuart, in his closing remarks, said that the major farm organizations supported the bill. However, it is my understanding that the National Farmers Union, a major farm organization in Canada—certainly in Saskatchewan—states that:

> Bill C-155 represents an historical watershed for the massive reorganization and reallocation of economic and human resources in this country. While enriching a few major stakeholders, it will do so at the expense of thousands of farmers to whom it represents, a swindle of massive proportions.
>
> Bill C-155 is unquestionably a corporate welfare bill and must die on the order paper.

Does the honourable senator agree that this is one major organization that does not support the bill?

Senator Steuart: In reply to the honourable senator, I said that major farm organizations concerned with grain, namely, the wheat pools, agreed to payment to the railroads and reluctantly to changes to the Crow rate. I repeat that they agreed to the changes reluctantly. I cannot agree with the honourable senator that the National Farmers Union is a major farm organization in western Canada. It is not a major farm organization. The National Farmers Union, in comparison with the prairie wheat pools of Alberta, Manitoba and Saskatchewan, represents less than 10 per cent of western grain farmers. I agree that the union opposed the bill totally from Day One, but I do not agree that it is, in fact, a major farm organization.

Senator Bielish: I have a supplementary question. What about the United Grain Growers, who backed off?

● (1550)

Senator Steuart: The United Grain Growers is a major farm organization, though it is not as large as any of the wheat pools. It reluctantly agreed to changes in the Crow and came out very strongly, saying that it wanted to see part or all of the payments made to the farmers rather than to the railways.

Just for the record, if this bill passes in its present form, my personal wish is that when the review takes place in three years the minister or government responsible will give serious consideration to paying part or all of the subsidy to the farmers, because I believe that that is the best way.

Hon. Ann Elizabeth Bell: Honourable senators, I am puzzled by the subsidy arrangements. As I understand from what Senator Steuart and Senator Asselin have said, the Canadian wheat growers principal subsidy is the transportation subsidy or, in other words, the statutory Crow rate. Will this change in the freight rates affect the competitive advantage of Canadian grain exporters over such competitors as the United States and the European Common Market?

Senator Steuart: There is no question that the figures put on record by various farm organizations indicate that the subsidies given to grain farmers in other countries are much higher than those historically given by all Canadian governments, past and present, to western farmers. I think that is probably true. Certainly, the European Common Market subsidizes its farmers at a much higher rate than we do ours in Canada.

I think it should be pointed out that the subsidy given through the Crow rate, which will be $658 million per year, is a very large subsidy and will continue to increase. It may not be as high as the subsidy given by other countries to their farmers, but it is not the only subsidy. For example, there is the Grain Stabilization Program. This is the system in which the Government of Canada puts into a pot $2 for every $1 the farmer puts in, and the money is paid out to the farmer when his cash income drops below a certain average. We are hoping to see the turnover in this program reduced from five years to three years. So there are other smaller subsidies, but the main subsidy is the Crow.

I do not think that the Government of Canada could afford to match the subsidies given to farmers by the European Common Market. As to the subsidy in the United States, it is my understanding that it tends to go up and down. Over the past couple of years the subsidy there has been fairly high. However, I do not know of any program on the horizon that will compensate farmers for their added costs in the movement of grain.

On the other hand, we have a better transportation system, and there is the opportunity for the farmer to take advantage of spot prices because he will be able to move his grain more efficiently. With the improved transportation system, storage costs on the farm should be reduced.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. D.G. Steuart: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Transport and Communications.

Hon. Léopold Langlois: Honourable senators, with regard to this bill, I have made arrangements for the committee to meet this evening at 7.30 in Room 256-S, tomorrow afternoon at 4 o'clock, when the minister will be present, and tomorrow evening at 7.30, if necessary.

Hon. Martial Asselin: Who will be present at the meeting this evening?

Senator Langlois: Officials from the department.

Motion agreed to.

The Senate adjourned until Thursday, November 17, 1983, at 2 p.m.

THE SENATE

Thursday, November 17, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

LATVIA

SIXTY-FIFTH ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Hon. Paul Yuzyk: Honourable senators, for centuries, Canada has been a haven for refugees from many parts of the world who were forced to flee from persecution and oppression. The first refugees to come to this country were the victims of the excesses of the American Revolution—the United Empire Loyalists—whose bicentennial is being celebrated now in Ontario and other provinces. Canada has admitted refugees in large numbers from Asia, Africa, the Middle East, the Caribbean, South America and hundreds of thousands from the Soviet Union and its subjugated satellite countries. Among the peoples of Eastern Europe who arrived after World War II were the Latvians, together with the Estonians and Lithuanians, known as the Baltic nations.

I think that it is fitting that we should note that tomorrow, November 18, marks the sixty-fifth anniversary of the proclamation of independence of Latvia. The two other Baltic nations, Lithuania and Estonia, proclaimed their independence and established democratic republics respectively on February 16 and February 24, 1918, following the example of Ukraine, which had established its independence and statehood on January 22, 1918. These republics emerged after the downfall of the Russian Tsarist monarchy and empire. The Ukrainian National Republic was not able to survive because it was overrun and conquered by the Russian Communist armies and incorporated as a Soviet "republic" into the U.S.S.R.

The Baltic states were given *de jure* recognition by the western powers in 1918 and by the Soviet Union in 1920. In 1921, they were admitted to the League of Nations. In 1922, the United States also gave the Baltic states *de jure* recognition. The three states, including Latvia, adopted advanced democratic constitutions. Their cultures flourished freely and they developed prosperous economies. The people were happy, living in peace and harmony with their neighbours.

World War II changed the fate of Latvia, her Baltic neighbours and the countries of Central and Southern Europe, which were occupied by the Soviet Red Army. Although the Soviet Union had recognized the independence and sovereignty of these states previously, this did not stop the Russian Communist regime from conquering these states. Latvia, Estonia and Lithuania were annexed and incorporated as "soviet republics" in June, 1940. The leaders were imprisoned; many were killed and thousands of people were persecuted with brutality and deported to Siberia. Freedom and democracy were supressed. The Soviet system was imposed as well as the Russification of the people.

At the end of World War II, hundreds of thousands of Latvians, Estonians and Lithuanians were able to escape from Soviet terror. As refugees, they settled in the countries of Western Europe, but the largest numbers were admitted to the United States and Canada. Here they have proved to be conscientious, hard-working, constructive and loyal citizens. Their concern for the fate of their homelands and their concern for freedom and democracy are shared by the leaders and people of their adopted countries.

On the occasion of the sixty-fifth anniversary of Latvia's independence, let us salute these Canadian citizens who have integrated into all aspects of Canadian life and have made valuable contributions towards our progress in all fields of endeavour. Parliamentarians now know and appreciate them better because of the eleven Baltic Evenings on Parliament Hill, which have been annually sponsored by a joint parliamentary committee representing all parties and both chambers.

I should like to congratulate the Canadian citizens of Latvian ancestry for their devotion to freedom and democracy and pay tribute to them for their many-sided contributions to their adopted land. I believe that honourable senators will join with me in this tribute and in extending our very best wishes to them for the realization of the freedom of Latvia. The Latvians are happy to live and work in full freedom, and Canada is a better country for having accepted these people who have enriched our lives.

Hon. Senators: Hear, hear.

WESTERN GRAIN TRANSPORTATION BILL

REPORT OF COMMITTEE

Hon. Jack Marshall, Deputy Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday November 17, 1983

The Standing Senate Committee on Transport and Communications to which was referred Bill C-155, intituled: "An Act to facilitate the transportation, shipping and handling of western grain and to amend certain Acts in consequence thereof", has, in obedience to its Order of Reference of Tuesday, November 15, 1983, examined the said Bill and now reports the same without amendment.

Your Committee, however, considers it important that the following observations be made:

Your Committee noted several drafting and typographical errors in the French and English texts of the Bill. These errors do not constitute an objection as such to the principle of the Bill. However, your Committee considers that it is most essential that great attention be given in drafting and printing future Bills.

Respectfully submitted,

LÉOPOLD LANGLOIS,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government), for Hon. D. G. Steuart, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT APPROVING COMMITTEE BUDGET TABLED

Hon. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled its report approving the supplementary budget of the following committee:

Foreign Affairs, Subcommittee on National Defence.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

QUESTION PERIOD

[*Translation*]

THE SENATE

ABSENCE OF MINISTERS

Hon. Martial Asselin (Acting Leader of the Opposition): I am seeking some information, although I appreciate that ministers are kept very busy by their ministerial responsibilities. Still, could the Leader of the Government tell us why, for quite some time now, we have not seen the Minister of State responsible for the Canadian Wheat Board and Senator Austin who is not here very often? We thought that they would be here today because our colleagues have questions for them. Is there a reason for their absence?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I thought I had advised the house—perhaps not directly but in some of the comments I made on Tuesday—that Senator Argue is quite ill with a severe case of influenza. He had intended to be present during all of the sittings this week, but he has been hospitalized in Regina. I think he went into hospital either last Sunday or Monday, and it will probably be several days before he is released.

Senator Austin attended the last sitting of the Senate. Today he is in Vancouver dealing with an important matter of government business respecting the CDIC. That is the reason he is not present today.

Senator Asselin: I feel very sorry about Senator Argue's illness. I wish him a prompt recovery and request that the Leader of the Government tell him that he is missed in the Senate.

It is my hope that the questions which were supposed to be put to Senator Austin will be referred to the Leader of the Government in order that answers can be given as soon as possible.

Senator Olson: Honourable senators, I can give the undertaking to take such questions as notice. One never knows, sometimes I even have the answers.

Senator Asselin: Surprisingly!

Senator Olson: In the event that I do not have the answers today, however, I will ensure that the questions are communicated immediately to Senator Austin's office staff.

Honourable senators, I spoke to Senator Argue on the telephone yesterday. I do not think that he will be able to take his place in the house next week, so we will make some arrangements, in co-operation with his office, to respond to questions that may be asked of him during the time that he is ill.

PARLIAMENT

LEGISLATIVE PROGRAM

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, can the Leader of the Government tell us when the new Speech from the Throne will be made in Parliament? Does he know when the next session will begin? What is the intention of the government in terms of proceeding with legislation, not only in the House of Commons but also in the Senate?

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Asselin has just asked a question that is under active consideration right now. Perhaps within hours, I may be able to indicate when the government hopes that this new Speech from the Throne, indicating the beginning of a new session, will be made.

Regarding the legislation that is to be dealt with, there is the matter of the fisheries bill, Bill C-170, which is extremely important to the people of the region involved in that industry. We hope to receive that bill fairly quickly. Another piece of legislation to which some importance is attached is that dealing with amendments to the Income Tax Act. Although that

bill does not have to be passed this week or next week, we do have to consider the problem we encountered last year, namely, that now is the time for printing forms so that taxpayers all across the country can have them available. In many cases, taxpayers will get refunds, which is an important factor. To have them ready early in January is a high priority with the government. It would assist me and my colleagues a great deal if the Leader of the Opposition could give his support to having the bill passed in time for the forms to be printed and mailed, to enable those who expect refunds—and there are hundreds of thousands of such people—to receive them. That is why this is particularly important.

• (1410)

The other matter that requires attention before we adjourn or prorogue—it may be a combination of those two—is the time required for the allocation of supply. I understand that the Standing Senate Committee on National Finance has now completed its consideration of supplementary estimates (A) and (B) and, therefore, I do not anticipate any difficulty. However, I believe that several more opposition days are obligatory before those estimates can be passed. Therefore, it may be the latter part of next week, or even shortly thereafter, before all of those matters can be dealt with. We could then adjourn and have the Speech from the Throne fairly soon afterwards.

Senator Asselin: Honourable senators, the Leader of the Government is asking for our co-operation in order to have those bills passed by the Senate. As usual, we on this side of the house cannot commit ourselves until we have seen the implications of those bills. We shall, as usual, co-operate with the government in getting those bills passed, but we must study them before making any decision, since we have to fulfil our sovereign mandate.

[*Translation*]

DISARMAMENT

THE PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin (Acting Leader of the Opposition): In another context, it has been reported that the Prime Minister is leaving today on another peace mission. Our party would like to wish him well on his undertaking. However, we are somewhat concerned about the attitude of the United States towards this peace mission. The American Under Secretary of State visited Canada recently and met the Canadian Secretary of State for External Affairs. Apparently, they talked about this peace mission. It would seem that the Americans were not overly enthusiastic about the mission of our Prime Minister. Can the Leader of the Government tell us about it and give us a brief report on this recent visit?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, in response to the Acting Leader of the Opposition, we on this side of the house are indeed happy to receive the best wishes of his party for the success of the Prime Minister's overseas visit last week and also for his current visit to the Commonwealth Prime Ministers' Conference in New Delhi. The opposition's good wishes for that undertaking are appreciated.

The United States government has had discussions with our Secretary of State for External Affairs, but I have not yet received a report on the results of those discussions, although I can say that the United States has indicated a cautious—perhaps "approval" is not the right word—wish that the initiatives of the Prime Minister may be successful. But for reasons that they have expressed, they would like to see the results of some other aspects because, of course, other people are involved in the determination of whether there will be some positive steps forward. They want to know what the Prime Minister's initiative involves. Therefore, I think it is understandable that everybody is a bit cautious at this point in time. I shall refer the question to the Secretary of State for External Affairs and ask him whether he can give us a more precise indication of the results of the consultations that he had with the Under Secretary of State of the United States.

[*Translation*]

Senator Asselin: On a supplementary, after his visit to the Commonwealth countries, does the Prime Minister plan a meeting with the President of the United States or the Chairman of the U.S.S.R., before Christmas, to discuss his peace mission?

[*English*]

Senator Olson: I do not believe that a specific date has been set for either of the suggested meetings at this point in time.

SOLICITOR GENERAL

COMPENSATION FOR WRONGFUL IMPRISONMENT OF DONALD MARSHALL

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government in the Senate. Can he advise this chamber whether or not any consideration is being given, or has been given, by the government to the provision of compensation to Donald Marshall, who was wrongfully convicted of first degree murder and who spent 11 years of his life in Dorchester Penitentiary? I realize that, no matter what compensation this man may receive, it will not make up for those 11 years of imprisonment for a crime he did not commit.

Hon. H. A. Olson (Leader of the Government): I shall ask the Solicitor General to provide a reply to the question, particularly as to whether any consideration has been given, or is being given, to the matter.

Senator Muir: Donald Marshall, a Micmac Indian, faces a legal bill of $82,000. Would the leader ask of the Minister of Indian Affairs and Northern Development, the Honourable John Munro, who was quoted as saying that he would try his damnedest to get the department to cover the legal expenses, whether he has had any success in having those legal bills paid by the department?

Senator Olson: I shall take that question as notice as well.

NATIONAL PAROLE BOARD

GATING OF INMATES

Hon. Earl A. Hastings: While the Leader of the Government is making inquiries with respect to the questions asked by Senator Muir, would he seek a reply to the question I raised in May with respect to the 12 Canadians who were denied their freedom by a decision of the National Parole Board?

Hon. H. A. Olson (Leader of the Government): I shall remind the minister that that question has been put to him, and try to obtain an answer as soon as possible.

[*Translation*]

EDUCATION

POST-SECONDARY—STATUS OF FUNDING

Hon. Arthur Tremblay: Honourable senators, I have a question for the Leader of the Government in the Senate. On December 21, 1982, I asked a question concerning federal involvement in the funding of post-secondary education.

On January 31, 1983, the Leader of the Government in the Senate provided me with an elaborate answer. That answer concluded on the following paragraph, with reference to the discussions then being held between the Secretary of State and the ministers involved at the provincial level. The Leader of the Government answered, or rather stated that:

> The Government is optimistic that out of these discussions can come, in the very near future, new arrangements for post-secondary support . . .

Here is my question: What is the status of the discussions referred to by the Leader of the Government almost a year ago? Have these discussions led to new arrangements, and, if so, what are they?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I could send a request for an update to both the Minister of Finance and the responsible minister of state. I will try and have that update as soon as possible, perhaps even next week. I repeat, it may only be an update since I am not sure that there have been any agreements. In fact, I believe there was a lack of agreement. The federal government had, of course, stated its intention with respect to an adjustment in the payments.

Senator Tremblay: I would just like to make a comment, honourable senators. The answer I received last January from the Leader of the Government painted a very clear picture of the situation. I hope that his answer to today's question will provide us with all information with respect to those discussions.

Senator Olson: Honourable senators, Senator Tremblay's remark re-affirms something which we on this side try to do all the time, that is, give complete and factual answers to questions which are put in a way that may be answered completely and factually.

SASKATCHEWAN

WATER SUPPLY TO REGINA AND MOOSE JAW

Hon. R. James Balfour: Honourable senators, in the sentiment just expressed by the Leader of the Government in the Senate, I should like to ask him if he would undertake to bring forward an up-to-date report to the Senate concerning the study which was undertaken by the PFRA, as announced by Senator Argue last July, concerning the fresh water supply problem existing with respect to the cities of Moose Jaw and Regina. At that time Sentor Argue said that as an alternative to a pipeline system an open canal system was being examined which would also have the effect of supplying additional fresh water to other areas of southern Saskatchewan. Would the Leader of the Government undertake to update us with respect to the progress of the PFRA in that connection?

Hon. H. A. Olson (Leader of the Government): I will indeed, Senator Balfour. I am not sure whether or not the study has been completed. If it has been completed I will attempt to obtain it for presentation to senators as soon as possible. If the report has not been completed, then perhaps I will be able to obtain an interim report with respect to this situation.

PETRO-CANADA

OFFICE ACCOMMODATION IN CALGARY

Hon. R. James Balfour: Honourable senators, I have another question for the Leader of the Government in the absence of Senator Austin. I realize he will have to take the question as notice. My question is: Is it correct that Petro-Canada is, and has for some time, been paying substantial amounts of money in rent for vacant office space in downtown Calgary? If this is the case can the Leader of the Government undertake to ascertain the amount of rents so paid and also what the ongoing exposure of Petro-Canada is in this regard?

Hon. H. A. Olson (Leader of the Government): Yes, honourable senators, I can do that.

I would like to respond now to Senator Balfour by saying that Petro-Canada is not alone in the situation which he outlines. There are several million square feet of vacant office space in downtown Calgary at this point in time. I believe the vacancy rate there is somewhere around 20 to 22 per cent. This is the consequence of an extremely rapid expansion of office space construction in that city which has been ongoing for the past four or five years. I shall attempt to obtain those figures as quickly as I can, but it is not a situation that is confined to any one company.

Senator Balfour: It is not my intention to precipitate a debate with my honourable friend, but I would point out that an over-supply of office space is normally a problem of the owner of the office space; that is to say, the landlord. It is not ordinarily a problem of the tenant, unless the tenant has so mismanaged its affairs that it has over-committed itself with respect to the space that it requires. In this case, I have reason tc believe that there has been a substantial over-commitment

on the part of Petro-Canada with respect to leased space and, if this should be the case, I am sure my honourable friend would agree that this is not a question of over-building, but mismanagement.

Senator Olson: My honourable friend indicated that he did not wish to get into a debate, and then he proceeded to do just that.

Hon. Martial Asselin (Acting Leader of the Opposition): It is an excellent procedure.

Senator Olson: It is one that he has learned well from his deputy leader; I understand that. I, too, do not wish to get into a debate. I simply wanted to indicate to my honourable friend that this is not an unusual problem for either owners or renters of downtown office space in Calgary, Edmonton or several other cities. It is now rather a common thing for tenants to have a commitment for a somewhat longer term than they require, as a result of some changes in the level of economic activity.

ENERGY

CONSTRUCTION OF VANCOUVER ISLAND PIPELINE—GOVERNMENT ASSISTANCE

Hon. Richard A. Donahoe: Honourable senators, I have a question which I would have preferred to direct to Senator Austin. However, he is not here this afternoon, and I therefore take advantage of the undertaking of the Leader of the Government that he will endeavour to secure answers on behalf of Senator Austin and several other ministers who are not present.

In the budget prior to the last one, the government committed itself to assist in the construction of a natural gas pipeline to Vancouver Island. If anyone is interested in knowing why a humble senator from Nova Scotia is asking questions about something that is taking place on Vancouver Island, it is simply because we are all Canadians and we are just as concerned with the problems on the far side of the country as we are with those on our own doorstep. Also, there are no representatives from British Columbia on this side of the chamber, and therefore I take it upon myself to ask a question about what is taking place in Vancouver.

Therefore, I point out that that commitment was made by the government, and my question is: Can the minister offer anything more precise as to the magnitude of the federal government's financial commitment to that pipeline?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not think we can be as specific as that at this time; the reason is very practical and precise, and that is that there are studies under way at the present time, including cost projections of two or perhaps three alternative ways of delivering gas to Vancouver Island.

Senator Donahoe: The minister who has just spoken is frequently on his feet, reading to us long, involved lists of what he calls mega-projects which he offers to us as examples of the way in which we are making progress in this country. Here we are talking about a very expensive project, and we find that we are unable to get little more than an assurance that, if we wait patiently, in the course of time we shall be told what is going to happen. Of course, we know that; we know that we can all read newspapers as well as anyone else but we had thought—perhaps mistakenly—that this body, the Senate of Canada, was devised by those who framed the system of government of this country as a means whereby information could be elicited. After four or five years' experience in the chamber one comes to feel that perhaps that is an object that has not been accomplished; nevertheless, it was the original intention.

• (1430)

I should like to ask the Leader of the Government if he can give us any indication of when that pipeline is likely to proceed, and when the government will be precise in identifying its commitment to the project.

Senator Olson: Honourable senators, the response I gave before answered that question completely. However, in the event that Senator Donahoe did not understand that answer—and I think some of his other comments indicate that that is the problem once in a while—the fact of the matter is that this government has long followed the policy of trying to do things in concert with the views and the desires of the people in the area. I told him a few minutes ago that there is more than one project under consideration now and, surely, any responsible federal government would wait until the assessment is done so that both the best and perhaps the most economical type of delivery system can be endorsed and sponsored financially.

QUEBEC AND MARITIMES PIPELINE—PROJECTED COMPLETION DATE

Hon. Richard A. Donahoe: Honourable senators, I have a further question on a related topic, except that I am moving from one side of the country to the other. I am now moving back to my native province of Nova Scotia. In that province we also were interested in a gas pipeline. It was called the Trans-Quebec and Maritimes Pipeline. I should like some clarification on that subject.

I have made inquiries on numerous occasions and have received pacifying answers of one kind or another, but little or no information. I am led to believe, if I can believe what I read in the press, that the likelihood of this pipeline ever going across my native province and ever proceeding farther than the border of Quebec is rather remote. I suspect that if it gets to Quebec, that is as far as it will get.

I should like clarification of whether or not the government is standing by the commitment it made in its October 1980 budget, when it said that we would have a gas pipeline into Halifax by 1986.

Hon. H.A. Olson (Leader of the Government): Honourable senators, I answered that question, I believe, about 15 months ago—

Senator Donahoe: That was a long time ago.

Senator Olson: —and the answer is just as valid today as it was then. Since the announcement was made by the Government of Canada about being ready and willing to ensure that all parts of Canada have access to natural gas through a major pipeline system, there have been major new discoveries of natural gas offshore of Nova Scotia.

It is our understanding that the people of that province and, particularly the government, are interested in building a pipeline that may pick up gas offshore and supply the area that was in question, and that the gas would move from east to west in that line.

Therefore, I have to tell Senator Donahoe again that I do not believe that the majority of the people in that area would particularly appreciate building a gas pipeline now where the financial commitments of the gas contracts would be necessary to finance that pipeline where there would be a flow from west to east. That is very simple.

Senator Donahoe: I just hope it will come in my lifetime.

Senator Olson: It depends on how long you live.

COMMUNICATIONS

POSSIBLE CLOSING OF CERTAIN CBC TELEVISION STATIONS

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate regarding a paper that was submitted—after the Hébert-Applebaum committee had submitted its report—by the Minister of Communications, the Honourable Francis Fox. That paper was circulated by Mr. Fox, although I am not sure that it was prepared by him. It is my understanding that one possible cut listed in that paper would involve the closing of half a dozen CBC television stations in communities such as Sydney, Nova Scotia; Windsor, Ontario; Saskatoon, Saskatchewan; and Prince George, British Columbia.

I was wondering if the minister—I will wait until Senator Frith gives him the answer.

Hon. D.G. Steuart: You don't even have a question yet.

Senator Muir: I was wondering if the minister could check into this matter and ascertain whether or not there is anything to this so-called secret report written by a noted columnist. I hope that there is not, because we in Sydney, Nova Scotia, along with the people in those other areas I have mentioned, would still like to have the television stations.

Hon. H.A. Olson (Leader of the Government): Honourable senators, Senator Muir knows better than I that it is not proper to give an undertaking either to confirm or to deny press speculation, no matter how eminent the writer may be. I will take the substance of his question as if he had asked it without that reference and will endeavour to ascertain whether or not there is anything to it.

Senator Muir: All right, I will take responsibility for it. Will the Leader of the Government find out what the story is on the question I have just posed to him—coming from me and not from a newspaper columnist—on this 70-page report prepared or, at least, circulated by the Minister of Communications? This paper was submitted to cabinet ministers. If the minister is not aware of it, I am surprised because he was at one time a great heavy in the cabinet. I am sure that before Mr. Fox would have submitted it he would have said "Well, now, Bud, what do you think of this? Do you think that it will be all right if I submit this to cabinet?"

The Leader of the Government must know something about it, and I am surprised that he is trying to slough it off by saying that it is just a newspaper report. I realize that he and I dealt with this matter many times over the years in the other place. Of course, he was not in government then, but if he would be kind enough and gentle enough to ascertain whether or not there is anything to these suggestions, I would appreciate it.

Senator Olson: I have already answered that question, but I will do it a little more gently this time by taking it as notice.

JUSTICE

WRONGFUL IMPRISONMENT—CIVIL LIABILITY

Hon. Nathan Nurgitz: Honourable senators, I have a question arising out of a question asked earlier.

If the Leader of the Government is pursuing answers to questions raised by Senator Muir and Senator Hastings with respect to the Marshall case in Nova Scotia, I am wondering if there is either a policy or a jurisdictional question when a person is convicted, for example, by a federally appointed judge under a federal law but in a provincially administered court room, which, I take it, is precisely what would have happened in that Nova Scotia case. Where does liability lie?

Senator Frith is looking at me with a questioning look.

Hon. Royce Frith (Deputy Leader of the Government): Liability for what?

Senator Nurgitz: Liability for anything.

Senator Frith: Do you mean civil liability?

Senator Nurgitz: Civil liability, if any, which would lie in a situation where a person is sentenced by a federally appointed judge under a federal law in a provincially administered court room. My understanding is that the Minister of Justice has indicated that the federal government is not willing to compensate. At least, I remember reading that recently.

Hon. Jack Marshall: That is right.

Senator Nurgitz: The other question I would like to ask is whether or not there is a legal opinion on the subject. I am not asking the leader for the opinion, but I am asking him if there is such a document. Is there a legal opinion? Where liability lies is what I want to know.

• (1440)

Senator Olson: Honourable senators, the question of whether there is in existence a legal opinion will be included as part of my reference.

Hon. Robert Muir: Honourable senators, that raises another supplementary question, because the Minister of Justice has stated that the federal government is not responsible, but that the provincial government is.

The question I should like to ask the honourable gentleman is: How long does a man like Donald Marshall have to wait while all the legal beagles in the provincial and federal Departments of Justice decide whether he is to receive any compensation for this terrible miscarriage of justice?

I am not a lawyer and I do not know whether this has ever happened in Canada before. However, I believe that, in my lifetime, this is the only instance of a man being charged, convicted and sentenced to 11 years for a murder he did not commit.

This man is now faced with a $82,000 legal bill. How long will he have to wait while provincial and federal lawyers debate this question? Surely, he has been through enough hell already. I want to know what can be done to help him.

Senator Olson: I have already taken that question as notice. Obviously, I cannot predict how long it will take.

Hon. Earl A. Hastings: Honourable senators, I am not too interested in the question of a legal precedent in connection with the case of Donald Marshall. Of course, some would have had him at the end of a rope and consigned to eternity 11 years ago had they had their way in the administration of justice.

I am concerned with the case of 11 Canadians who were brutally denied their right to freedom, as provided by the Parliament of Canada, by a decision of the National Parole Board supported by the Solicitor General.

Does the Leader of the Government not believe that, after the great speeches made in this chamber and in the other place with respect to linguistic rights in Manitoba, there is a moral right for an *ex gratia* payment to these 11 Canadian citizens who were denied their rights by this simple decision of the National Parole Board, which was very quickly—in about 14 minutes—set aside by the Supreme Court of Canada?

Is there not a moral responsibility on the part of this government, which advocates the rights of the individual, to make at least an *ex gratia* payment to these 11 Canadians?

Senator Olson: Honourable senators, I have already given an undertaking to obtain a reply from the minister responsible for the administration of this case.

Concerning the substantive part of the question, which requires me to give an opinion on whether there is a moral right, I will wait until I receive a reply from the minister directly responsible before I express an opinion.

NEWFOUNDLAND

CORNER BROOK—RUMOURED CLOSING OF PAPER MILL

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate, which has to do with the threatened or rumoured closing of a paper mill in Corner Brook, Newfoundland, which will, if it happens, destroy the economy of half the province.

From his experience as Minister of State for Economic Development, is the Leader of the Government aware, or is the federal government aware, of any consultation between Bowater's and the federal government, or between the Province of Newfoundland, which is directly responsible, and the federal government regarding this impending closing?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot be specific about that because I have not made inquiries. However, from my experience, I would think that there must have been a great deal of intense discussion about anything as important to a part of Canada as that particular situation envisages.

Senator Marshall: I realize that there are supposed to be ongoing sensitive negotiations concerning a prospective sale; however, we have to be prepared with contingency plans.

In the economic development perspective for Newfoundland prepared in May of 1983, the federal government ministers responsible were aware of the difficulties arising as a result of serious layoffs, the need for capital grants and the need to improve machinery, et cetera.

While we hope there may be a purchaser, would the Leader of the Government consult with either the Minister of Industry, Trade and Commerce or the Minister of State for Economic Development under the new MSERD program and report back to this chamber on what negotiations have taken place in the last months or weeks with regard to this threat which will hurt the economy so greatly?

Senator Olson: I will take the question as notice.

ENERGY

CONSTRUCTION OF VANCOUVER ISLAND PIPELINE—ABERCROMBIE REPORT

Hon. Ann Elizabeth Bell: Honourable senators, I should like to ask the Leader of the Government in the Senate a very specific question regarding the proposed Vancouver Island gas pipeline. Could he find out for us if the Department of Energy, Mines and Resources is, in fact, making a specific, technical and economic appraisal of the Vancouver Island pipeline proposals known as the Abercrombie Report?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe it is. Of course, the responsibility for approving pipelines in British Columbia does not necessarily lie with the federal government. In fact, at the present time, B. C. Hydro has put together a proposal, and some other interested parties are working on different designs for that delivery system.

I will ask for a report.

Senator Bell: As a supplementary, I would point out that I believe this is one reason why our newly-constituted Natural Resources Committee should be meeting now and not waiting for a new session. The taxpayers of Canada will be asked to

contribute to this natural gas pipeline whether it is needed or not. It would help if the Senate Natural Resources Committee could sit now to hear the proposals being put forward, before a lot of money is committed to something that is perhaps quite unnecessary.

TRANSPORT

AVIATION SAFETY—MONITORING PROCEDURES

Hon. Jack Marshall: Honourable senators, since we have just passed a bill establishing the Canadian Aviation Safety Board, I have a question for the Leader of the Government in the Senate that has to do with two air safety incidents.

The Gimli inquiry has indicated that a confusing and outdated form was used to tell the pilot of the Air Canada 767 how much fuel his aircraft carried. I am sure the Leader of the Government is aware of the difficulties which occurred in that incident.

Hon. Martial Asselin: He was not aboard.

Senator Marshall: Another incident occurred a couple of days ago, when damaged combustion blades on an Air Canada DC-7 caused an engine to fail on take-off from Toronto International Airport.

I think it important that the Canadian Aviation Safety Board should be independent; it should monitor the situation very carefully and not hide the results of these inquiries. One of the objectives of the establishment of the Canadian Aviation Safety Board was to provide information to the public.

Would the Leader of the Government contact the Minister of Transport and ask him what the new Canadian Aviation Safety Board is doing to ensure that the public will know what is going on, if, indeed, the board is monitoring the situation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take that question as notice.

• (1450)

AGRICULTURE

NEW BRUNSWICK—LIVESTOCK INDUSTRY—ADJUSTMENT PROGRAM

Hon. Robert Muir: Honourable senators, I have a question for either the Leader of the Government or the Deputy Leader of the Government. I believe Senator Frith responded to a question asked by Senator Sherwood a little over two weeks ago. Senator Sherwood asked the deputy leader: What new adjustment programs is the government about to put into effect concerning the livestock industry in New Brunswick?

I wonder whether the Leader or the Deputy Leader of the Government has an answer to that question. I believe Senator Frith said he would check into it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I took that question as notice because Senator Sherwood asked me to deal with it in the absence of Senator Argue. That afternoon I called Senator Argue to ask him whether he would either answer the question himself or give me the information to do so, and he subsequently became ill. He did not indicate it would be difficult for him to get the answer, but I just do not have it because of his illness. I am sure that he will answer the question when he returns to the chamber.

Senator Muir: I thank the deputy leader. To elaborate a little further, it would seem that the Crow legislation will be disposed of shortly. In May of 1983, the Minister of State for Economic Development advised the government that:

> New Brunswick's livestock industry may well need to undergo major adjustments, if the resolution of the Crow rate and adjustments to feed grain policy result in altering the present economics of livestock production in favour of the western provinces.

Is the Leader of the Government able to comment upon that statement or advise this chamber of any adjustment programs the government has in the wings for the New Brunswick livestock industry as soon as the Crow legislation might pass?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take notice of that question and obtain a precise answer from the minister responsible for the program.

REQUEST FOR ANSWERS

Hon. Jack Marshall: Honourable senators, I rise on a point of order. It appears that we have been asking questions since shortly after 2 o'clock this afternoon and that no answers have been given. All of the questions are taken as notice. I am willing to give notice two days before a question is put if, in that way, we get answers to them. However, it seems futile to ask questions to which we do not receive answers for three or four weeks.

An Hon. Senator: Don't ask questions.

Senator Marshall: Somebody has now suggested that we should not ask questions. Why, then, are we here? Honourable senators, Bill C- 152 has been passed. That bill was supposed to create positions for more parliamentary secretaries. Perhaps that is not such a bad idea. Perhaps we should have a couple of them over here so that they could supply answers to questions.

Hon. Royce Frith (Deputy Leader of the Government): It was worth a try, but the Tories insisted that that provision be taken out of the bill.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Marshall's comments are inappropriate. Almost every question that has been asked in this session has been answered. As a matter of fact, today I have only one delayed answer. I am not saying that there are no more delayed answers to be given, but I would suggest that, at this time, less than 5 per cent of the questions that have been asked over the last six weeks have not been replied to. I think that Senator Marshall's comments are unfair.

Perhaps Senator Marshall will recall that the reason why the questions asked today were not answered is that they were

of a technical nature, and any answer would obviously have to be checked. I know that Senator Marshall's respect for completely accurate answers is so high that he would prefer that I take a little time rather than speculate on what the answer might be.

Hon. Robert Muir: Honourable senators, I agree with Senator Marshall that it is extremely frustrating to have answers to questions delayed. The Leader of the Government has stated that sometimes he does not have a response at the moment the question is asked. If he only realized that we are being gentle with him because we know that he has certain limitations which make it difficult for him to have all of the answers. The Leader of the Government in the Senate is a member of important committees of the cabinet, yet he seems to be so very cautious. He seems to be afraid to say anything until he goes back to check with someone as to—the minister is not listening to me because he is being coached, again, by the Deputy Leader of the Government. Perhaps Senator Frith should be the minister—

Hon. William C. Doody: Hear, hear.

Senator Muir: —because he seems to be able to give good advice.

Honourable senators, one would think that the minister would have some answers without having to say, "I will walk across to the other side and come back with a written response; I will say what they have told me to say, not what I think should be said." I wonder whether it would be possible, under the rules, to have a member of the messenger staff, who are intelligent and good people, sit on the other side to take those questions and to do the job that the minister is doing at the moment.

Senator Olson: Honourable senators, perhaps the real point of order would relate to the members of the opposition telling us how long they are going to spin out the clock. That is obviously what they are up to.

In response to the question, I do not think I need add anything to what I said a few moments ago. I think that Senator Muir has indicated something that we on this side have known for a long time; that is, that he does not know how to play on a team. Teamwork is involved here. The minister responsible for a particular department—not ministers responsible for other departments—answer questions relating to his department. That rule applies to this minister, as well.

Senator Muir: Honourable senators, is there not some liaison between the minister and his colleagues? Do they not trust each other or tell each other anything?

I have something to say with regard to the other statement made by the minister. He suggested that somebody is spinning out the clock. I thought that an accusation of that nature was not to be made against any member of this chamber or of the other place.

Senator Olson: I was asking; I was not accusing.

Senator Muir: The minister was accusing members of this side of the chamber—members of the "Aggressive" Conservative Party—of trying to spin out the clock.

Senator Frith: Perhaps you could be a little more gentle about it.

Senator Muir: I would ask the deputy leader to speak a little louder. I cannot hear him because there are so many others talking at the moment, including his seat mate.

Honourable senators, I do not think that the idea should be put forward that anybody is spinning out the clock. The minister does not know what is in any other person's mind, and I do not think it is for him to suggest what it might be. For instance, when I raise a question about a man who has spent 11 years in Dorchester Penitentiary, having been sentenced unjustly by the courts of the land—a man who went through hell for 11 years—am I spinning out the clock and killing time in this chamber? Is the minister suggesting that?

Hon. Louis-J. Robichaud: Not at that time, but now you are.

Senator Muir: I definitely am not.

Senator Robichaud: You are.

Senator Muir: I definitely am not. That remark is a reflection on Donald Marshall; it is a reflection on the Micmac people of my area, and I am not going to listen to it here. I was asking a straightforward, decent question regarding an individual who has suffered terribly. I wonder how Senator Robichaud would like to spend 11 years of his life in a penitentiary if he were not guilty? That is all I am asking. Whether a man be Scottish, French-Canadian, black, Métis or Indian, justice must apply. That is the point I was raising, and I am not going to be accused of spinning out the clock or of wasting time in this chamber.

Senator Robichaud: May I answer your question, please?

Senator Muir: Oh, by all means.

• (1500)

Senator Robichaud: The question was whether I would like to be incarcerated for 11 years for a crime that I did not commit. Of course, I would not like it. However, the honourable senator asked the question and was given an answer. At that time he was not wasting time, but for the past five or ten minutes he has definitely been wasting time. I will not refrain from saying that, and I have no remorse of conscience in saying it.

Senator Muir: On a point of order. That is merely a misguided opinion from an individual who got carried away. Someone once said that in politics one should take everything seriously except oneself. I would commend that to Senator Robichaud.

The Hon. the Speaker: Honourable senators, perhaps we can come to order. Two points of order have been raised. Senators may ask questions, but there is nothing in our rules to compel ministers to answer. Therefore I cannot accept those points of order.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Robert Muir: Honourable senators, I do not wish to be accused of wasting the time of this chamber. Recently I raised questions concerning the membership of the Board of Directors of the Cape Breton Development Corporation, and I received co-operation in obtaining the information. Of six members of the Board of Directors, only two are left, and for the operation of that corporation I believe they meet in the bathroom. Recently the corporation had a large deficit. His Honour the Speaker is familiar with that because he did excellent work in connection with the Cape Breton Development Corporation Act when in the other place. I repeat that the deficit was reported to be quite large. The Honourable Ed Lumley, Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion reacted to the deficit with great dismay and consternation. I am not making light of it. However, if the minister compared that deficit with the deficits of Canadair and many others, it is piddling.

My question is: Does the Leader of the Government not consider that filling the vacancies on the Board of Directors of the Cape Breton Development Corporation would assist Mr. Rankin, the President, and the other lonely member of the board in formulating policies which would be of future benefit to that corporation? Perhaps the Leader of the Government could say whether those vacancies are going to be filled shortly, and, if so, when.

I know that the Honourable Ed Lumley is concerned about the matter. I will make an effort to contact him, because he is a fine man and I would not want him to be in a position of saying "Let's kill the Cape Breton Development Corporation". I, for one, give the government full marks, full credit for creating the Cape Breton Development Corporation, which has done an extremely good job. Perhaps the Leader of the Government will address that question.

Hon. H. A. Olson (Leader of the Government): Honourable senators, that question did receive a reply. The honourable senator is now asking me for an opinion as to whether the future of the Cape Breton Development Corporation would be enhanced by having those vancancies filled. I will refer that question to the minister responsible, and I am sure the honourable senator will understand why I have replied to that effect.

VISITORS IN GALLERY

CATHOLIC UNIVERSITY OF POLAND CHOIR

Hon. Stanley Haidasz: Honourable senators, I have the privilege of calling your attention to the presence in the gallery of members of the University Choir of the Catholic University of Poland. They are beginning their concert today with a visit to Parliament Hill, which includes a visit to our chamber.

I should like to extend to them our warmest greetings and best wishes for an interesting and successful tour of Canada.

Hon. Senators: Hear, hear.

[*Translation*]

Senator Asselin: On behalf of the Official Opposition, I want to join Hon. Senator Haidasz in welcoming our visitors. I wish them a pleasant stay in Canada and the best of luck.

[*English*]

QUESTIONS ON ORDER PAPER

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege. It concerns questions asked in the Senate on November 14. I recognize that this matter should be raised as soon as possible, but I must point out that I was absent from the chamber until this week and did not have any opportunity of doing so.

On November 14 Senator Denis asked a question in connection with one I had asked concerning space rented by the Canadian Broadcasting Corporation in various parts of the country. I had my reasons for asking the question. I have no objection to the honourable senator asking the question and suggesting that it would involve too much time and be too expensive. I am sure he has every right to question my motives. I am pleased that he takes such an interest in the questions that I place on the order paper. He raised a similar point shortly after I arrived in the Senate about four or five years ago. Rather than question my motives, I would hope that he would ask about matters such as the $34 million that was wasted on Maislin Transport. I wonder why he does not ask about the $1.4 billion loss in connection with Canadair, or the $300 million loss in connection with de Havilland.

While on the subject of costs, I should also point out that I took the time to ascertain the operating budget of the Senate. I find that for the year 1982-83 the figure amounted to $14 million. The Senate sat 90 days and, at eight hours per day, 60 minutes per hour, the cost amounted to $330 per minute. Senator Denis and Senator Olson—

An Hon. Senator: And Senator Muir.

Senator Marshall: —and some other colleagues spent 15 minutes on November 14 discussing this matter. It cost the Senate $5,000 and I was not even present. So I thank honourable senators for thinking of me while I was in Newfoundland looking after regional interests.

Senator Olson said a few moments ago that all of the questions had been answered. I do not wish to be hard on him, because he has every right to say what he thinks. However, when he talks about being irresponsible in asking long questions that cost too much money, he knows full well that I have an 83-page question here which I agreed not to have on the record because of the cost involved. I took my copy and sent the information to those across the country who wanted to know how much each legal firm was getting from government business. Therefore I did my part. I did not ask that that answer be printed. I merely wanted information.

• (1510)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I rise on a point of order. Rule 33 reads:

> When a matter or question directly concerning the privileges of the Senate, of any committee thereof, or of any senator, has arisen, a motion calling upon the Senate to take action thereon may be moved without notice—

Senator Marshall is perfectly in order in that regard. The rule continues:

> —and, until decided, shall, unless the debate be adjourned, suspend the consideration of other motions and of the Orders of the Day.

I am not suggesting that Senator Marshall does not have a motion, but he has not told us what it is that he is calling to our attention as a matter of privilege. A question of privilege, as the honourable senator knows, for he is more experienced than I as a parliamentarian, should deal with something that affects his ability to perform his functions as a senator. So perhaps Senator Marshall can tell us what his motion is and what action he wants us to take.

Senator Marshall: My rights as a senator are being stultified with regard to putting questions on the order paper. When I ask questions they are taken as notice and I do not receive an answer for two or three months, forcing me to remind everybody. When I put questions on the order paper, it is imputed that I have put them there for mischievous reasons.

Senator Frith: What action do you want us to take?

Senator Marshall: I want an apology. I should have been given the common courtesy of waiting until I had returned to the chamber so I could defend myself. I want an apology saying that I have the right to put questions on the order paper and to request information without it being imputed that it is an irresponsible act.

Senator Frith: We will pass that motion right now.

Hon. D. G. Steuart: We apologize.

Hon. H. A. Olson (Leader of the Government): We will apologize, but whether or not it is reasonable is another matter.

Senator Marshall: I want to state my reasons, and I shall continue even if I have to stand here for the rest of the week. My whip, Senator Macdonald, is harsher than I am, but properly so, and he has suggested that since the Leader of the Government indicated that I was irresponsible, that statement should be refuted.

I would like to point out to the leader that I put question No. 65 on the order paper on June 29, 1981, some two and a half years ago. It reads:

> What is the status of Eastern Provincial Airways (1963) Limited on its application for amendment to Licence No. ATC 2481/75 (S), which serves to request withdrawal of EPA service from Deer Lake Airport?

This matter was discussed in the papers and the decision came down months ago. I was getting sick of waiting for an answer, and I did not wish to have new sheets put on the order paper because somebody would complain about the cost of repeating questions, so I wrote to the Air Transport Committee and received an answer. It only took about three days. The application was rejected. The minister will ask,"Why didn't you do that in the first place?" The reason is because I do not have the staff and it is my right to put questions on the order paper to obtain information for my constituents or for my own benefit in representing my district. It is strange that I could not get an answer.

Senator Denis said that there are some 666 stations involved. He said it would cost too much money for the CBC to answer this question and that it would have to take on extra staff. With regard to staff, let us look at the CBC annual report under "Board of Directors." There are 16 directors on the board—7 from Ontario, 5 from Quebec, and 1 each from Manitoba, Alberta, B.C. and Nova Scotia. There are no directors from Newfoundland, Prince Edward Island, New Brunswick or Saskatchewan. But those 16 directors could divide the provinces among themselves and determine the cost per square foot from their regional offices. On page 43 are given the senior officers of the Canadian Broadcasting Corporation. There are 45 of them, starting with the president; executive vice-president; general counsel; vice-president, finance; vice-president, corporate affairs—and listen to this one—vice-president, special assistant to the executive vice-president. That is quite a title. Surely that man could take one province and determine the rental charges per square foot to the CBC. I have given you a total now of 61 employees.

Page 46 of the annual report indicates that there is a CBC advisory committee composed of 100 people. Surely they could divide up amongst themselves my request of who rents space to the CBC in all the regions of Canada and in the foreign service?

The information given in the CBC annual report is fantastic. It includes everything but the answers to the questions I asked, and that is why I asked them. Here are some of the things they tell the public. For example, with regard to the penetration of cable TV in Canada as of January 1, 1983: Homes with cable and converter, 27.6 per cent; homes with cable but no converter but converter services available, 25.7 per cent. Nobody reads the annual report but people like me. Here is another one: homes with cable but no converter, converter service not available, 7.9 per cent; homes without cable, service not available, 21.7 per cent; homes without cable, cable and converter services available, 15.4 per cent. There is every kind of information one could think of, but they will not tell the public how much they pay for rent in the various areas of Canada.

The funny thing is that CBC has a liasion officer in the Chateau Laurier, for members of Parliament and senators, who is supposed to take questions as notice and give answers. They have a computer system. There is a whole paragraph in the annual report on the mangement information systems. On page 42 under that heading the report reads:

> Due to the increasing need to exchange computerized data between locations, development was commenced of a multi-mode communications network. This will link Montreal, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver. The design will eventually allow designated users

anywhere in the Corporation authorized access via the network to any remote CBC computer file. First links have been established at Montreal and Ottawa, with Toronto and western points to follow in 1983-84.

Who says that they have to hire staff and that it will cost too much money? I could lift up the phone and do it all in an hour.

The annual report includes all kinds of information on their fixed assets—their leases, the hours and the total amounts, on which I wanted a breakdown to determine whether my province was getting its fair share. The last thing I shall say, because I see that people are not interested—

Hon. C. William Doody: That is not true!

Hon. Nathan Nurgitz: Fascinating.

Senator Marshall: —is with regard to a release that came out the other day headed, "CBC to seek private partner for construction of new Toronto broadcast centre. $530 million Waterfront project will create 12,000 jobs."

Senator Frith: Hear, hear.

Senator Marshall: I am sure that there are thousands of square feet of space available in Toronto, but I suppose that this will be another empty government building.

I want an answer to my question to be able to determine whether the people of Canada, particularly those in my district, are getting a fair shake. It is a justified question and I think the Leader of the Government should give me the benefit of the doubt. The leader knows that I would co-operate if they were having trouble getting the information, and that I would obtain the information myself, as I have in the past.

Senator Olson: I accept that admonition and we will do the best we possibly can to get an answer as soon as possible.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): On the question of privilege, the Leader of the Government should confirm the existence of Section 20A of the *Rules of the Senate of Canada* which states:

> 20A. (1) A Question described in paragraph 20(1)(*a*) or (*b*)
>
> (*a*) that seeks statistical or other information not readily available, or
>
> (*b*) to which an answer in writing is desired,
>
> shall be sent in writing to the Clerk of the Senate to be placed on the Order Paper until answered.

The Leader of the Government should advise all honourable senators that if they wish to receive answers in writing, they must place their questions on the Order Paper, no matter how long they may be or how long it may take to prepare their respective replies. I suggest that the Leader of the Government should state emphatically that the members of this house have this privilege under our Rules.

[*English*]

Senator Olson: Honourable senators, I could not agree more. I would encourage my good friend, the Acting Leader of the Opposition, to encourage his colleagues to do exactly what he has described to us in that standing order.

• (1520)

Hon. Azellus Denis: Honourable senators, I would like to say a few words, since my name was mentioned. As all senators know, we are not averse to senators rising on questions of privilege. Senator Marshall has the privilege to ask questions; however, he must be reasonable. He is abusing his privilege. That is the meaning of the question I put. One can see that he put some 4,000 questions on the order paper. If every senator were to ask likewise, not only with respect to the CBC but with respect to other issues, such as buildings belonging to the government, we would have to reply to each and every question. There are some 102 senators here, and if each were to ask similar questions then the government would have to answer about half a million questions. This is very childish behaviour indeed.

Senator Marshall: Senator Denis should look at the order paper in the other place. The House of Commons has three people on staff and they have a budget of $86,000. They have staff members in their constituency offices and the members in the other place put thousands and thousands of questions on the order paper which the government will not answer. The government must be accountable to the members and to senators. That is the objective of Confederation and democracy.

Senator Frith: Honourable senators, before we make a decision with respect to this question of privilege, if the mover of the question wishes a decision of the Senate—and I think perhaps he does not at this stage—I wish to thank the Acting Leader of the Opposition for drawing the attention of the Senate to the rules which provide for the asking of questions.

I would take this occasion to remind us all that when Question Period is called, oral questions can be asked of the Leader of the Government, or a senator who is a minister of the Crown or chairman of a committee, and supplementary questions can also be asked. Rule 20(3) reads as follows:

> (3) If an oral question cannot be answered immediately, the senator to whom it is addressed may take the question as notice.

Rule 20(4) reads as follows:

> (4) A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

Senator Asselin has very usefully drawn our attention to the rule dealing with certain statistical type information. That is rule 20(A), which states that written questions that seek statistical or other information not readily available, or to which an answer in writing is desired, shall be sent in writing to the Clerk of the Senate to be placed on the Order Paper until anwered.

Senator Asselin has also pointed out that rule 20A.(2) reads as follows:

(2) The reply to a question on the Order Paper shall be printed in the *Debates of the Senate* of the day on which it is given.

While I am dealing with these points I would just like to quote rule 20B, which reads:

A preamble to a question, whether it is asked orally or in writing, is out of order.

Senator Asselin: You should have followed that rule when you were sitting on this side of the house.

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have one delayed answer which is in response to a question asked by Senator Asselin on November 14 concerning correspondence between the Prime Minister and various heads of state relating to the Prime Minister's peace proposal. It is a rather long answer and if it is agreeable to honourable senators perhaps it can be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows*):

The correspondence between the Prime Minister and the heads of state named by Senator Asselin is confidential. To make it public would break every diplomatic rule. Under some circumstances, it might be useful after the event to make such letters public. However, until the Prime Minister has finished his consultations, he intends to respect the confidence that the people expect of him. Perhaps later, if there are some possible results, the letters will be made public, but certainly not now.

NATIONAL REVENUE

INCOME TAX TREATMENT OF MEMBERS OF SYMPHONY ORCHESTRAS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have two delayed answers. They cannot be taken as read because I wish to reply from my notes. The first deals with the Toronto Symphony Orchestra and the ruling as to the employment status of musicians. I can leave that answer until Tuesday, if honourable senators would prefer.

Hon. Senators: Agreed.

CUSTOMS AND EXCISE

AMWAY CORPORATON CONVICTION—DISPOSITION OF FINE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I also have an answer with respect to a question dealing with the $25 million fine levied against Amway, as between Her Majesty the Queen in right of the federal government and Amway. I do not have a written answer. However, I have an answer that I think honourable senators will find very interesting. If honourable senators wish to proceed to other matters, I will hold this answer until Tuesday as well.

Hon. Senators: Agreed.

FISHERIES AND OCEANS

NEWFOUNDLAND—RESTRUCTURING OF DEEP SEA FISHERY

Question No. 113 on the Order Paper—**By Hon. Jack Marshall:**

What is the state of negotiations between the Government of Canada and the Bank of Nova Scotia with regard to the restructuring of the deep sea fishery in the Province of Newfoundland?

Reply by the Minister of Fisheries and Oceans:

An agreement has been reached between the Government of Canada and the Bank of Nova Scotia (BNS) concerning their roles in the restructuring of the deep sea fishery in the Province of Newfoundland and Labrador. Although the full terms of the Canada-BNS agreement are still commercially confidential, the participation of each party in Newfoundland restructuring was outlined in the agreement signed and made public on September 26 by the Minister of Fisheries and Oceans and the Premier of Newfoundland.

JOINT VENTURES PROGRAM—EXPORTS OF FISH PRODUCTS

Question No. 116 on the Order Paper—**By Hon. Jack Marshall:**

What tonnage of fish products were sold to foreign countries under the Joint Ventures Program in (i) 1980-81, (ii) 1981-82 and (iii) 1982-83?

Reply by the Minister of Fisheries and Oceans:

Direct sales of Fish to Foreign Vessels

East and West Coast of Canada

1980	22,530 tonnes
1981	61,743 tonnes
1982	91,135 tonnes
1983	60,252 tonnes

Figures are in product weight.

WESTERN GRAIN TRANSPORTATION BILL

THIRD READING

Hon. D. G. Steuart moved the third reading of Bill C-155, to facilitate the transportation and handling of western grain and to amend certain acts in consequence thereof.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Before we proceed with the third reading of this bill, I would like to make a few remarks which, in my opinion, might help our colleagues make a decision on the important bill before us. This bill was referred to committee and a preliminary study has already been made. The committee study was very interesting. We did notice that the officials of the Department of Economic Affairs—particularly Mr. Kroeger—were quite often hard put to answer questions from senators seeking more information on the meaning of certain clauses and subclauses dealing with the controversial aspects of this bill. Still, we thank the officials for their enlightening answers to the questions that were asked. Attendance at the committee was impressive and several representations were made. I did not know that Senator Riley was an expert on agriculture or interested so much in agriculture. He took quite an active part in the committee proceedings and I was truly amazed to see how interested he was in this bill.

I was not overly impressed by the Minister of Transport, Mr. Axworthy, when the discussion turned to possible amendments, particularly a major amendment which he could have accepted. We know that, because the government imposed closure in the other place, a great many amendments were not moved and considered on third reading. We thought that the few amendments supported by the opposition could have been accepted by the minister in the course of that discussion before the committee. The minister was inflexible. He claimed that no major amendments would be accepted. He told us that the bill would have to be adopted as submitted to the committee. I deplore the minister's attitude. We could have avoided this third reading debate which gives us an opportunity to introduce our amendments. In any event, democracy must prevail and we will move certain amendments this afternoon to make up for the lack of information on the part of the minister yesterday.

I would not want to give the impression that I have become an overnight expert on the Crow rate. Still, I must confess that I did learn enough to offer advice to those who, in and outside this House, believe that the adoption of this bill will put an end to the controversy about the Crow rate. I am under the impression that those people are dangerously mistaken. I have no hesitation in stating that, in my view, the new system to be established under this Bill will be of a still more disputed and controversial nature than the former one. As other members in my party, I believe this measure will put Western farmers in an unbearable position. Without the substantial amendments which we would have liked to see adopted in the other place and in Committee of the Senate, this Bill may cause irreparable damage to the western agricultural industry, which is still today one of the major industries upon which Canada as a whole is dependent.

From the early stages of this debate, members from this side of our House have stressed that in our view, farmers could not pay more for shipping their grain, in view especially of the fact that their operating costs have increased by 30 to 400 per cent over the last ten years.

We also indicated that commodity prices have declined to their 1972-73 levels, while fuel costs have doubled in two and a half years, and farmers have been the victims of a tax assault by the federal Government, to which they would have to pay $275 million a year in income tax only.

In 1982, the Prairie farmers' income has declined by 29 per cent. On the other hand, we know about interest rates, and their increase of between 400 per cent and 500 per cent. We are also aware that 10 to 15 per cent of Western farmers are on the brink of bankruptcy. We have pointed out that at a time when other nations increased their support and subsidies to grain producers, we were going in the opposite direction. Over the last ten years, the average subsidy received by wheat producers was $11.41 per ton in the United States and $19.96 per ton in Common Market countries, while in Canada the subsidy has been $6.35 per ton, the major part of which came from the transportation subsidy, more precisely from the Crow's Nest freight rate.

Canadian barley producers will be allowed the same subsidy, because their average subsidy over the last ten years has been $6.32 per ton, as compared to $7.57 in the United States and $32.80 in the Common Market. Honourable senators, that study was done by a consulting firm for the Manitoba Government and published in the provincial statistics.

Comparing Canada and the United States, we see that during the 1982-83 crop year, when Canadian wheat producers were receiving 37 cents a bushel from the Canadian Government under the Crow those in the United States were getting something like $1.12 per bushel.

We could talk about the benefits provided Argentine and Australian producers in the form of transportation subsidies, but I would point out in passing that, in Canada, we are reducing our support to grain producers, while in other countries the exact opposite is being done. Wherever this happens, Canadian farmers lose, because they cannot set prices. A freight rate increase will mean for producers lower income, because they cannot pass that increase on to the consumers.

[*English*]

The second area to which our party continues to take strong exception is the ever-escalating freight rate structure and the open-endedness with which farmers will be faced. This structure is being based upon so-called railway costs, a self-perpetuating cost-plus regime for which farmers will pay very dearly.

• (1530)

The freight rate is a very complex one indeed. It will take a timeframe of two-and-one-half years to establish the freight rate and farmers will not know their freight rate for the current crop year until that cycle is completed.

The minister has proposed a safety net. The general principle of a safety net is something that we on this side of the chamber can support, and indeed it is supported by the agricultural community. However, when we look at the safety

net which the minister has brought forth, we find, on the basis of the calculations and figures provided by the Department of Transport that, for the year 1983-84, the freight rates would have to rise to $8.00 per tonne or grain prices would have to fall to a weighted average of $104.00 per tonne in order to activate this safety net. On the basis of the figures for 1982-83, we know that the weighted average was $192.88 and, therefore, this safety net is very low; it is at the 1972-73 level.

[*Translation*]

Third, this bill specifies once and for all that the subsidy will be paid to the railroads, which we find totally unsatisfactory. We have said that, in fact, this gives the railroads a guaranteed annual income. We feel that this will only make the situation that this bill was supposed to improve, even worse. It will do nothing to correct the deficiencies of the system. Costs will continue to increase and the farmers and taxpayers of Canada will foot the bill.

Honourable senators, it is not with this bill that the Government can provide solutions to the problems that it was supposed to solve. There was talk of diversifying and enlarging the agricultural basis and of promoting the livestock and processing industries. All these sectors will be in an even worse situation than before. The only winners in this whole exercise are obviously the two national railroads. The Canada West Foundation had this to say about it:

> The method of payment provided in Bill C-155 will not serve the long term interests of Western Canada. The major losers will be the Prairie livestock producers represented by the feed grain and livestock producers' associations. Bill C-155 is detrimental to these producers because the subsidies provided encourage the farmers to produce grain for the export markets, while the major losers will be the Western agricultural and food product industry. The rates they will have to pay to the railroads will cause them severe hardship, and this threatens the existence of present and future processing plants in Western Canada.

Of the four or five purposes the Government wants to achieve through this bill, only one will perhaps be met, and I emphasize the word "perhaps". Railroad capacity will perhaps increase. What is certain is that the railroads will get their money. They will be the major winners because they will have nothing less than a preferential treatment. It is a form of dividend such as we have never seen before in Canada. We just have to look at it to realize this fact. As a result of this bill the railroad profits realized in 1981, the best year ever, will double by 1985. It is really a preferential bill that the government wants us to pass.

It was also realized that the preferential treatment given to the railroads needed to be restricted. The Government therefore sponsored another study to examine the question of fixed charges, which are nothing more than a benefit for the railroads. The companies will be reimbursed completely for the movement of grain, because it must not be forgotten that the performance rate of 18 to 20 per cent and the depreciation are taken into account for cost recovery. this was explained by the official who appeared before the Senate Committee on Transport and Communications. In addition, the railroads will obtain a rate increase of 20 per cent. Without the fixed charges, the railroads will still receive over $1 billion a year to transport grain, including the payments made by the farmers, the government subsidies and the amounts received under the railroad rehabilitation program and other measures.

We are being asked to pass this bill now and to examine its effects later. It is provided in the bill that the capacity of the farmers to pay the rates imposed on them will be examined. On this side, we felt that we should look right now into the impact of these increased rates on producers and for better ways to distribute the money, before crippling producers with such huge increases.

The government is putting the cart before the horse. We had an outstanding opportunity for a new approach to this issue, which would have taken into account the concerns of Western Canada. The government could and should have defended Western producers' interests. Getting rid of the Crow rates and increasing the burden of producers are both ill-advised measures.

That is why we propose to maintain the Crow rate at its current level until the end of crop year 1985-86. That would not cost the government a cent. Simply, until then, the railways would get no subsidy to cover their current costs, which represents a 20 per cent profit. That is slightly less than $200 million, for the situation would last only two and a half years as the new rates are to come into effect on the 1st of January. This would provide the government with the time needed for impact assessment and analytic review. The government could then ascertain the impact on the family-type farm as well as on rural communities in Western Canada. It could look into the various methods of payment and determine the effect they would have on the future of livestock processing.

We feel that our proposal is responsible, practical and sensible. It would give producers the time to prepare for a probable increase and we suggest that this would be a good, fair and equitable procedure.

• (1540)

[*English*]

Honourable senators we, on this side of the house, would like to see the statutory Crowsnest Pass freight rate for grain producers maintained. There is no demonstrated evidence of the producer's ability to pay more for shipping grain. The federal government's decision to review the producer's ability to pay after the bill has been passed seems to us to indicate their uncertainty, and one has to wonder why the bill should pass.

Bill C-155, as presently formulated, forces producers into an open-ended and ever-escalating rate structure. Producers will be paying twice the Crow rate in 1985-86, and five times the Crow rate by 1991.

Producers simply do not have the ability to pay the arbitrary costs imposed under this bill. Today world grain prices are at 1973 levels while input costs have tripled in the past decade.

Net prairie farm income decreased by 29 per cent in 1982. At least 10 per cent of Canadian farmers are currently in financial difficulty. This bill, if implemented, could be the straw that breaks the back of many producers.

The amendment I am about to propose, which would maintain the Crow rate, will reduce transportation costs to producers by approximately $216 million from the 1983-84 to the 1986-87 crop year.

The Crow benefit is a substantial factor in permitting Canada's producers to compete in the international marketplace. In the past decade, this benefit averaged one-third to one-half of those subsidies provided to American and European producers—our major competitors. The Canadian Wheat Board's testimony identified a total benefit in Canada for the 1982-83 crop year of 37 cents a bushel compared to the U.S. subsidy of $1.12 a bushel. The reality is that if Canadian producers are to retain their competitiveness in the international market, this benefit must remain.

[*Translation*]

The Crow rate issue is not a simple one. We know that this is a complex issue which goes far beyond the question of one-half cent per ton-mile. We should keep in mind what the grain industry means for Canada. In addition, 25,000 to 30,000 people are employed in related industries, namely transportation and railways.

Of course, all this creates employment. Of the overall tonnage that is moved through the St. Lawrence Seaway, grain accounts for 52 per cent.

[*English*]

Honourable senators, the new freight rate scheme to be implemented under Bill C-155 will double the costs of the producer by 1985-86 and will result in an extra $216 million in freight costs.

Another strong argument in favour of retaining the existing rate for the producers is their ability to compete in the international market.

Honourable senators, because of the producer's current inability to pay what they would be called upon to pay by this legislation, and because the railway companies do not need the extensive help at this time that the legislation before us would afford them, I move, seconded by Senator Macdonald, that clause 41 of Bill C-155 be amended as follows:

a) by renumbering clause 41 as subclause 41(1) and *b*) by adding the following after line 36 at page 24:

"(2) Notwithstanding anything in this Act, the rate a railway company may change a shipper for the movement of grain for the period January 1, 1984 to July 31, 1986 shall not exceed the existing rates in effect on August 1, 1983."

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Asselin, seconded by the Honourable Senator Macdonald, that Bill C-155 be not now read the third time but that it be amended as follows:

[Senator Asselin.]

a) by renumbering clause 41 as subclause 41(1) and *b*) by adding the following after line 36 at page 24:

"(2) Notwithstanding anything in this Act, the rate a railway company may charge a shipper for the movement of grain for the period January 1, 1984 to July 31, 1986 shall not exceed the existing rates in effect on August 1, 1983."

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I might ask the Acting Leader of the Opposition and my colleagues as well, if it would be a good idea for us to decide now how we want to deal with the amendments.

• (1550)

I noticed that Senator Bielish was on her feet when Senator Asselin resumed his seat, and wondered whether she intended to speak to his amendment or propose another amendment.

The Acting Leader of the Opposition is under no obligation to tell me this, but if he knows now that there are going to be two or three amendments, perhaps he would suggest how we should deal with them in terms of voting on all three of them together or separately. I invite him to make a suggestion in that regard.

Senator Asselin: I can tell my friend that we are going to propose three amendments. This is the main amendment. We would ask for a recorded vote on this amendment. We may not ask that a recorded vote be taken with respect to the other amendments; we may only ask for a recorded vote at third reading.

At the moment, Senator Bielish wishes to speak on my amendment. After that, we hope a few senators from the government side will take the floor because, up until now, only two senators from that side have participated in the debate.

Senator Frith: Honourable senators, I think it is a good suggestion that we wait until the debate is exhausted on this amendment before we have a vote.

As to the question of who on this side should speak, honourable senators on that side have no doubt noticed how intimidated we all are by the eloquence and expertise of Senator Steuart, and how happy we are to have him as spokesman, so it may very well be that no one else will speak.

Senator Asselin: We thought it was lack of interest on the other side.

Hon. Martha P. Bielish: Honourable senators, I feel that I must rise to support the amendment.

Anyone who eats a good meal is involved in agriculture, whether he realizes it or not. The family farm is at stake with the passage of this bill. Senator Asselin has furnished us with all sorts of statistics, but I want to impress on you that a farmer is taxed as an individual, but his wife and, often, other members of the family contribute to the production on that farm.

People in this country sometimes have an odd view of "work" especially when it involves working on a farm. If Canadians today paid farmers the price per hour that labour demands, or salaries that management in other industries get, then they would have to pay the same proportion of their salaries that people in other countries have to pay for food.

As a farmer's wife, in touch with several thousands of farm women who do not count the hours and who do not get paid for what they contribute to the family farm, I am not surprised that organizations are now starting to form in order to have this situation recognized. Less than 40 miles from this city of Ottawa, the Women's Survival for Agriculture Organization has been formed. In this province, and elsewhere in this country, concerned farm women are organizing to focus on their problems.

As a farmer's wife and as a teacher, I often found myself in the position of taking off one hat to don another in a hurry. Not many years ago, when I would manage the farm for my husband who would be off on a threshing run or combining, I would start work at 6 or 7 o'clock in the morning and work until 11 o'clock at night. Next morning, the school principal would call and ask me to replace a teacher for a day or two. Even half a day was appreciated. I would then don my teaching hat and go off to school. I would arrive there at 8.50 in the morning and stay until 3.30. At 4 o'clock in the afternoon I would be back in my own post office, and people would note my change in attire from the previous day when I had been wearing coveralls on my way to the grain elevator to test a grain sample. They would comment, "Oh, so you were working today."

Honourable senators, what would provoke that kind of comment on that day, but not the previous day when I had worked until 11 o'clock? The difference was that for that day they knew I would get paid, but for the long day as a farmer's wife no one knew whether I was getting paid or not. My payment would depend on whether, after all the overheads had been taken off, there was anything left, and then there were priorities. No one would care whether I was paid or, in fact, whether my husband or anyone paid interest on loans or where the money was to come from.

I think my city colleagues, and those who left farms a long time ago, ought to know that that situation still exists. Children on farms work from the time they can do a job, and I think that is a credit to them. They grow up to be more concerned individuals.

When I served on the Council for Rural Development Canada, we did a study on rural women's work, their needs, and their role in rural development. The report describes the hours that women work in rural areas and the contribution they make to their communities without any thought of ever being paid. The community is their home; it is the place in which they live and raise their families. Analyses of the socio-economic picture tend to overlook the value of unpaid work, and the share of the GNP this kind of production represents is rarely, if ever, recognized.

Federal taxation, of course, discourages the heads of family enterprises, usually men, from paying wages to their wives for labour.

When the Conservatives came into power in 1980, the Speech from the Throne did suggest that the law should be changed. The Conservatives were not in power long enough to do that, but the present government has picked this up. That is all very well, but when farm families have their backs against the wall, that provision makes little sense.

Honourable senators have heard what the average farm family income is. It is a little over $13,000 a year. The government intends to set up a commission in 1985 to examine the consequences of Bill C-155.

As late as last night the chairman of the Standing Senate Committee on Transport and Communications received a telegram from 17 people in Saskatchewan who asked him to return the Crow bill to the House of Commons for an impact study on future effects on farm families and Canada.

• (1600)

Senator Argue is ill and I am sorry that he is not here. I wish him a speedy recovery. The Advisory Committee to the Canadian Wheat Board, however, in a press release, said this:

> The members of the Committee have concluded that major amendments to Bill C-155 must be made.

This, honourable senators, is one of the major amendments.

> They have identified that amendments must provide for a rate which reflects grain producers' ability to pay and remain competitive in world markets, for the exclusion of variable rates, for the completion of the branchline rehabilitation program and for the elimination of the volume cap. The Committee is also concerned that the Canadian Wheat Board's powers over marketing and transportation be left intact.
>
> The Committee asks all members of Parliament to support the withdrawal of the Bill if the above package of amendments is not included. Funding already allocated should continue to be invested in the necessary upgrading of railroads in western Canada.

One lone committee member asked to be recorded in opposition to the contents upon which this news release was based.

Honourable senators, I was talking about farms. If the family farm is destroyed, it will be like inflicting a wound. Over the next three years, or whatever time it takes, anything a commission could come up with would only be as a band-aid with which to patch that wound. Why not pass the amendment now? That would be like preventive medicine. I am sure that if the farmers can see their way clear they will co-operate. I know of no more co-operative or generous person than a farmer, if he has the wherewithal.

I noted recently that Massey-Ferguson is again going under. Machinery just is not selling. Is it any wonder, honourable senators, that machinery is not selling? The farmers are the greatest people when it comes to buying, but if they do not have the money, they cannot buy. There are enough farmers

who have already gone under or who are in serious financial difficulty; the others are now sitting very tight. They do not know what is in store for them.

The hearings on the Crow bill took place during the summer and harvest months. Farmers cannot pay any attention to this sort of thing during that time. It is when the sun shines that they must get to work. The harvesting has to be done in its season—it cannot wait until December. People are now starting to take a look at this legislation and it frightens them.

Honourable senators, my father-in-law used to say, "Convince a man against his will and he will be of the same opinion still," and that applies here. A government which forces something on a certain sector of society will feel the results. If it were only the government that felt the results, I might not be so sorry, but all Canadians will feel the results of this legislation. There are enough statistics to indicate that the multplier factor of the farming industry has an impact on thousands of jobs across the nation. I spoke to several farmers and asked this question, "If it does not pay to grow grain, what are you going to do?" The reply was, "Well, probably seed it into alfalfa and let the bees make honey. I suppose we'll go on welfare, or whatever the newfangled name for it is—social assistance."

It is a shame, I agree, that we have come to that. Honourable senators, this is a vast country. Those of you who have not been through the prairies to see the work that is done there and who may not understand, please consider this at this time. I spent about three weeks on the Joint Committee on Senate Reform. At that time I did not have my mind made up respecting an elected Senate. I can tell honourable senators that, at this point, if senators from the prairies had to go back to an election today, I seriously wonder whether farmers would take a second look.

There are more stories that I could recount to honourable senators. When we think about the average farm, we must think about what its costs are. Not so many years ago I was the one who went to pick up the pesticide or herbicide, or whatever it was that we needed. In those days we bought such things by the gallon. I used to buy a five-gallon can for $9 or $10. A year or so ago I was again sent to buy a couple of cans. The bill amounted to $197. I said, "You must be kidding," but the salesman said he was not. I asked my husband whether he knew what the cost was, and he said, "Yes, about $200." Honourable senators, that is exactly the way it was, and these are small things. These do not constitute the main costs. When we say that costs are escalating, we must realize that they have not escalated a mere 3 per cent; it is more like 300 per cent.

I want to put on the record that, although farmers receive some Crow rate benefit, all of the farmers' supplies—everything that comes from the east, every tractor and every piece of machinery—is marked "f.o.b. Windsor," "f.o.b. Hamilton," "f.o.b. Toronto," or "f.o.b." whatever the source. The west is not angry at the east or at central Canada. All the farm family wants is simple justice and equality.

Hon. Senators: Hear, hear.

[Senator Bielish.]

Hon. D. G. Steuart: Honourable senators, I simply want to say a few words about this amendment, without rehashing all of the long debate that has taken place in this chamber, in the other place, in committee and in the hearings that were held all over western Canada. Senator Bielish has raised an excellent point with respect to the question that must concern all of us, especially those of us from western Canada, which is: Can the average farmer afford an increase in freight rates for moving the grain to market? I agree that the farmer does pay the freight rate; it comes off the price of his grain. I would point out, however, that he is not the only one to pay a freight rate. Almost all of the other industries in Canada do this as well. However, she has raised a good point.

• (1610)

I should like briefly to examine the other side of the coin. I would remind honourable senators that there is a safety net, in that the increase will take place gradually. When we talk about twice the Crow rate or five times the Crow rate, we should not forget that the Crow rate is extremely low. The rate was set about 90 years ago, and I would ask honourable senators to recall any other segments of our economy that are paying major production costs, or costs of doing business, at rates that were set 80 or 90 years ago. I do not think they will find one.

I would also remind honourable senators that while the Crow rate is being changed, it is not being done away with. The government will pay a minimum subsidy of $658 million a year, in addition to providing a safety net. While that may not be enough, it is still a considerable subsidy. While it may not be as much as is paid by member countries of the Common Market, I should point out that at times the record of the American government is very much up and down in its support of grain farmers. When we ask whether the farmers can afford to pay more, we should ask ourselves whether they can afford a deteriorating transportation system and again have to face what we faced in the late 1970s when we could not move our grain to market. When we come out of the current recession, grain will have to compete with potash, coal and other bulk commodities from western Canada, and if we do not take steps to improve our railroad system and port facilities, then something will have to give, or something will have to be rationed.

The railroads are losing money, and if they continue to lose money on the movement of grain, then the incentive to move grain will not be present, the grain will sit on the farms, as has happened in the past, and the cost of on-farm storage and interest rates will soon exceed the gradual increases that farmers will face under the new Crow rate.

As to this particular amendment, I do not believe that a three-year delay will accomplish anything. I feel quite honestly that it is a move by the opposition to avoid stopping the passage of the bill, so that the impact of having changed the bill will still fall on the Liberal Party and the Liberal government, yet make it appear to western farmers that the opposition party is trying to do something. If the opposition party feels that it is likely to win the next election, then I am not convinced that they will want to face a situation of having to

provide an even larger subsidy to the railroads than the present government is suggesting, or of charging a large increase in one lump sum to western farmers.

We must also consider how a three-year delay would affect the investment plans of the railways. It is all very well to say that they will go ahead anyway. Certainly, in the meetings they have attended, and the meetings I have had with officials of both railways, they have said they will go ahead with what they have started. I am convinced that if we do not face this situation now, we could, at best, foresee a delay affecting the billions of dollars with which they are planning to upgrade the railways—and, God knows, the rail system and the port facilities need upgrading. We might even see some cancellation of that development money. That would harm not only the farmers but also shippers of coal, potash, petro-chemicals and other products.

I cannot say that I am happy to see one of the pillars of our western economy changed. That was something on which we always depended. I do not feel any great sense of elation from the passage of this bill. I am as concerned as Senator Bielish and others at what it may do to western agriculture. I live in western Canada; my future is there; my family is there. While I am not a farmer, no one can live in western Canada and not be concerned about the fate of our largest industry, especially those who live in the prairie provinces. However, we have to look at this in a responsible fashion and at the whole picture. While it is not pleasant to see this happening, I honestly do not think that the predictions of gloom and doom will materialize. Neither do I accept the view of those who feel that by changing the Crow and upgrading the railroads we shall see a great burst of economic activity on the prairies the like of which we have never seen before. I do not believe those who take a pessimistic attitude; nor do I believe those highly optimistic people who say it will provide the answer to all of our problems. I do not believe it will. I believe it will help solve our transportation problem. No doubt, it will cause some serious problems for farmers, particularly the young farmer and the small farmer; there is no question about that.

The one safety factor in this legislation, apart from the safety net, is the review process to take effect in 1985-86. If members of the opposition are serious about all the promises they have made in the course of the Crow rate debate; if they want to change the legislation and put the Crow rate back to 13 cents per bushel, then, as a westerner, I would say, "God bless you." If, at the same time, they are prepared to take $1 billion or more per year out of the treasury, then, on one side of the coin they will be talking about cutting government expenditures and, on the other side, they will be telling western farmers that they are sharply increasing government expenditures. If the opposition party is able to balance that, then, as a westerner, I will be the first to welcome it. However, I do not think they will be able to do it, any more than we can. While I am concerned about the future of this legislation, I feel also that the time has come when we must face a change. Therefore, I cannot support the amendment.

Senator Bielish: May I be permitted a question?

Senator Steuart: Certainly.

Senator Bielish: I have listened carefully to the honourable senator, who referred to predictions of gloom and doom. Does he really believe that this bill will solve the rail transportation problem? When the honourable senator refers to billions of dollars, does he not believe that the farmers who make a profit contribute to the treasury in many ways? Does he not consider that it is logic rather than gloom and doom, that it is facing the issue as it exists?

Senator Steuart: As to whether this legislation will solve all of the railroads' problems, I do not expect that it will. Certainly, it will solve the problem of double tracking, and the problem which we now face across the mountains and in the port facilities in Vancouver. The problem concerning delays and those concerning unloading at Prince Rupert and Vancouver will be solved. However, I do not believe that it will solve all of the problems. We have a growing economy; we will be producing far more grain in future, as well as potash, coal and other commodities. No doubt we shall face ongoing problems.

It has been suggested that if this bill is passed it will break a great many farmers. I do not agree with that view. There may be a 13-cent-a-bushel increase next year, and another 13-cent-a-bushel increase the following year, with the figure eventually rising to 80 cents, 90 cents, or $1 per bushel to move grain, but that would be the case only if the average price of grain goes up to $8 or $9 per bushel. I admit that no one likes to pay more, and many marginal farmers may well be hurt; but, at the same time, when western farmers can move their grain to market with confidence, most of those difficulties will be overcome.

If it does work a lot of hardship, there is a review process, and I am sure that the government of the day, be it Liberal or Conservative, will not let the great agricultural industry of Canada go down the drain. I recognize that there will be problems, but I am not as pessimistic as some on the other side of the chamber or, indeed, others across Canada, about the effects of the changes brought about by this bill.

• (1620)

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Senator Asselin negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macdonald
Balfour	Marshall
Beaubien	Muir
Bielish	Nurgitz
Donahoe	Tremblay
Doody	Yuzyk.—12.

NAYS

THE HONOURABLE SENATORS

Anderson	Lucier
Bell	McElman
Benidickson	McGrand
Cameron	Molgat
Cook	Neiman
Cottreau	Olson
Davey	Petten
Denis	Riel
Frith	Riley
Graham	Robichaud
Guay	Rousseau
Hastings	Steuart
Leblanc	Wood.—27.
Le Moyne	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

● (1630)

The Hon. the Speaker: I declare the motion in amendment of Senator Asselin defeated.

Hon. R. James Balfour: Honourable senators—

The Hon. the Speaker: Is this on the main motion?

Senator Balfour: Yes.

Honourable senators, I have a few brief comments to make with respect to the bill before us.

A major bone of contention alluded to in the debate at second reading stage on Tuesday was with respect to the method of payment of the government's financial contribution to the overall transportation costs involved in the bill before us. The bill sets out that the entire $658 million Crow benefit is to be paid directly to the railways. We on this side have serious reservations with this approach, for a number of reasons.

[The Hon. the Speaker.]

First, it is very generous to the railways. Some experts have put the annual overpayment as high as $50 million, which would have the effect of perpetuating a cost-plus regime in which the railways would have no incentive to control costs. Secondly, it does not encourage system efficiency but, rather, reinforces the status quo. Finally, payment to the railways to the exclusion of the other players does not remove the economic distortions created by the Crow which particularly affect the livestock industry and the secondary processing sector. Indeed, the Canada West Foundation, an independent think-tank organization, stated in a recent report that Bill C-155 clearly discriminates against prairie livestock interests and represents a near death blow for agricultural processing on the prairies.

If the government is really serious about passing a bill which has some degree of support in western Canada, then I suggest it should seriously consider the amendment which I propose to put forward with respect to the implementation of the review process concerning the method of payment.

As the bill now reads, and in particular, clause 58 thereof, the method of payment of the Crow benefit is locked in to the railways only. If the review commission should, in its wisdom, recommend a change in the method of payment—for example, to either pay the producers only or, alternatively, some combination of paying the railways and the producers—and if the government decides to accept this recommendation, then under the existing bill the only way the change could be made would be by amending the legislation. This could be a long and arduous process which, in light of the experience of the government with the bill before us, it should appreciate.

It has taken three years just to reach the stage at which we are today. The amendment I propose is intended to facilitate a change in the method of payment, provided such a change has been recommended by the commission of inquiry and provided it receives cabinet approval.

The amendment is simply intended to introduce an enabling provision designed to facilitate this change. In debate on Tuesday the operation of a commission under the existing bill was characterized as a sham. Perhaps that overstates the situation somewhat. However, I suggest that any fair-minded person would agree that if recommendations of the committee require an amendment to this bill in order to be implemented, then its function could very well become an exercise in futility.

It should be borne in mind that the method of payment in question involved intense debate which at various stages produced different proposals. For example, Gilson recommended that payment to the railways be made first, but gradually, over time, ending in an 80 per cent and 20 per cent proportional share between the producers and the railways respectively. The reason for the Gilson recommendation on the method-of-payment formula was intended to eliminate or to gradually reduce the economic distortions brought about by the Crow rate. Under this formula, producers would have freedom of choice to either pay the railways to export grain under the Crow rate or, alternatively, to keep the payment themselves in order to broaden the base of western agriculture and so diversify the livestock and processing industry.

• (1640)

The Honourable Jean-Luc Pepin revised the Gilson recommendation to a 50-50 split between the producers and the railways. He then, under pressure, altered his view and the result was the 100 per cent payment to railways provided for in the bill.

The Honourable Lloyd Axworthy inherited the problem from the Honourable Jean-Luc Pepin, but that does not mean that the problem has gone away. Experience with the operation of the bill may, sooner or later—and more likely sooner than later—call for an alteration to the method-of-payment formula. If this should become the state of affairs, I submit to honourable senators that this alteration to the method-of-payment formula should be implemented without delay.

My understanding of the rationale behind the introduction of the commission of inquiry amendment, which was introduced by the Honourable Lloyd Axworthy, was an intention to give hope to the livestock industry that change to the method of payment formula was both possible and practical. I submit, however, that without an enabling provision to facilitate such a change by regulation rather than by amendment to the bill, it could result in a self-defeating provision. In a nutshell, too much time would be wasted to bring about a change, and the economic distortions which I alluded to earlier would be further aggravated before corrective changes could be made.

I therefore move, seconded by Senator Nurgitz, that Bill C-155 be amended in clause 58 by adding immediately after line 34 at page 34 the following:

> "(3) Notwithstanding anything in this Act, based upon the recommendations of the committee established under section 62(2) to examine the method of payment, the Governor in Council may make regulations prescribing the manner in which and the parties to whom payment of the government contribution, including the Crow benefit, shall be made.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Balfour, seconded by the Honourable Senator Nurgitz, that Bill C-155 be amended in clause 58 by adding immediately after line 34 at page 34 the following—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt that motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Senator Steuart: I want to say a brief word on this amendment, simply because I do not necessarily disagree with it. I would have been happier—

Senator Asselin: Are you going to vote for it?

Senator Steuart: You will have to wait and see. I am still making up my mind.

As you say, the Gilson report recommended an 80-20 split; the Honourable Jean-Luc Pepin then said 50-50; and then it was changed—and I shall not go into the reason why it was changed. The wheat pools, the largest grain organization in western Canada, wanted it changed, and the Quebec farmers wanted it changed. In my opinion, they were both wrong and I would like to see at least part of the subsidy paid directly to the farmers. However, that is what the review provision is there for, and I hope the review will educate a great many people to the fact that perhaps this is the best vote: some payment to the farmers and some to the railroads. However, by the time that vote is in, we shall have had an election and if, by some dreadful circumstance, the Conservatives happen to be the government, the one ray of sunshine may be that we shall remind you of your commitment to change this method of payment and, although I shall not look forward to much if you are the government, I shall look forward to that change.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt Senator Balfour's motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Motion in amendment of Senator Balfour negatived, on division.

Hon. Nathan Nurgitz: Honourable senators, I wish to say a few words with respect to the bill and, in particular, with reference to clause 65 which you will find at page 40 of the most recent version of the bill. Clause 65 states:

> Notwithstanding the Crow's Nest Pass Act and any agreement made pursuant thereto, Her Majesty in right of Canada may hold, dispose of or otherwise deal with the lands selected under paragraph 1(i) of that Act in any manner and on any conditions she thinks fit.

Honourable senators, this provision overrides a legislative impediment to the exploitation of these coal-bearing lands. The Government of Canada maintains that these lands were conveyed to it under paragraph 1(i) of the original Crow's Nest Pass Act. That paragraph states:

> That if the Company or any other company with whom it shall have any arrangement on the subject shall, by constructing the said railway or any part of it as stipulated for in the said agreement, become entitled to and shall get any lands as a subsidy from the Government of British Columbia—

and it goes on to say how the land is selected. It then concludes by saying:

> —for the purpose of securing a sufficient and suitable supply of coal to the public at reasonable prices, not exceeding two dollars per ton of two thousand pounds free on board cars at the mines.

And on the part of the Government, to pay the said subsidy by instalments as aforesaid.

The subject coal lands here have been known as the Dominion Coal Blocks. The northern coal block is adjacent to the coal operation of British Columbia Coal Limited, which comprises 5,000 acres and contains perhaps 20 million tonnes of metallurgical and thermal coal resources. The southern Block in the Flathead Valley comprises 45,000 acres and contains an estimated 1.2 million tonnes of metallurgical and thermal coal resources.

In 1890 the Province of British Columbia passed an Act in Aid of Certain Railways which provided for the granting of certain lands to the Kootenay Lake Railway Company, later known as the British Columbia Southern Railway Company, for the construction of the railroad through the Rocky Mountains. The province has maintained from the very beginning that it was its intention that any such land grants would reserve for the Crown Provincial all minerals, precious and base, as well as coal.

The federal government's 1897 Act to Authorize a Subsidy for a Railway Through the Crow's Nest Pass included the provision, earlier noted, which required the company building the line to transfer to Canada 50,000 acres of any coal lands it received from British Columbia. As indicated, British Columbia has maintained that the Canadian Pacific Railway Company could not transfer the coal lands to Canada, as the coal resources were never conveyed to it in the first place.

This brings us to the very problem that concerns me, and that is, having given this land to the railway company, then known as the British Columbia Southern Railway Company which was ultimately usurped or taken over by the CPR, the CPR then became the beneficial owners of that land which now, in turn, is to be conveyed back to the federal government.

Despite their abundant coal resources and proximity to infrastructure, these coal lands have not been explored to any great extent, and no development has taken place on them. There have been numerous exchanges between federal and provincial ministers on this issue over many years.

It is not my intention to get into all of the historical—or hysterical—arguments, but on May 20 of this year, ten days after the first reading of Bill C-155 in the House of Commons, the British Columbia Minister of Energy, Mines and Petroleum Resources sent the following message to the then federal Minister of Transport:

> Your proposals to amend the grain rates established by the Crow's Nest Pass Act have received support from this province. We continue to hope for an early resolution of this issue, although we have concerns with recent changes you have made to the subsidy arrangements. We believe it desirable to pay the subsidy to the farmers, and not to the railways directly—

I must apologize for reading the entire letter, but now I come to the part that relates to the amendment I propose.

● (1650)

The letter continues:

[Senator Nurgitz.]

> We are troubled, moreover, by the language employed in section 62 of Bill C-155. The Province of British Columbia has always maintained an ownership claim on the subject coal lands. Moreover, it has regulatory requirements and land use priorities which must be met by all explorers and developers of coal. Accordingly, we trust that the federal government would never attempt to dispose of these coal lands unilaterally.
>
> I believe it is possible for our governments to take a co-operative approach to resolving these outstanding issues in order to facilitate the orderly development of the coal resources for the benefit of British Columbia, and all of Canada.
>
> I suggest that we meet at an early date prior to any disposition of the lands to hold discussions on ownership, management and regulatory policy .

That concludes the letter sent by the provincial minister.

Senator Frith: Which provincial minister is that?

Senator Nurgitz: The British Columbia Minister of Energy, Mines and Petroleum Resources. That letter was sent to Mr. Pepin, the then Minister of Transport.

Mr. Pepin's reply is dated June 22 of this year. He acknowledged that the wishes of the province should be taken into account in a development strategy, but at the same time strongly affirmed that the federal government believes the coal lands legally are a federal responsibility.

No doubt, lawyers could argue the merits of each side of the case in court for many years, but because I am anxious to get a response from Senator Steuart and I am fearful of getting an argument from Senator Frith, I want to avoid the long legal precedents which I do have and which I will, on another occasion, give to Senator Frith. There is a question of some form of co-operative government. I believe that British Columbia has a good legal argument but, as they indicated, negotiation would far surpass any kind of court hassle that might take years. It is simply not good enough for the federal government to offer to take into account the wishes of the Government of British Columbia, as Mr. Pepin said in June, but the province has responsibility for resources, environmental management and mine regulations. And those things are more than wishes; they are the mandated responsibility, under our Constitution, of any provincial government.

We ought to support that province in its call on the Government of Canada to enter into discussions which will ultimately lead to a plan for the management and development of these coal lands. Whether you want to talk about environmental matters, project proposal reviews or mining regulations, there is a vast area of issues which ought to be worked out as between the two governments. I think it vitally important that we not just unilaterally legislate the province out of the picture.

As I have indicated, for brevity and other reasons I do not want to go into all of the legal precedents. There are several decisions of the Judicial Committee of the Privy Council which are pertinent. I merely want to indicate that there has been a

consistency in both circumstances and events that would support an argument for the return of the coal lands to the ownership of the Province of British Columbia from the central government. Rather than concentrate on the most recent amendments to the Constitution dealing with natural resources, I think it might be more appropriate to suggest a pattern of events leading inevitably to a conclusion that the lands ought to be given back.

It is important to note that public lands and natural resources were treated differently when British Columbia joined Confederation than they were in the case of the other western provinces. Ownership remained in the province by virtue of the terms of the union. This unique position was confirmed by a case that was heard in 1888 by the Judicial Committee of the Privy Council.

Senator Frith: Could we have the name of the case?

Senator Nurgitz: *The Attorney General of British Columbia v. the Attorney General of Canada.* It is reported in (1889) 14 Appeal Cases, at page 295.

The lands which were conveyed to the central government by virtue of paragraph 11 of the Terms of Union, known as the railway belt and the Peace River block—these were other pieces of land under what I suggest were identical circumstances—were studied by the royal commission of 1928. It concluded that lands given up by the Province of British Columbia in support of the construction of certain portions of the railway ought to be reconveyed. I should like to read briefly from that conclusion. The royal commission said:

> Notwithstanding the national character of the undertaking (the building of the railroad), British Columbia has borne the burden of contributing large areas of her public lands to aid in its construction—largely on account of the predicted failure and burdens to be created—and today is the only province of Canada which granted lands towards the building of the railway, national in its character. The inter-colonial railway was provided for in the Confederation pact; it was a part of the price paid by Canada for the entry of the Maritime provinces into the Dominion, and no doubt the province by the sea, as well as other portions of Canada, profited by its construction; the Maritime provinces, however, contributed no lands to aid in building it; they have, it is true, contributed their share of the cost to Canada of the building of the road and of the deficits which were encountered in its operation, in the same way as the people of British Columbia have contributed their share as citizens of Canada of the moneys expended in building the Canadian Pacific. The situation is one which, in my opinion, calls for a remedy, and the remedy should be the restoration to the province of the lands held by the Dominion in both the railway belt and the Peace River block. When this is done, British Columbia will be placed in a position of equality with the other provinces in respect of the cost of the construction of the Canadian Pacific Railway.

It is arguable on a basis similar to that advanced before the Royal Commission on the Reconveyance of Land to British Columbia that the position of the coal lands is also unique in Confederation and, for the same reasons given in support of the reconveyance of the railway belt and the Peace River block, the coal lands should be reconveyed to the Province of British Columbia.

An analysis of the evolution of the Crow's Nest Pass agreement itself indicates that many changes have taken place which led the Turgeon royal commission, in 1951, to conclude that the agreement had been put to an end, which brings in the question that these lands were given to the railway in trust, and when the trust failed those assets put up for the trust should be given back to whoever first gave them. The British Columbia Railway Act, enacted in 1900, illustrates an intent to keep minerals within the control and ownership of the British Columbia government.

Finally, one can argue that the most recent amendments to the Constitution are the outcome of persistent pressure by the provinces for more control of their natural resources, and they indicate, perhaps as far as British Columbia is concerned, the continuation of a trend which commenced at the time it joined Confederation. Honourable senators, clause 65 runs counter to that.

I move, seconded by Senator Doody, that Bill C-155 be amended by deleting lines 1 to 7 at page 40 and substituting the following therefor:

> "65. Notwithstanding the Crow's Nest Pass Act and any agreement made pursuant thereto, the Government of Canada shall, in accordance with section 109 of the Constitution Act, 1982, return to the Government of British Columbia all lands and any mineral, coal or any other rights on those lands it received pursuant to paragraph 1(i) of the Crow's Nest Pass Act, and the Government of British Columbia may hold, dispose of, or otherwise deal with such lands in any manner and under any conditions it thinks fit."

• (1700)

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt Senator Nurgitz's motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Motion in amendment of Senator Nurgitz negatived, on division.

[*Translation*]

Senator Tremblay: I have some reservations and I would like to ask a few questions before we proceed with third reading. It is about the report by the Transport Committee—

The Hon. the Speaker: Are you speaking to the motion?

Senator Tremblay: It is about the report, and it is also on the main motion, since—

Hon. Royce Frith (Deputy Leader of the Government): Mr. Speaker, on a point of order. The problem is that according to our rules, a report referred by a committee without amendment is adopted without debate. Perhaps this question could be raised on another occasion or after the vote on third reading.

Personally, I do not think it affects the matter now before this Chamber. The motion for third reading is not affected by a report that has already been adopted.

Senator Tremblay: It concerns the Bill. Isn't a question that concerns the Bill in order at any time?

Hon. Joseph-Philippe Guay: No, not at this time.

Senator Frith: Well, if it is only a matter of reservations—

Senator Tremblay: It depends how you look at it. It concerns how we proceed in the Senate when we have a committee report stating that many drafting and printing errors were found in the text of the Bill. It is said this does not affect the principle, and in fact, the principle has already been adopted, but it may affect some of the provisions.

I would like to know how the errors in question will be corrected in the present Bill. Upon terminating its comments, the Committee said to be careful in future when drafting other bills to make sure that such errors did not happen again.

Does that mean they are going be left in the Bill? Or does it mean that they are going to be corrected, and who is going to do it?

I would just like to know, for our own information, since we are considering bills, why numerous errors like the ones referred to here are not corrected before the Bill is passed, whether they are corrected afterwards, and how this is done. Basically, we are adopting the Bill in its present form.

Senator Frith: Honourable senators, if I understand correctly, Senator Tremblay said there are a number of drafting and printing errors in the Bill. This is quite normal. Senator Tremblay has probably noticed that we occasionally pass legislation to correct this kind of error. Consequently, the fact that we are obliged to make changes is not exactly a unique situation.

I understand from the Committee's report that it stressed the need to pay particular attention to any bill, not only this one, but also future bills, in order to eliminate the need to correct drafting errors and any lack of conformity between the French and English versions.

As far as the substance is concerned—

Senator Tremblay: The report says that both texts contain many errors.

Senator Frith: That is correct.

Senator Tremblay: It is not simply a question of conformity between French and English.

Senator Frith: That is why I mentioned conformity as an example.

Honourable senators, it is a good idea to draw the attention of the Senate to the recommendations contained in the committee report, although they do not relate to the substantive question before us.

[*English*]

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1
GOVERNMENT HOUSE

17 November 1983

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 17th day of November, 1983, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be

Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, November 22, 1983, at 2 o'clock in the afternoon.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, before the motion is agreed to, I would like to ask the Deputy Leader of the Government why we will be sitting at 2 p.m. instead of 8 p.m.? Will special bills be introduced in the Senate, or will committees be sitting Tuesday?

Senator Frith: Honourable senators, it is still for the same reason. Two or three months ago, we decided to sit at 2 p.m. for the reasons mentioned when the new system was adopted, among others because the other place no longer sits at night. It is a matter of adapting our schedule. I introduced that measure as an experiment until the end of this session. We will have other opportunities to discuss it.

For the time being, we can take into consideration the changes in the other place. There is no other reason.

Finally, as a corollary, I do not want to change the arrangements mid-way through, for fear that the committee sittings might be disrupted.

Motion agreed to.

● (1710)

[*English*]

NATIONAL REVENUE

INCOME TAX TREATMENT OF MEMBERS OF SYMPHONY ORCHESTRAS

Leave having been given to revert to Question Period:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Godfrey on October 27, 1983, regarding the members of the Toronto Symphony Orchestra and whether they ought to be treated as self-employed.

A payroll audit in the spring of 1983 by National Revenue, Taxation, showed that while income tax was being deducted at source from the remuneration of the musicians, no withholding was being made for CPP and UI. The explanation was that the musicians were viewed as self-employed and the tax deductions were being taken as a service.

The auditor referred the question of the true status of the approximately 100 musicians for a ruling as to whether they were or were not in pensionable and insurable employment. The terms of employment of the Toronto musicians were found to be like those of the musicians of the Vancouver Symphony. The Pension Appeal Board had ruled that the terms for the latter constituted a contract of service and, therefore, they were in pensionable and insurable employment. On this basis, the employment status was ruled as being of the same nature.

Discussions are under way with the employer about the date at which deductions for CPP and UI will have to commence.

Honourable senators, by way of additional explanation, apparently the contract of the Montreal musicians is different from that of the Vancouver and Toronto musicians. They are being treated differently, and apparently some investigations and discussions are going forward in this regard. We are not at liberty to disclose the details of the private contract between musicians and orchestra administration.

CUSTOMS AND EXCISE

AMWAY CORPORATION CONVICTION—DISPOSITION OF FINE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Robichaud on November 14 concerning the $25 million fine levied on the Amway Corporation.

Honourable senators will remember that the fine was divided such that $20 million was levied against the U.S. Amway and $5 million was levied against Amway Canada.

[*Translation*]

Senator Asselin: It is a matter of justice administration, therefore a provincial responsibility.

[*English*]

Senator Frith: Honourable senators will recall that, when Senator Robichaud asked the question, I hazarded a guess that, because a federal statute was involved, the proceeds of the fine would go to the federal government. Senator Robichaud said that he knew the answer, but he wanted to know if I knew the answer. In hazarding that guess, I felt I was, perhaps, on my way to becoming an expert, according to a definition I read the other day, namely, that an expert is someone who makes three right guesses in a row. I thought I had made the first right guess, but it seems that the answer is not that simple.

The general governing rule falls under section 651 of the Criminal Code. It reads, in part:

> Where a fine . . . is imposed . . . and no provision, other than this section, is made by law for the application of the proceeds thereof, the proceeds belong to Her Majesty in right of the province in which the fine, penalty or forfeiture was imposed—

It would seem, therefore, that the proceeds would go to the province.

However, the exemption in subsection (2) states:

> Where
>
> (a) a fine, penalty or forfeiture is imposed
>
> (i) in respect of a violation of a revenue law of Canada,
>
> the proceeds of the fine . . . belong to Her Majesty in right of Canada—

It does not end there, honourable senators. The charge was not one laid under the Customs Act. The charge was one of fraud, laid under the Criminal Code. Therefore, if it falls under the general section, the proceeds would go to the province.

I discussed this matter with the Department of Justice. What happened in this case was that, when they heard about what was going on, the RCMP started an investigation. The government did not want to appear to be using the criminal

courts as a collection agency, so it started both civil and criminal proceedings at the same time. After the RCMP had investigated to a certain point, they handed the matter over to the Attorney General of Ontario. The Government of Canada has always looked at the criminal proceeding—the civil suit is still going on—as a provincial matter, to recover the actual amounts.

After my discussion with the Department of Justice, I leave honourable senators with this intriguing question mark. Should another look be taken at it? It was a charge of fraud, and that would clearly mean that the proceeds of a fine would go to the province. Was it not a charge of fraud, however, "in respect of a violation of a revenue law of Canada"? The test in the Criminal Code is not whether the charge is under a federal revenue law, but simply whether it is "in respect of" such a law.

It seems to me that, for $25 million, I would be prepared to make an argument that it was "in respect of." I leave honourable senators with that amusing—I hope they will find it amusing—and esoteric bit of "avocasseries."

As it turned out, Senator Robichaud's question was, indeed, a good one—perhaps a little more intriguing than either of us thought it would be.

[*Translation*]

Senator Asselin: I think that the federal government has no intention of asking for a Supreme Court declaratory judgment to that effect.

[*English*]

Senator Frith: No comment.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Canada Elections Act (No. 3).

An Act to establish the Canadian Aviation Safety Board and to amend certain Acts in consequence thereof.

An Act to amend the Bretton Woods Agreements Act (No. 2).

An Act respecting the organization of the Government of Canada and matters related or incidental thereto.

An Act to facilitate the transportation, shipping and handling of western grain and to amend certain Acts in consequence thereof.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, November 22, 1983, at 2 p.m.

THE SENATE

Tuesday, November 22, 1983

The Senate met at 2. p.m., the Speaker in the Chair.

Prayers.

THE ESTIMATES 1983-84

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ended March 31, 1984. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 6224.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I present the motion regarding the adjournment, I have a few comments to make about the business before us.

I prepared a motion to the effect that we adjourn today until 2 p.m. on Thursday, according to recent practice. Perhaps I should start by apologizing for bringing honourable senators back here this week when it now appears that there will not be any business for us from the other place, and our committees have pretty well cleaned up their work. With all the benefit that comes with hindsight, honourable senators probably feel that, except for Question Period, there is no reason to be here. Unfortunately, last week I was bound by that other aspect of the laws of time. I had to judge on the basis of foresight, rather than hindsight.

In any event, that is why I am proposing a motion that we do not sit on Thursday, but come back on Tuesday next. According to the tradition, we would not sit on Wednesday. I will now propose the motion and then explain why I believe it is necessary for us to return next Tuesday. I believe I have used up my leave to talk ahead of the motion. Therefore, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, November 29, 1983, at 2 o'clock in the afternoon.

Honourable senators, if leave is granted I will explain what we will be doing on Tuesday.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Hartland de M. Molson: Why not adjourn until 8 p.m.?

Senator Frith: Honourable senators, there are two questions to be answered with respect to why we should come back on Tuesday, including Senator Molson's question with respect to sitting at 8 o'clock as opposed to 2 o'clock.

With respect to the first matter, there remains the possibility of an adjournment for prorogation at some time around the thirtieth, which is next Wednesday. That is certainly under active consideration at the moment. As far as I am aware, nothing has been decided so far, but it is certainly an option open to the government and one being seriously considered. Therefore, I think we should make it possible for the government to carry that out in order that this session can be brought to an end. One way to do so is to come back next Tuesday, but since there will definitely be one item which we will want to deal with before an adjournment takes place. That is supplementary estimates (B) and the appropriation bill. Senator Everett has adjourned the report of the committee on supplementary estimates (B) and we will deal with that. It will be a part, although not formally so, of the debate on the appropriation bill which the government will present in the other place and here in the Senate to enable the government to either adjourn for prorogation or prorogue on the thirtieth and to resume about a week or so later.

Honourable senators, the other possibility is the Atlantic fisheries bill. I am sharing all my knowledge with honourable senators with respect to imminent legislation.

The reason for our convening at 2 o'clock, as opposed to 8 o'clock, is that if the scenario develops in the way I have described, then it is very likely we will want to sit on Tuesday and Wednesday. It may be that if we do receive the fisheries bill, one of our committees will want to consider it either on Tuesday morning or Tuesday evening in order to deal with third reading on Wednesday. So, for that reason, plus the

normal reason for sitting at 2 o'clock— that is, to keep our sitting hours roughly the same as those of the other place—I propose that we meet at 2 o'clock and not 8 o'clock. I am sure that my explanation with respect to meeting at 2 o'clock, as opposed to 8 o'clock, has been just as persuasive as it has ever been with those senators who are against the system.

[*Translation*]

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, on behalf of the official opposition, and with my hon. colleague, I deplore the fact that senators were asked to meet here today for a sitting of the Senate. Some senators have a long way to travel. It is all right for those who live in Quebec and Ontario, but I know that some of us come from as far away as Vancouver and our Western Provinces. It is clear that this inconveniences them considerably. The Deputy Leader of the Government will recall that I was reluctant to come back today at two o'clock, as he. In fact, I suggested we come back at eight o'clock this evening. I don't think it serves any purpose to keep senators here when we do not have enough work to keep us busy, although perhaps a more extensive agenda could have been arranged, including committee meetings that could have been held this week.

On the other hand, since this resolution was moved by the Government, we agree with the adjournment as proposed. However, I warn the Government that if we have to consider two Bills next week and the session is to be prorogued Wednesday, we should not have to consider two Bills on the same day.

• (1410)

[*English*]

Because the motion is to adjourn until next Tuesday afternoon at 2 o'clock and, as the Deputy Leader of the Government has said, it is likely that the government will prorogue the session the day after, it is my opinion that there will not be enough time for the Senate to study two bills.

Senator Frith: The appropriation bill will not take very long.

Senator Asselin: However, a few senators on this side of the house may wish to speak on the subject of the appropriations bill. Also, the Atlantic fisheries bill is of great importance to senators from the maritime provinces, and, if it is received by the Senate this week, it will take some time to debate that bill. All in all, we will probably require two or three days to dispose of those two bills. I hope that the Deputy Leader of the Government has taken that into account in deciding to recall the Senate at 2 o'clock on Tuesday afternoon next. If we received those bills during the day on Monday, we could meet on Tuesday at 11 a.m. to commence debate on them.

The main objection I have is that we do not want to be pushed into rushing through such important bills. Some of the senators on this side of the chamber have asked me to convey to the deputy leader their desire to study this important fisheries bill; they are asking, therefore, that you give us more time, if we should need it, in order to meet our commitments.

Senator Frith: The adjournment will be subject to the call of the Chair.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I appreciate the comments made by the Acting Leader of the Opposition. I was about to suggest to senators, including the acting leader and his colleagues, that adjourning in compliance with the motion made by the government house leader carries with it the implication that we could meet earlier than Tuesday at 2 p.m., at the call of the Chair, as my honourable friend knows, provided there is some legislation to deal with. For example, if the other place passes Bill C-170 on Thursday or at some time early on Friday, so that we are aware that we shall have it for first reading as soon as we next meet, we could meet on Monday at 2 p.m.—or perhaps Monday at 8 p.m. would be more reasonable.

We would then be faced with the fact that we would need leave to proceed to the next stage, second reading, for which 48 hours' notice is normally required. If we do not meet until Tuesday at 2 p.m., that would take us over until Thursday at 2 p.m. I am sure that we would not want to deprive honourable senators opposite of their opportunity for debate, nor would we want to frustrate the timetable because we were unable to get leave to move through the second reading stage, with then, perhaps, a reference to a committee.

I am not sure about this, but I would presume that honourable senators would wish to have Bill C-170 referred to a committee of the Senate so that one or two meetings could be held. I accept all that has been said by the Acting Leader of the Opposition.

The Senate could meet on Monday, Tuesday, Wednesday, Thursday and even Friday so that Royal Assent could be given as soon as possible to any legislation that was passed.

The reason the Deputy Leader of the Government has given for the Senate to adjourn today is a good one, unless legislation is passed by the House of Commons, including Bill C-170. As Senator Asselin has pointed out, other bills could be passed by the House of Commons; sometimes by agreement they pass two or three non-controversial bills on Fridays. We will have to wait to see, but if that happens, the Senate could be recalled for Monday evening.

Senator Asselin: I want to get an assurance that when the Senate is recalled there will be work to do. Don't call the Senate back if there is no legislation to deal with.

Senator Frith: Not even for Question Period?

Senator Asselin: That could be important.

Senator Molson: Honourable senators, as the deputy leader knows, I never disagree with him and I would hate to make an exception on this occasion, but in the wise remarks he made a few minutes ago he mentioned that the tradition now is that the Senate does not sit on Wednesday afternoons, but rather on Tuesday and Thursday afternoons.

I question whether that is a tradition. It is a precedent, but I do not think it is a tradition. Indeed, I should like to go further and suggest to my colleagues in the Senate that it should not be a precedent. I know that we are nearing the completion of a very peculiar session of Parliament: not only has it made history by dragging itself indefinitely until it has become old,

fatigued, and is now dying, but it has been a difficult session. The legislative program presented in both houses has been extremely difficult for everybody concerned.

In recent years we have decided that Wednesday mornings should not be at our disposal for Senate business; they are now taken up by caucus. Consequently, the business of the nation, as we others see it, is suspended. In recent weeks we have eliminated Wednesday afternoon sittings of the Senate. I do not know what other changes will take place, but I think that we have gone a long way from the customary practices of this chamber.

I will not develop any argument against caucus being held on Wednesday mornings, because I know the feelings of honourable senators in that respect, but I still insist that the business of the nation should come before any other consideration and, if there is business to be done in the Senate, it should be done regardless of caucus meetings.

Some Hon. Senators: Hear, hear.

Senator Molson: I hate to remember how long I have been here, but Wednesday mornings were always held open for meetings of the Standing Senate Committee on Banking, Trade and Commerce. Those meetings usually took place from 9 a.m. or 9:30 a.m. until lunch time, and sometimes continued even after lunch. Those who attended caucus because they felt that that was their primary duty went to caucus, but it was not because caucus took precedence over meetings of the Standing Senate Committee on Banking, Trade and Commerce. The change has been a modern development; let us not pretend to ourselves that it has been in effect for a long time, because it has not. I know that Senator Croll, Senator McGrand and others will agree with me that, when we started in this chamber, Wednesday mornings were always devoted to committees. Nor do I not think the practice of not sitting on Wednesday afternoons should be perpetuated as a tradition. We should return to what we have done historically and traditionally, sitting on Tuesdays, Wednesdays and Thursdays, unless there is additional business in which case we sit on Mondays and Fridays. I certainly do not think we ought to accept the current practice as the custom and tradition, because I firmly believe that it is not.

• (1420)

Senator Frith: Honourable senators, I said that, if it was a tradition, it was a new one. I agree with Senator Molson and I take full responsibility for having suggested and promoted the idea of sitting at 2 o'clock on Tuesdays. My reasoning was that, if the other place sat afternoons and not evenings and had their evenings available for committee meetings and that sort of thing, we should try to follow suit.

With respect to Wednesdays, I must take part of the responsibility for not sitting on Wednesdays. Senator Molson knows that I urged Senator Hayden not to have his committee meet on Wednesday mornings. As usual, Senator Molson was delicate in his criticism of the suspension of sittings of the Senate or of committee meetings because of caucus, saying that from his point of view that was not the nation's business. On behalf of those who consider the activity of the major political parties in caucus part of the nation's business, I should simply like to make that point.

Concerning Wednesday afternoons, I really wanted to leave that as an experiment and not to try to establish it as tradition. The reason I wanted to try it as an experiment and asked honourable senators to support it was that almost inevitably four committee chairmen were asking for leave to sit while the Senate was sitting on Wednesday afternoon. It was getting so out of hand that I was having to tell honourable senators I could not allow more committees to meet. The pressure seemed to be for committees to meet rather than for the Senate to sit. I would suggest that we continue the experiment, at least for this session, and consider whether we want to follow that practice in the next session. To reiterate, the reason was to try to accommodate the *de facto* situation that there seemed to be pressure for meetings on Wednesday afternoons; that was why I suggested we try that experiment.

Hon. Daniel Riley: Honourable senators, I have a question for the Deputy Leader of the Government. What does he mean by a new tradition? Does he not mean a break with tradition?

Senator Frith: I suppose a new tradition would be, as he says, a break with tradition, but it would also be a tradition of shorter duration. Whatever tradition the new tradition broke with, do not forget that it, too, started sometime.

Hon. Frederick W. Rowe: Honourable senators, I am for change when change is beneficial, but if you are going to adopt a different mousetrap, let us make sure that the new mousetrap is superior to the old one. I do not see the advantage of having the Senate sit on Tuesday afternoon as opposed to Tuesday evening. Only last week I pointed out that some of us have to be up at 4.30 in the morning to catch a 6 o'clock flight to be here by 9 o'clock in the morning. Getting up at 4.30 in the morning means the day is ruined.

Is there some strong and definite advantage to be gained by us adopting this new procedure? Is it necessary? If not, I would plead with the deputy leader to revert to the Tuesday evening sitting, which would at least allow some of us to get a decent night's sleep.

Senator Frith: Honourable senators, I thank Senator Rowe for his proof of the soundness of the remark I made at the end of my first intervention, namely, that my arguments for a Tuesday afternoon sitting were, to those opposed to it, as persuasive as they ever have been—that is, not at all.

While I find it difficult to find an overpowering reason in support of this new schedule, I believe it has been working well in terms of committees. There have been more committee meetings on Tuesday evenings than there used to be on Tuesday afternoons. Of course, to have a Tuesday afternoon committee meeting would not solve Senator Rowe's problem of having to get up at 4.30 in the morning.

I think we should try to continue with this arrangement. Perhaps the answer to Senator Rowe's problem is for the Senate to sit on Monday evening at 8 o'clock; then, of course,

he would not have to rise so early to be here for Monday evening and he would be fresh and alert for Tuesday.

Hon. Jack Marshall: Maybe we should sit on weekends.

Senator Asselin: I hope that is not blackmail.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

CORPORATE SHAREHOLDING LIMITATION

STATUS OF BILL S-31

Hon. Martial Asselin (Acting Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government in the Senate.

For over a year, a Senate Committee has been examining Bill S-31, a Bill that is aimed at limiting investments by the Caisse de dépôt et de placement du Québec and similar institutions in national and interprovincial transport corporations to 10 per cent, all this to prevent, as was repeated a number of times before the Committee, control by such institutions of a company like Canadian Pacific Ltd.

Bill S-31 is perceived by Francophones as an attempt to bring about separatism in reverse, as Senator Tremblay said in Committee. In other words, to prevent the Caisse and other institutions in Quebec from investing in national and interprovincial corporations that offer a higher return and higher dividends than other companies.

The fact that Bill S-31 was tabled before a Senate Committee, with the retroactive effect of freezing the percentage of investments by the Caisse in Canadian Pacific Ltd., had a very detrimental effect on this and other institutions in Quebec.

I would like to know first of all—I have other questions I will ask subsequently—whether the Leader of the Government intends to have Bill S-31 passed during this session.

• (1430)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the principles of Bill S-31 embody the policy of the Government of Canada in that respect. However, a number of matters were raised some time ago during meetings of the Standing Senate Committee on Legal and Constitutional Affairs and, more recently, during meetings of the Standing Senate Committee on Banking, Trade and Commerce, to which the bill has now been formally referred by this chamber. A number of matters were discussed, including that which was raised by Senator Asselin having to do with shares that are ultimately or beneficially held by a provincial government and the manner in which the voting rights would be maintained and so forth.

We are seriously examining the arguments that were made and will come back to the committee with reasonable amendments that will not do damage to the principles of Bill S-31—

[Senator Frith.]

amendments that will respect the previous position. In other words, honourable senators, it was never intended that this bill should retroactively diminish the value of any shares.

[*Translation*]

Senator Asselin: Is the Leader of the Government in the Senate aware of the fact that amendments have been added to the original Bill? The Minister of Consumer and Corporate Affairs, Mrs. Erola, submitted these amendments to the Committee on Banking, Trade and Commerce. The amendments did not meet with the approval of the witnesses who testified before the Committee. In fact, they told us that the two amendments, submitted by Minister Erola to the Committee in an attempt to upgrade a Bill that had been set aside because of its defects, instead of helping the Caisse de dépôt et de placement du Québec and Quebec's other financial institutions, would make them even worse off. The Caisse would be prohibited from investing in thirty-five national transport companies and possibly be prevented from doing so in a hundred other companies involved in various economic sectors, including transport. Everyone in Quebec has emphasized the drawbacks implicit in this Bill for the Caisse de dépôt et de placement du Québec and the SGF and other financial institutions in that Province.

I could send my honourable colleague clippings from the Francophone press, which would give him some idea of the opposition to this Bill in Quebec. The Montreal *Gazette* takes the same stand. Therefore, in view of major objections by the Chambers of Commerce of Montreal and the rest of the Province, and by businessmen who are asking the Government to withdraw this defective Bill, will the Leader of the Government advise the Government to withdraw this legislation? Could the Leader of the Government give us further details at our next sitting? Can the Leader of the Government give me the assurance that this Bill will die with the present session?

[*English*]

Senator Olson: Honourable senators, I cannot give that assurance, because that is not the intended and stated policy of the government.

[*Translation*]

Senator Asselin: Is it the intention of the minister to move a motion at the end of this session so that the bill will be re-introduced unchanged and at this stage in the next session?

[*English*]

Senator Olson: Honourable senators, my honourable friend knows that there cannot be a commitment from one session of Parliament to the next session. However, with respect to the amendments placed before the committee for its consideration by the minister, the Honourable Judy Erola, views have been expressed on the method of dealing with some of those amendments as well as with others. The one that I explained a few moments ago appears to be worthy of serious consideration. The minister gave an undertaking that she would consider the views expressed and might again appear before the committee with further modifications. That is still the position of this

government. November 3, 1982, is the date provided in the bill, and that date is still valid.

[*Translation*]

Senator Asselin: In the other place yesterday, in answering questions from Mr. Clark and other members concerning this bill, the Deputy Prime Minister stated that the bill is before the Senate and that it could not be debated in the House of Commons at the same time. However, we can talk about it in the Senate. Could the Leader of the Government tell us the nature of the other amendments which the minister, Mrs. Erola, wants to introduce in committee to improve the bill?

[*English*]

Senator Olson: It is possible that some of those matters could be discussed. If I recall correctly, the honourable senator was present for at least part of that meeting. I know that Senator Tremblay was present throughout the meeting. A number of matters were discussed including that of ensuring the continuation of, I believe the term is, grandfathering the rights respecting shares already held. The government is now giving consideration to an amendment that would accommodate the views expressed, at the same time keeping in mind the fact that the date and principle involved in the bill remain government policy.

As I have already explained—and I see no reason why I should have to repeat it—some impressive arguments were made concerning the value of shares already held; in other words, the question of grandfathering those shares and also the voting rights. Once we have considered the matter to accommodate the legitimate views expressed, the minister will introduce a further amendment to give effect to those views.

[*Translation*]

Hon. Arthur Tremblay: I have a supplementary question for the Leader of the Government in the Senate. If I understood the answer correctly, further amendments will be moved by the cabinet minister responsible for that sector. My question is about the proceedings of the Committee on Banking, Trade and Commerce chaired by Senator Barrow. I know for a fact that several groups or institutions want to appear before the committee. They would like to express their views on the relative importance they attach to the amendments which have already been introduced. It would be imperative that these groups be made fully aware of all the amendments to be introduced. There have been four already so far. According to the newspapers and the remarks of the Leader of the Government, I have the impression that there will be more to follow up some of the remarks made before the committee. How will the committee be able to arrange its schedule to accommodate the organizations which have asked to be heard? That is my question about the committee proceedings.

● (1440)

[*English*]

Senator Olson: Honourable senators, we have heard a number of views on these matters over, as Senator Asselin pointed out, nearly a year now. It seems to me that it would be better for everyone who is keenly interested in this bill to wait to see the amendments first and then express their views. It may be that the amendments will be so acceptable that those interested will say, "The bill meets all our aspirations and requirements."

[*Translation*]

Senator Tremblay: I am not making a judgement on the value of future amendments in light of those which have already been introduced. I would not dare prejudge the value of future amendments. In any case, we agree that it is important for the groups which want to give their views on all amendments to be able to consider the latest amendments. Therefore, should I conclude that, if those amendments are tabled this or next week, the groups concerned will be invited to appear the following week? They have to know when they will be able to consider the new amendments. Therefore, if they are called before the Committee on Banking, Trade and Commerce, they will have some idea of the time they will be appearing.

[*English*]

Senator Olson: Honourable senators, Senator Tremblay knows as well as I do that he is asking his question not only of the wrong person but in the wrong context. The committee chairman and the steering committee make decisions as to who will be invited to appear before the committee. That is the way it has always been done. The honourable senator recognizes, as does the Acting Leader of the Opposition, the impropriety of my either denying or giving that assurance; that is up to the steering committee. It seems to me that, under the circumstances, the reasonable attitude is to await the amendments the minister proposes and then work out the other matter afterwards.

[*Translation*]

Senator Tremblay: We have no idea when the minister will introduce these new amendments. If I am talking to the wrong person when I direct my question to the Leader of the Government, I can very well put it to the chairman, since it has to do with committee proceedings. Is that what the Leader of the Government meant by his remarks? I can and will indeed do just that.

[*English*]

Senator Olson: Senator Tremblay should understand by this time that I have already indicated that the ministry is working on the amendments. That is clear and there is no question about it. I do not know what the chairman of the committee can say until he has seen the amendments. I am not even sure that he will call a meeting of the committee until the minister and her department have finished preparing the amendments for presentation to the committee. I see no purpose in calling a meeting until the amendments have been presented. Then the other questions, whether they be directed to the chairman of the committee speaking on behalf of the steering committee or to the Leader of the Government, can be answered with a little more precision. We have to wait until we have seen the amendments presented to the committee.

[*Translation*]

Senator Tremblay: Logically, a supplementary question stems from the answer which I have just been given. We have no idea when the minister will table new amendments—maybe this week, maybe next week, and maybe never. May we know at least whether the amendments will be tabled before the end of this session? The Deputy Leader of the Government said a moment ago that the session might be prorogued next week, nothing definite, but a possibility. Now then, will the amendments be tabled before the end of this session? If not, could the Leader of the Government tell us what procedure will be used so that the bill does not die on the Order Paper when the session ends?

[*English*]

Senator Olson: Honourable senators, I realize that Senator Tremblay is on a fishing expedition, although he legitimately wants the information. However, his questions are hypothetical. I do not know what day the amendments will be presented to the committee. What I am fairly sure of—and perhaps the honourable senator can ask the chairman—is that there will be no meeting of the committee this week. However, when the minister is ready, possibly next week, no doubt she will get in touch with me and the chairman of the committee to arrange a meeting so that she can present those amendments. So, no matter how concerned Senator Tremblay may be, he shall simply have to wait until the amendments are ready and until the rest of the process I have described has matured.

Senator Asselin: Honourable senators, I direct my question to the Chairman of the Standing Senate Committee on Banking, Trade and Commerce. Is it the intention of the chairman of the committee to convene a meeting of the committee on Bill S-31 before the end of this session?

Hon. A. Irvine Barrow: Honourable senators, I really do not know my intentions. I am waiting for the minister to bring forth her amendments and until the people required to appear before the committee have been so advised.

[*Translation*]

Senator Asselin: Honourable senators, I have a final question for the Leader of the Government.

We, of the Opposition from Quebec, are not alone in complaining about Bill S-31. Members of the Quebec Liberal caucus are also complaining. The Member of Parliament for Montmorency made a statement, as did the Member for Lévis. I would like to know whether the Member for Saint-Denis, Mr. Prud'homme, was speaking on behalf of the federal Liberal caucus when he replied to a question asked by the Leader of the Official Opposition simply by saying: "Do not worry about Bill S-31; it will die on the Order Paper in the Senate."

Does the federal Liberal caucus really believe that Bill S-31 will die on the Order Paper in the Senate as stated by the Member of Parliament for Saint-Denis, Mr. Prud'homme?

[*English*]

Senator Olson: Honourable senators, the Acting Leader of the Opposition hardly needs to go to the effort of conveying to me what members of the Liberal caucus have said from time to time, because I am keenly interested in what they say.

Senator Asselin: The only thing I can say to my honourable friend is that, if he wants to pass this bill before the end of this session, we on this side of the house will put up a good fight.

PENITENTIARY ACT
PAROLE ACT

STATUS OF BILL TO AMEND

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. Last spring, this chamber—and, subsequently, the Standing Senate Committee on Legal and Constitutional Affairs—was pressed by the Solicitor General to proceed with Bill S-32, to amend the Penitentiary Act and the Parole Act. The committee, chaired by Senator Neiman, held many meetings, including a number with the Solicitor General because of the pressing nature of the bill. That bill was passed by us on June 9, 1983. If that matter was as urgent and pressing as we were told, can the Leader of the Government indicate where it is now?

• (1450)

Hon. H. A. Olson (Leader of the Government): We are doing a quick check right now.

Senator Nurgitz: My information should be checked.

Senator Olson: I am not sure whether they have made any progress.

Senator Nurgitz: That is precisely my point. I was extremely interested in whether there had been any progress. We were informed that dangerous offenders were being released and that the streets would not be safe unless the Senate moved quickly. Could we have a report on the progress on this matter?

Senator Olson: The house leader is looking up that information, Senator Nurgitz. He usually has all these matters at his fingertips in order to make immediate responses.

In the meantime, I can deal with the other part of the question, with respect to the urgency expressed in the committee and on the floor here. I cannot really comment with respect to its still being the case or not in the other place. I cannot really say what will happen in the other place, although perhaps spokesmen for the government would make the same arguments. However, the old adage is just as true today as it ever was, that is, that government proposes and opposition disposes.

Senator Nurgitz: Are we to assume, without any information at all from the deputy leader, that the fault is the opposition's?

Senator Olson: Usually it is.

Senator Nurgitz: Usually it is, and I accept that. However, I understand that the deputy leader may have a substantive answer.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it appears on the order paper in the other place, as Senator Nurgitz knows, as an "S-" bill received from the Senate. The honourable senator already has that information.

With respect to where it stands in terms of priorities, I would like to make an up-to-date inquiry in order to have an answer for next week.

TRANSPORT

AIRPORT FIREFIGHTERS—HOURS OF DUTY

Hon. Jack Marshall: Honourable senators, I would like the Leader of the Government to take a question as notice for the Minister of Transport. It has to do with Transport Canada changing its regulations with respect to the number of hours that firefighters work protecting airports. The hours have been reduced from 16 to 12 hours. This situation is in effect at the Stephenville airport in western Newfoundland.

I cannot understand the justification with respect to reducing hours or the savings that might accrue, since Transport Canada has announced as an alternative that these firefighters would be called out on overtime, if necessary. In light of the imminent danger with respect to reducing firefighters' hours, can the leader determine from the Minister of Transport the justification for such a change in the regulations?

Hon. H. A. Olson (Leader of the Government): Yes, I will take that question as notice.

[*Translation*]

SENATE REFORM

REPORT OF SPECIAL JOINT COMMITTEE—DELAY IN TABLING

Hon. Jean-Paul Deschatelets: Honourable senators, I would like to ask the Deputy Leader of the Government a question. I would have liked to put it to Senator Molgat in his capacity of co-chairman of the Special Joint Committee on Senate Reform. I understand that this committee was to table its report on December 1, 1983.

Can we expect this report to be tabled on December 1 or will the Committee ask for an extension because its report will not be completed by that date?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we have already discussed this problem with Senator Molgat who is the co-chairman of the Committee.

It seems that the Committee is not ready to table its report. Senator Molgat has raised the possibility of asking for an extension. We are preparing a motion to this effect. He has informed me that it would be better to move a joint motion before both Houses of Parliament. I hope that you will realize as I do that this is what we intend to do. This motion will probably be introduced next week to provide for an extension until the end of January, 1984.

[*English*]

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin (Acting Leader of the Opposition): Considering the fact that the Senate will not reconvene until next week, I think it would be appropriate for us to know something of the peace mission to Asia of the Prime Minister and his retinue. We have been told that in Japan the Prime Minister met a very important and distinguished emissary from the Soviet Union and—

● (1500)

Hon. Royce Frith (Deputy Leader of the Government): If the meeting had not been unfavourable, you would not think that he was so distinguished.

Senator Asselin: It has been said that this emissary from the Soviet Union was not too encouraging about the peace mission of the Prime Minister of Canada. We have been told also that the Prime Minister sent an ambassador, Mr. Geoffrey Pearson, to China and to the Soviet Union to find out whether the Prime Minister's goals and objectives with respect to this peace mission would be well received in those two countries.

My question is: Can the Leader of the Government give us a report on what the cabinet knows regarding the achievement of the Prime Minister with respect to this peace mission?

Hon. H. A. Olson (Leader of the Government): I have already replied on one or two occasions with respect to the meeting between the Prime Minister and the senior official from the Politburo of the Soviet Union, Mr. Arbatov—a 30-minute meeting which took place, I think, in Tokyo. The Prime Minister has indicated that Mr. Arbatov said that he was not optimistic that the Prime Minister of Canada could be successful in modifying the views of the United States. That, of course, is not the total requirement. The Prime Minister's objective is to have all the nuclear powers raise their level of consultation and discussion on nuclear weapons in order to avoid an escalation of any series of events that would lead to the use of those weapons.

At the moment, I am unable to give a report of the mission of Ambassador Pearson. I think he is still in Peking, although today he may be flying back to Tokyo before proceeding to Moscow. I think that his first report of those meetings would be to the person who sent him, namely, the Prime Minister of Canada, so I am sure that Mr. Pearson will report to the Prime Minister first.

Hon. Eric Cook: Perhaps the Leader of the Government would tell us which Liberal rally we should attend in order to find out the details of those meetings.

Senator Olson: I was referring to the ambassador's report, and that would be to the Prime Minister, in the first instance. As soon as I hear the details of that report, I shall report to Senator Asselin and to this chamber the results of those preliminary discussions.

Hon. Joseph-Philippe Guay: I am sure that all senators are hoping that the Prime Minister will be successful in his mission.

Senator Olson: I am sure that we are all wishing that the Prime Minister will be successful in dealing with this terribly difficult situation.

Senator Asselin: I want to say to my good friend from St. Boniface that I have already conveyed to the Prime Minister my good wishes for his trip.

Senator Guay: I am very pleased indeed to hear that, and I hope that you are speaking for all of your party.

Hon. Richard A. Donahoe: Honourable senators, as a member of the Conservative Party, I would like to state that I certainly wish that the overtures being made by the Prime Minister will be fully successful. I am very interested in them and am exceedingly anxious to learn the results of his efforts at the earliest possible moment.

My supplementary question is: Can the Leader of the Government in the Senate tell us when the next Liberal convention or meeting will be held, so that we can plan to attend and hear the results announced at the earliest possible moment?

Hon. Jack Marshall: As long as it costs under $200 a seat to attend.

FOREIGN AFFAIRS

ARGENTINA—INAUGURATION OF PRESIDENT—CANADIAN REPRESENTATION

Hon. Peter A. Stollery: I have a question for the Leader of the Government, which he can take as notice.

In view of the fact that in Argentina, for the first time in over 40 years, a government has been elected that is neither a Peronist nor a military government, and in view of the fact that the Prime Minister of France and the Prime Minister of Spain will be attending the inauguration of the new President, together with a large number of other very important people, including the Vice-President of the United States, I would like to ask the Leader of the Government who will be representing the Government of Canada at this very important event which is, as I say, something that the people of Argentina have been awaiting for the last 40 years.

Hon. H. A. Olson (Leader of the Government): I can assure Senator Stollery that I shall put that question later today and, if a decision has been made as to who will attend this event, I shall obtain an answer.

FITNESS AND AMATEUR SPORT

EFFICACY OF TEAM SPORTS

Hon. Jack Marshall: I have a question for the Leader of the Government concerning the findings of a Canada Fitness Survey on Youth and Physical Activity. This survey, for some reason or other, blames the mediocre level of fitness of youth on the proliferation of team sports. This, to me, is a contradiction of everything that we have learned over the years and of what has been preached to youth, that team sport is the essence of comradeship and an aid to youth in functioning in society.

As a result of reading the article, it seems to me that the new Minister of State for Fitness and Amateur Sport, the Honourable Céline Hervieux-Payette, is in agreement with this report and I would ask the Leader of the Government to find out what further studies and discussions will take place to determine whether it is indeed true that team sports are now considered a detriment to the physical development of our youth.

It seems strange that the corporate sponsors and the executive directors of the administration of the Council of Amateur Sport have as their heading, "An Unbeatable Team".

Hon. H. A. Olson (Leader of the Government): The problem with that question is that there were at least three assertions in the preamble to it that were also questions. Senator Marshall, of course, is an expert at creating a debate in the preamble to his questions, and he has done a superb job again this afternoon. He is a master of the art, and I admire that, although I am not sure that it complies with the rules.

Hon. Royce Frith (Deputy Leader of the Government): It is a masterful non-compliance.

Senator Olson: As Senator Frith has just said, it is a masterful non-compliance with the rules. In any event, he says that it flies in the face of all the things that he has learned about sports; then he says that the minister seems to agree with it; then he comes up with two or three other arguments and finally he asks me if I can comment on it. If the minister has studied the report and is prepared to comment on it, I shall obtain that comment. I do not expect that that will be an answer to all of his concerns, and it is not intended to be.

• (1510)

Senator Marshall: During the new session we hope that the Committee on Social Affairs will have under its umbrella fitness and amateur sport. Would the leader promise to ask that committee to study this report and call witnesses on it?

Senator Olson: No, not in this case nor in the one raised by honourable senators a few minutes ago. Those matters, of course, can be brought up for discussion during steering committee meetings.

INDUSTRY

MAISLIN INDUSTRIES LIMITED—GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a very good question asked by Senator Roblin on October 11 concerning the government's security position on the assets of Maislin Industries Limited. Since this is the only delayed answer I have this afternoon, I shall read it into the record.

Honourable senators, the company's major operating subsidiary, Maislin Transport Ltd., was declared bankrupt on October 19, 1983. The Clarkson Company, which is the receiver for the Canadian Imperial Bank of Commerce, is

presently liquidating the assets of the company and applying the proceeds against the debts of the secured creditors.

The government's position is that it has given insurance of up to $27 million in United States funds to the Canadian Imperial Bank of Commerce for any losses which the bank may sustain on $32.5 million of United States funds in loans. Our position is secured by fixed and floating charges on all of the company's assets, plus the assets of all of the other subsidiary and affiliated companies.

Until such time as the receiver completes the liquidation of all these assets, it is impossible to calculate what loss the bank will sustain. However, the government's liability is limited to a maximum of $27 million in United States funds and it could be considerably less than that.

TRANSPORT

NEW BRUNSWICK—VIA RAIL SERVICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Riley on November 1, 1983 regarding Amtrak Trains.

I have been in contact with the Honourable Ed Lumley, Minister of Industry, Trade and Commerce and Minister of Regional and Economic Expansion. He has advised me that his officials are presently having discussions with railroads about the purchase of the two Amtrak trains. The minister has promised to keep me informed of the latest developments as they materialize, and I will keep honourable senators concurrently informed.

Hon. Daniel Riley: Honourable senators, I have a supplemenatry question for the deputy leader. He has quoted, I believe, Mr. Lumley with respect to ongoing negotiations. If we can believe the reports we read in the press, there is only one possible buyer of those trains according to Mr. Lumley: VIA Rail is the only possible purchaser. I have been told that, if the trains remain adaptable to the VIA Rail operations, they might cost as much as $51 million.

When I put that question to the Deputy Leader of the Government, I also asked who was responsible for the "boo-boo," but he has not told me that. Why are those trains rusting outside the Bombardier plant?

Senator Frith: Honourable senators, first of all, I have no information that anything took place that could be described as a "boo-boo," except by hindsight. I have no information to indicate that the decisions that were made at the time were "boo-boos"; obviously, no one can be held responsible for something that did not happen.

As to the choice between what the press says and what the minister has authorized me to say, I think it would be preferable to rely on what the minister has authorized me to say in Parliament rather than on what the press has quoted him as having said.

EMPLOYMENT AND IMMIGRATION

WRITTEN QUESTION NO. 130 WITHDRAWN

Hon. Jack Marshall: Honourable senators, with leave, I request that Question No. 130 be removed from the Order Paper. I have received an answer to that question directly from the Minister of Employment and Immigration.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Question withdrawn.

The Senate adjourned until Tuesday, November 29, 1983 at 2 p.m.

APPENDIX

(*See p. 6215*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (B) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1984

November 22, 1983

The Standing Senate Committee on National Finance to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1984, were referred, does, in obedience to the Order of Reference of Monday, November 14, 1983, report as follows:

The Subcommittee on Estimates, chaired by the Honourable Senator Doody, was authorized by the Committee to examine and report to the Committee upon the expenditures proposed in Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1984.

In obedience to the foregoing, the Subcommittee heard evidence from the following witnesses from the Treasury Board: Mr. J. L. Manion, Secretary; Mr. J. J. Noreau, Deputy Secretary; Mrs. Ruth Hubbard, Assistant Secretary; and Mr. Rolph Cook, Director, Crown Corporations Division, Program Branch.

Supplementary Estimates (B) totaling $1,893.4 million, is the second supplementary for the fiscal year 1983-84. The total 1983-84 estimates tabled to date are thus $90,251.5 million. Of the $1,893.4 million contained in these supplementary estimates, $77.6 million represent the net adjustment to items with a statutory authority. These payments are non-discretionary in nature. The remaining $815.8 million represent new spending authorities that Parliament is being asked to approve.

Treasury Board supplied the Committee with a list of $1 Votes included in these estimates, which is attached as an Appendix to this Report.

Secretary of State—Canada Student Loan Program

When the Subcommittee heard testimony on Supplementary Estimates (C) for the fiscal year 1982-83, it reported that it was concerned that the interest rates paid by the government and recipients of Canada Student Loans to designated lending institutions were substantially in excess of the prime rate. Upon investigation, it learned that the Canadian Bankers Association, on behalf of its members, have approached the government to change the legislation in such a way as to tie interest paid on student loans to the prime rate. However, to date, the Subcommittee has not received any answer as to why the government has not done so or if it plans to make such changes in the future.

Secretary of State—Education Support Programs Branch

The Subcommittee learned that the Secretary of State has requested $1.45 million for expansion of its post-secondary education statistics collection. While the Subcommittee recognized the need for the federal government to have such data available when negotiating fiscal transfers for education purposes with the provinces, it indicated that greater collaboration should be done with the provinces and Statistics Canada to insure that data of this kind are consistent regardless which level of government does the collection and that there is no duplication of effort between the two levels of government.

Errors in the Estimates

When the Subcommittee questioned the witness about the size of the budget for the Governor General, it learned that figures in the summary table overstated the figure in the detailed table in these Supplementary Estimates by $7.9 million. Upon questioning this discrepancy, the Subcommittee learned that the summary table contained a typographical error and that the detailed table was correct. The Subcommittee indicated strongly that when errors of this nature occur and they are known, an "Errata" should be published, or at least presented to committees of Parliament in order to reduce any confusion that may arise.

Respectfully submitted,

D. D. EVERETT,
Chairman.

APPENDIX

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (B), 1983-84

The 11 One Dollar Votes included in these Estimates are listed below by ministry along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The category for each vote has been designated by an "X".

a. Seven votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

b. Three votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

c. One vote which authorizes the amendment of the Adjustment of Accounts Act. (An explanation is provided in the attached Appendix.)

Page	Ministry	Vote	Categories a	b	c
46	Energy, Mines and Resources	26b	x		
78	Fisheries and Oceans	10b		x	
104	Industry, Trade and Commerce	1b	x		
104		10b		x	
108		45b	x		
108		50b	x		
150	Public Works	6b			x
194	Transport	1b	x		
196		10b	x		
200		55b		x	
212	Veterans Affairs	1b	x		

November, 1983
Estimates Division

Additional Explanation

Public Works

Vote 6b—Authority is requested to amend the *Adjustment of Accounts Act* to:

—provide for the inclusion of authority to permit the use of inter-program charging by the Construction Services Resolving Fund within the Department of Public Works; and

—increase the drawing authority of the Fund by $95 million to a total of $150 million.

Explanation—The Construction Services Revolving Fund of the Department of Public Works was established as a Working Capital Advance Account by *Appropriation Act No. 2*, 1967. The initial drawing authority of the Account was $10 million. This authority was later increased to $55 million through the use of several Appropriation Acts.

This Account was included under the *Adjustment of Accounts Act* (1980) as a Revolving Fund. Section 33 of the Act includes authority to amend certain sections of that Act through an Appropriation Act, including Section 26 which deals with the authority for making payments out of the Fund and with the amount of the drawdown authority.

The inter-program charging authority is needed as a result of a recently approved revision to DPW's Program Structure whereby the Services Program (through the Revolving Fund) is to charge other Programs of the Department for its services in exactly the same way as DPW's reimbursing clients (such as Correctional Services, Royal Canadian Mounted Police, etc.) which now pay for these same services. These new arrangements will enable the Department to initiate the changes required for the eventual implementation of revenue dependency.

It is also proposed to increase the existing drawdown authority to a maximum of $150 million. This increase of $95 million is required to permit the Revolving Fund to carry out an expanded volume of business operations resulting from:

(a) Implementation of the inter-program charging referred to above;

(b) The transfer of responsibilities from Public Works to the Canada Post Corporation and the Ministry of Transport (Marine); and

(c) Additional volumes of business due to New Employment Expansion Development and Special Recovery Capital Projects Programs carried out through the Fund for other departments and agencies.

THE SENATE

Monday, November 28, 1983

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-96, to amend the Financial Administration Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, before leave is granted to move the motion perhaps this might be an appropriate opportunity for the leader of the house to tell us what the total program will be for the balance of this week in order that we can understand how this request for special procedure fits in with our total picture.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, first, I would like to welcome back Senator Roblin as Acting Leader of the Opposition.

Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, I have been discussing the plan with Senator Roblin's colleague, Senator Asselin, and I hope it is a plan we can achieve.

There will be three messages from the Commons this evening. The first one with respect to Bill C-96 has just been read by His Honour the Speaker. We will also receive messages with Bill C-172, to amend the Labour Adjustment Benefits Act, and Bill C-171, to amend the Garnishment, Attachment and Pension Diversion Act.

If leave is granted I will present government sponsorship of these three bills this evening at second reading. Then if there are senators opposite who wish to speak to these bills they will be given the oportunity to do so. I might say that these three bills are more or less routine, although not totally. I do not think they are controversial. We may be able to complete second reading of these three bills tonight but, of course, that is not necessary since there will be no Royal Assent this evening. We would then meet tomorrow at 2 o'clock in order to have our Question Period, and also to deal with anything left over in terms of second reading debate with respect to the three bills I have just mentioned.

It is almost certain that the appropriation bill will pass the other place at 5.45 p.m. tomorrow. There is also a very good chance that Bill C-170 will also pass the other place tomorrow. This means that there will be two more bills ready for our consideration by tomorrow evening. We will then ask the Senate to sit tomorrow evening in order to deal with the two bills I have just mentioned.

Since Senator Bonnell's committee, the Standing Senate Committee on Health, Welfare and Science, will wish to deal with Bill C-170, if we receive it, I will be asking the Senate to approve a pre-study of it. I will then be asking permission of the Senate for that committee to sit while the Senate is sitting tonight, and perhaps to continue tomorrow morning. This would bring us to the 2 o'clock sitting tomorrow afternoon.

As I have said, we would then also sit Tuesday evening in order to deal with the appropriation bill and Bill C-170. We would then give the committee a chance, if it so wishes, to meet on Wednesday morning. We hope to have Royal Assent and prorogation Wednesday afternoon by 3 o'clock.

If everything I have outlined up to now takes place, we will ask the Senate to sit at 11 o'clock on Wednesday morning in order to receive the committee's report on Bill C-170. This, of course, assumes that the bill will have gone through the stages I have mentioned. We would then reconvene at a time agreed upon, perhaps 2 o'clock, and then have Royal Assent. We would then prorogue with a prorogation speech to be delivered at about 3 o'clock on Wednesday afternoon.

At the moment I cannot give honourable senators the exact date on which we will resume after the prorogation, but I am reasonably sure it will be during the following week, probably Wednesday or Thursday. We would then begin a new session with a Speech from the Throne.

Those are the plans, honourable senators. I know that things can change. In a sense they are plans, predictions and hopes. However, Robbie Burns' law and Murphy's law apply here, as I suppose they do everywhere in the universe, so we cannot guarantee anything. This is the program we are asking honourable senators to support for the next three days.

Senator Roblin: I thank my honourable friend. My colleague, Senator Asselin, has outlined to me the conversations he has had with Senator Frith so the rough outline of what he had to say is familiar to me on that account. I suspect that Bills C-96, C-172 and C-171 will not cause us much problem because they are not of a highly contentious nature, and they can probably be dealt with expeditiously.

The fisheries bill is a horse of a different colour. It is a very difficult bill and we are going to have to take advantage of all the time we have to give it proper consideration. Therefore I agree with my honourable friend that it would be a good thing to proceed with the pre-study of the fisheries bill as early as possible. It would be advantageous, however, if the committee could be supplied with the amendments that are being considered, some of which have been accepted in the other place and others which have been proposed, so that the committee will have the full picture on amendments agreed to and amendments that are possible for their consideration. I think that those of us on this side of the house would be disposed to agree to those exceptions to our rules to enable us to complete debate on this bill in order that we may prorogue at the time that has been suggested. I would be quite willing to accept the suggestion that the house meet on Wednesday morning, if necessary, in order that we have as much time as possible to debate the fisheries bill.

Senator Frith: Honourable senators, Senator Roblin's suggestion with regard to the information on the amendments on the fisheries bill is not only reasonable but desirable. The chairman of the committee, Senator Bonnell, is here and I am sure has made a note of that suggestion and, if the Senate gives the permission that I shall be asking for shortly, Senator Bonnell proposes to have a meeting of the committee this evening at 8.30 with the minister in attendance.

Hon. Richard A. Donahoe: Will the deputy leader permit a question concerning the activity on Wednesday afternoon? As I understand it, we shall be proceeding to prorogation on Wednesday afternoon and the deputy leader, in describing it, used the words "prorogation speech". Can the deputy leader give us any indication as to whether the prorogation speech will be as protracted as the session has been? I ask that in all seriousness because of my own commitments on Wednesday afternoon, and in order that I shall know whether I can plan to be elsewhere at a certain hour in the late afternoon.

Senator Frith: Honourable senators, I shall attempt to obtain a more accurate estimate as to the time element, having in mind any travel plans that honourable senators might have.

Perhaps the only way I could answer the question about the relationship between the length of the session and the length of the prorogation speech would be to look at previous prorogation speeches, calculate how long they were and make a mathematical comparison to the length of the session that they prorogued. I suspect, if I did that, I would share Senator Donahoe's concern that the speech might be rather protracted. However, I shall attempt to obtain a better estimate as to how long the proceedings might take because, as I say, the plan is that we shall prorogue at 3 p.m. I thought that meant we would have all the speeches and Royal Assent before that time and then actually prorogue at 3. However, I shall find out for sure and report to honourable senators tomorrow.

Hon. Jack Marshall: Might I ask the deputy leader if there is a deadline on completion of the debate in this chamber on Bill C-170?

Senator Frith: Honourable senators, the government has made it clear that it wants this bill passed before prorogation, and if it is not passed it will die on the order paper. I would not like to use the word "deadline", but certainly the government is very anxious to have that bill passed before prorogation, and that is why we are going to have these extended committee meetings. As I said earlier, we have that as a target to shoot for. Whether we shall achieve it remains to be seen.

• (2010)

Senator Marshall: Honourable senators, because there are many aspects of the bill which affect each of the four Maritime provinces—aspects which will cause longer debate in the committee and in the chamber—does the deputy leader think it is fair that the Senate should be presented with a controversial bill, a bill which has taken approximately three weeks to be passed by the House of Commons, just before prorogation?

Senator Frith: Honourable senators, I would rather not comment on whether something is fair or not.

What we are trying to do is make as much time available to the committee as is possible so that as many witnessess as are available can appear before the committee. We are also providing time to the committee so that it can profit from some of the study which was conducted by the committee of the other place, although it cannot necessarily benefit from all of that study.

Whether or not it is fair to ask the Senate to pass this bill by Wednesday I would leave until we see how the committee does and what it recommends. On Wednesday, when the committee makes its report, we will find out whether the committee members thought they had enough time to consider the bill, given all the circumstances. I would not want to prejudge that.

Senator Marshall: I should like to ask the chairman of the committee whether it is his intention to call a meeting of the steering committee so that we can decide on what witnesses will appear before the committee. Evidently, there are many independent fish processors across the country who are not aware of this bill. What is the intention of the chairman of the committee with respect to getting the committee in motion?

Hon. M. Lorne Bonnell: Honourable senators, the bill has not been referred to the Standing Senate Committee on Health, Welfare and Science yet, and perhaps it will not be referred to that committee. However, in the event that the bill is referred to that committee, I, as chairman, have had the minister stand by to answer questions on policy this evening, and after that meeting is over the members of the committee will decide on which way to proceed.

The minister will be present in the House of Commons for third reading tomorrow, so I thought we should have him appear before the committee this evening so that we can ask him questions on policy.

Hon. Orville H. Phillips: Honourable senators, with respect to prorogation on Wednesday afternoon, I fail to see the necessity of a deadline. The new session will not commence until next week, as I understand it. I can recall a prorogation

taking place in the morning, with a Throne Speech delivered in the afternoon of the same day.

The members of the House of Commons can go home on Wednesday afternoon and the Senate can continue with its study on the supplementary estimates and Bill C-170. I am sure that most of the people of Canada would not mind if the members of the House of Commons went home or went to Rangoon. They are fed up with the House of Commons anyway. That would allow the Senate to do its job in a proper manner with respect to both pieces of legislation.

Senator Frith: Honourable senators, that option is open and has often been the situation in the past. We could adjourn for a short period and then resume for half a day and prorogue in order to commence the new session. That option, as I said, is available, but so is the one I have just outlined, which is the one the government wishes taken.

Hon. C. William Doody: Honourable senators, my question is for the Chairman of the Standing Senate Committee on Health, Welfare and Science. Do I understand that there is to be a meeting of the committee this evening, and if so, where and when?

The bill is being referred to the Standing Senate Committee on Health, Welfare and Science, as I understand it. Is that the committee which studies fisheries?

Senator Frith: Until the new session commences.

Senator Doody: I knew that the industry was in bad shape, but that's ridiculous. Could the chairman comment on that?

Senator Bonnell: Honourable senators, as I said earlier, no legislation has been referred to the Standing Senate Committee on Health, Welfare and Science. The Senate will decide to which committee legislation is referred, and if it should be referred to the Standing Senate Committee on Health, Welfare and Science, I have arranged for the minister to be available to answer questions of a policy nature. We intend to hold a meeting this evening at approximately 8.30 p.m. in room 356-S if the bill is referred to the committee.

Senator Doody: Is the minister in a position to be referred to another committee? Do we have a minister with a travelling portfolio, or something to that effect? I understand that he will go to any committee if, indeed we decide to send the bill to any committee this evening.

Senator Bonnell: Honourable senators, I shall be prepared to release him at any time.

Senator Marshall: Would the minister indicate to us whether the Minister of National Health and Welfare is standing by or the Minister of Fisheries and Oceans.

Senator Bonnell: I believe that they are all standing by to serve the country at any time.

Motion agreed to.

LABOUR ADJUSTMENT BENEFITS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-172, to amend the Labour Adjustment Benefits Act and to authorize certain payments in relation thereto.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H.A. Olson (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Duff Roblin (Acting Leader of the Opposition): Leave is granted for the motion, but I would like to ask when the bill will be distributed. In my file I do not see Bills C-96, C-172 or C-171. Have they been distributed?

Hon. Royce Frith (Deputy Leader of the Government): I have Bill C-172 and Bill C-171 in my envelope, and Bill C-96 has been there for some time. I am surprised that Senator Roblin does not have them.

Senator Roblin: I will look through my envelope and see if I can find them.

Senator Frith: I am glad to say that the versions that we have are the versions as passed rather than the first reading versions.

Senator Roblin: I only raise the subject because I have a rooted objection to passing a bill before I see it.

Senator Frith: Honourable senators, that point has been made before, and that is why I have always tried to ensure that the bills are distributed. When I was briefed on these bills, of course I was given copies of them, but I am not referring to those copies but to those that are in my package. There must be some mistake if they are not included in Senator Roblin's package.

Senator Roblin: My helpful colleague to my left, Senator Macdonald, has provided me with copies, so I am prepared to proceed.

Motion agreed to.

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-171, to amend the Garnishment, Attachment and Pension Diversion Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

• (2020)

Senator Olson, with leave of the Senate and notwithstanding rule 45(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

ATLANTIC FISHERIES RESTRUCTURING

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-170

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e) and rule 67(1)(k)(vii), moved:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the subject-matter of Bill C-170, intituled: "An Act to authorize investment in and the provision of financial assistance to the Atlantic Fisheries for the purpose of restructuring certain fishery enterprises", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

[*Translation*]

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable Senators, with leave of the Senate and notwithstanding Rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Health, Welfare and Science have power to sit during the sitting of the Senate today, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Martial Asselin: If leave is granted, as it probably will be since this was previously discussed with our Leader, will this prevent the Senate from considering the Bill in committee of the whole on third reading?

Senator Frith: No.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(*i*), moved:

> That the name of the Honourable Senator Petten be substituted for that of the Honourable Senator Thompson on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

[*English*]

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Asselin be substituted for that of the Honourable Senator Murray on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

ROYAL ASSENT PROROGATION

BROADCASTING ON CBC PARLIAMENTARY NETWORK

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

> That television cameras be permitted in the Senate chamber for the purpose of recording the Royal Assent and Prorogation Ceremony for broadcast on the CBC parliamentary network.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: By way of brief explanation of this motion, I inform honourable senators that we have received a request from the CBC parliamentary network to televise the Royal Assent and prorogation ceremony which will take place on Wednesday, if all goes as planned. I discussed this matter last week with Senator Asselin and will answer any questions that honourable senators may have about it.

Hon. Martial Asselin: Honourable senators, although I discussed the matter with the deputy leader last week, we did not have time to determine the main purpose behind the televising of this ceremony by the CBC network.

Senator Frith: That is right, honourable senators. When speaking about the television network, I underline the word "parliamentary." The televising will not be done by the CBC general network, in the sense that the televising of this ceremony is not like competition between the networks for the televising of the Grey Cup, or anything of that sort. It is all to be done under the auspices of the parliamentary network, but the CBC does take care of the actual televising for that network.

Honourable senators, I have made inquiries as to the costs involved in the televising. It will not cost the Senate anything to grant this permission.

Hon. Orville H. Phillips: Honourable senators, is there an hour specified in the motion?

Senator Frith: No, honourable senators, I did not specify either the hour or the day, because we do not know exactly when the prorogation ceremony will take place. I thought it would be better to ask for permission to televise the ceremony whenever it is. In that way, I will not have to make another motion for new permission if the anticipated time of the ceremony should change. In the event that the business of Parliament is prolonged and it becomes obvious that the ceremony will not yet take place, I will ask either to withdraw or to revoke the motion. However, assuming that the ceremony will take place this week, I think it better to leave the motion in its general form.

Hon. Daniel Riley: Honourable senators, I should like to know whether this means that we shall be tripping over cables and what-not in the foyer.

Senator Frith: Honourable senators, I expect that there will be some cables laid in the foyer, but I certainly hope that no one will trip over them.

Motion agreed to.

• (2030)

HEALTH, WELFARE AND SCIENCE

NOTICE OF COMMITTEE MEETING

Hon. M. Lorne Bonnell: Honourable senators, since the subject matter of Bill C-170 has been referred to the Standing Senate Committee on Health, Welfare and Science, as chairman of that committee I wish to advise the house that the committee will meet almost immediately in room 356-S.

Hon. C. William Doody: Honourable senators, I wish to congratulate the chairman of that committee on the speed, despatch and efficiency with which he has organized the meeting.

Hon. Senators: Hear, hear.

Senator Doody: Obviously the honourable senator is of cabinet calibre. Can he tell me under which of the three titles of the committee the fisheries legislation will be considered—whether health, welfare or science?

Senator Bonnell: Since the fisheries industry is a scientific matter, is good for one's health and is for the welfare of all, the matter has therefore been referred to my committee.

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Martial Asselin: Honourable senators, can the Leader of the Government give us a short report on the state of health of the two ministers who have been absent from the Senate for almost two weeks. Honourable senators expect to be accorded the privilege of having ministers present to answer questions.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I agree that it is extremely important for ministers to be present in the chamber to answer questions raised by honourable senators, particularly those from the opposition. It is also extremely important that in the interests of Canada's trade, ministers attend meetings and functions outside the Senate. I believe that Senator Austin is presently in China.

Senator Asselin: With the Prime Minister?

Senator Olson: I am not certain about that. I can say, however, that he is visiting China on government business, promoting trade with Pacific rim countries, which, as the honourable senator knows, is important to Canada's future.

Concerning Senator Argue, I understand that he has now been released from hospital. I have not spoken with him today, but I know that he was quite ill a few days ago. I cannot give the honourable senator any indication as to when Senator Argue will be returning to the chamber.

An Hon. Senator: He may be in Russia.

Senator Olson: No, he has been to Russia. For the information of honourable senators, I will inquire as to when Senator Argue will return to the Senate.

QUESTION PERIOD

INTERNATIONAL TRADE

DUTY ON IMPORTED AUTOMOBILES

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government. Approximately a year ago the Canadian government imposed extra duty on the importation of foreign cars. Is it the intention of the Leader of the Government to propose to his cabinet colleagues that duty on imported cars be reduced, and thus support his colleague, the Minister of State for the Canadian Wheat Board, in his efforts to sell wheat to Russia?

Hon. H. A. Olson (Leader of the Government): The honourable senator may not be correct in his comments concerning increased tariffs on foreign cars. If the preamble to his question is inaccurate, then it follows that I have no way of replying to the question.

Senator Phillips: Honourable senators, I disagree with the Leader of the Government that my statement is inaccurate. It is accurate. I ask the Leader of the Government if he supports his cabinet colleague, or his Senate colleague from Saskatchewan, in his efforts to have Canadians buy more Russian cars so that the Russians will buy more Canadian wheat?

Senator Olson: The honourable senator has asked a question that could be the leading edge of a debate and, it being that both he and I respect the rules of this place, I am sure that he would not like to enter into a debate during Question Period, no matter how brief.

[*Translation*]

CORPORATE SHAREHOLDING LIMITATION

STATUS OF BILL S-31

Hon. Arthur Tremblay: My question is directed to the Leader of the Government and concerns Bill S-31. There is every indication that the Bill will die on the order paper when the session is prorogued a few days from now. My question is as follows: Once this bill has died on the order paper, will financial institutions that would otherwise have been affected by this bill be released from any constraints that would have resulted from this legislation?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Tremblay will find a very complete and precise answer to the question he has just posed if he will refer to *Debates of the Senate* of last Tuesday. I recall that I chose my words very carefully in response to a number of questions posed that day. It is clear that the principles involved in Bill S-31, as well as the effective date of the application of those principles, remain, even though we will probably prorogue this session before Bill S-31 passes into law. At present the bill would be required to pass, not only third reading in this place, but all stages in the other place and Royal Assent. If Senator Tremblay will refer to *Hansard* at pages 6218 and 6219, he will find very carefully worded and precise answers to the question he just raised.

[*Translation*]

Senator Tremblay: I noticed how carefully the Leader of the Government answered Senator Asselin's questions as well as my own. I wanted to make sure that events and statements subsequent to the date on which the Leader of the Government answered my question had not altered the situation. Am I to understand from what he just told us that the principles and effects of Bill S-31 shall remain in effect even if the Bill dies on the order paper, when the session is prorogued within the next few days? This is an important question, because supposedly official spokespersons in the other place used terms which, actually meant—I am not quoting the exact terms that were used—that the Bill had been withdrawn or had died on the order paper. Among interested parties it was understood that as soon as the session was prorogued, the effects of this Bill would disappear. However, you have just told me that they would remain. I just want to make sure that your answer is clear and definite on this point, which is a major one for all concerned.

• (2040)

[*English*]

Senator Olson: Honourable senators, I should express my appreciation to Senator Tremblay for raising this matter again. However, I think the replies that I gave on November 22 are clear. I said very clearly there that the principles of Bill S-31 embody the policy of the Government of Canada. At that time, I also said that we are seriously examining the arguments that were made, and we shall come back to the committee with reasonable amendments that will not do damage to the principles of Bill S-31; amendments that will respect the previous position. In other words, honourable senators, it was never intended that this bill should diminish retroactively the value of shares, and so on.

However, I would point out to Senator Tremblay that he is getting into an area where I cannot reply. He has asked me for a statement of government policy; that is right and proper and I have given him that reply. If he wishes to take the next step and ask me for a legal interpretation, that is an improper question and I shall not even attempt to reply to it.

[*Translation*]

Senator Tremblay: I have no desire to engage in debate during Question Period. However, because of the way the Leader of the Government is opening the door to such debate, I shall repeat my question.

[*English*]

Senator Olson: This is not a period of debate; it is Question Period.

Senator Tremblay: However, the manner in which the Leader of the Government has answered my previous question has opened the door. He has argued that he does not have to give a legal interpretation of things of that nature and, in my view, that is pretty close to a debate.

However, in the interests of the Canadian public and the Canadian financial institutions in particular, it is an overall problem not only for the financial institutions in Quebec but in all of Canada. When the Leader of the Government says that the principles—and he has used the plural—will be respected, does that refer to the definition of a society and to the limitation in clause 6 to ten per cent of the shares in any corporation which, after November 3, 1982, a government will not be allowed to vote?

The Leader of the Government has said that all those principles, in the plural, will still be there and will still apply. As I demonstrated, I think, a year ago, those principles are present in various places in the bill. In my opinion, I am not asking for a legal interpretation; I am asking for a common sense interpretation.

Senator Olson: It is also partially a legal interpretation but I am not going to quarrel with Senator Tremblay about that for the moment.

The minister who is directly responsible, the Honourable Judy Erola, said that she intended to return to the committee with some amendments that were in response to—

Hon. Martial Asselin: That is not what she said last week. The Honourable Marc Lalonde said that the bill is going to be withdrawn; that it is going to die in this session.

Senator Olson: The bill is not going to be completed in this session. Everyone knows that, and there is no question about that—

Senator Asselin: The bill is going to die.

Senator Olson: Senator Tremblay asked me last week, and Senator Tremblay is asking me again, what the government's

policy is with respect to Bill S-31. He asked me two things. He asked me about the principles that were involved, as well as the effective date, and I would refer him to page 6218 of *Debates of the Senate*. I would assure him that has not changed since last week and suggest to him that, if he is receiving all of these comments from friends and colleagues in the financial community, he can reiterate very clearly what the government policy is. I do not need to repeat it a third and fourth time, because it was stated very clearly last week. It is clear to us, as well as to anyone else who wishes to make a reasonable assessment of what will happen in the remaining days of this session, that that bill is not going to pass all the stages necessary for it to become law before prorogation.

Senator Tremblay: Then it is clear—and correct me if I am wrong—that the status quo, so to speak, created by Bill S-31 on November 3, 1982 does remain, in fact, after prorogation?

Hon. Royce Frith (Deputy Leader of the Government): That is a legal opinion. It is the government's intention that it stays the same.

Senator Tremblay: Then my question is this: In practical terms for all of us concerned, are the effects the same as if Bill S-31 had been passed?

Senator Frith: No, of course not. That is a legal opinion. They have to judge that for themselves.

Senator Tremblay: You understand me very clearly. I am speaking in the name of those who wish to know how to behave after prorogation, since it has been clearly indicated that Bill S-31 will die. Common sense is telling them that there is no longer a Bill S-31 and that the limitations on all of their own actions have been removed. That is what they want to know.

Senator Frith: Let me try to explain once more, although I think Senator Olson's explanation was very clear. As long as Bill S-31, or any bill is not passed, it is not the law. It is simply an expression of government intention. It has been an expression of government intention until the present, and will remain so until prorogation. We now know, from what Senator Olson has told us, that it will continue to be the government's intention after prorogation. Therefore, the government is making it clear to everyone concerned that it is its intention to continue with the bill. So, anyone who governed themselves in terms of their investments, up until the present, on the basis of Bill S-31 did so because Bill S-31 was a clear expression of government intention, and what Senator Olson is saying to you is that it is still going to be the government's intention. Therefore, people will have to govern themselves as they have done up until now on the basis of their knowledge of the government's intention.

Senator Asselin: You want to save the face of the government.

Senator Frith: There is no face to be saved.

Senator Tremblay: Are we then to understand that we are operating under a system of government by intention, rather than by legislation?

[Senator Olson.]

Senator Frith: That is a conclusion which you have drawn; that is not a question.

Senator Tremblay: It is what you have said.

Senator Frith: No it is not; it is what you have said.

AIR CANADA

REFUSAL TO PUBLISH AUDIT REPORT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on October 19, 1983 concerning the Air Canada audit report, which I ask be taken as read.

Hon. Senators: Agreed.

(The answer follows:)

As Senator Nurgitz has indicated, the flying public has expressed concern about safety in the air as a result of a number of recent incidents. Transport Canada shares this concern and has responded in a number of ways to identify problem areas and take steps to ensure corrective action.

Air Canada hired a team led by Captain Buck, formerly of Transworld Airlines, to conduct an audit of their company and it is this audit report, the Buck report, to which Senator Nurgitz's question refers.

Honourable senators can appreciate that the Department of Transport does not consider it appropriate to release this report since Air Canada has chosen not to release it publicly themselves. Nevertheless, the report will be used by the Air Administration in the course of its own audit of Air Canada and any deficiency discovered in that audit will be followed up to ensure that all necessary corrective action is taken.

It is also because of the Minister of Transport's concern for the safety of the flying public that a public inquiry into the Gimli accident was initiated in Winnipeg on November 8, 1983. This will be an important forum at which factual information will be released to the public.

COMMUNICATIONS

POSSIBLE CLOSING OF CERTAIN CBC TELEVISION STATIONS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Muir on November 17, regarding the possible closing of certain CBC television stations. Because the answer is fairly long, I ask that it be taken as read.

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, let me assure you that this press speculation has no basis in fact. The CBC's owned-and-operated stations play a vital role in ensuring that their viewers have access to a distinctively Canadian television alternative.

The Minister of Communications has never suggested or contemplated the possibility that CBC owned-and-operated stations such as the one in Sydney, Nova Scotia, would be closed down. On the contrary, an essential goal of the government's recently announced strategy for broadcasting in Canada is to ensure that Canadians in all regions continue to enjoy access to an expanded range of Canadian programming. This objective would hardly be served by the demise of CBIT, Sydney, Nova Scotia, or any other CBC owned-and-operated station.

The government has been reassured by the Canadian Broadcasting Corporation that their owned-and-operated stations have an important place in their future corporate plans and that the CBC has no intention of shutting these stations down.

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senator Asselin on November 17 and 22, 1983, concerning the Prime Minister's initiative on east-west relations and international security, which I ask be taken as read.

Hon. Senators: Agreed.

(The answer follows:)

The Prime Minister's initiative on east-west relations and international security was discussed by the Deputy Prime Minister/Secretary of State for External Affairs and the American Deputy Secretary of State in the course of consultations on November 15.

The Secretary of State for External Affairs outlined the Prime Minister's primary purpose, which is to arrest and reverse the downward trend in east-west relations and thus reduce international tensions and the risks of confrontation. He referred to the Prime Minister's proposals, which relate to the need to restore confidence and re-establish high-level political dialogue between east and west and include a series of arms control and disarmament proposals.

The American government's official position is general support for the broad purposes of the Prime Minister's initiative, although they have queried some of the specific consultations on these points.

It is hoped that a meeting between the Prime Minister and President Reagan can be arranged in the near future. Arrangements have not been made at this time for a meeting with Chairman Andropov.

SASKATCHEWAN

WATER SUPPLY TO REGINA AND MOOSE JAW

Hon. H.A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Balfour on November 17, 1983, concerning the fresh water supply to the cities of Moose Jaw and Regina. May this answer be taken as read?

Hon. Senators: Agreed

(The answer follows:)

Over the years, PFRA has been involved in a number of studies relating to water supply for the cities of Regina and Moose Jaw. The most recent of these studies was completed in November 1982, at the request of the Province of Saskatchewan. This PFRA report, which was given to the Muirhead Committee charged by the Premier with reviewing Regina-Moose Jaw water supply question, provided brief technical assessments and cost estimates of five alternatives for resolving the two cities' water quality problem. The principal conclusions of the PFRA study were that:

(a) a granular activated carbon treatment system would be effective, would be the least costly of those schemes considered, and would be convertible to other uses should a different solution be adopted in the longer term;

(b) either a pipeline directly from Lake Diefenbaker to the Buffalo Pound Filtration Plant or a regional canal system would be effective in providing good quality water; and

(c) the regional canal system would potentially provide considerable other economic benefits.

Nonetheless the Muirhead report, released in January 1983, recommended the Lake Diefenbaker pipeline as the preferred solution. The water supply question for Regina and Moose Jaw has been under active consideration by the provincial and municipal governments since that time, and the province and the cities formally approached the federal government for assistance in funding a pipeline from Lake Diefenbaker in July 1983. This request was turned down by the federal side but a willingness to consider the activated carbon system and to participate with the province and the cities in the evaluation of long-term regional water supply options to meet the broader needs of Regina, Moose Jaw and southeastern Saskatchewan, including a joint assessment of the regional canal scheme, was made. To date, the province and the cities have not taken up the latter offer but have publicly taken the stance that the question has been studied at length over the years and that construction of the pipeline is the long-term answer. Thus, PFRA has not, to date, undertaken any further studies specifically related to the Regina-Moose Jaw water supply question.

However, the feasibility of a scheme identified as the "Riverhurst East Irrigation Project" is currently being investigated in co-operation with the Province of Saskatchewan and local farm organizations. This scheme would cover a significant part of the area which would be served by the regional canal alternative identified in the earlier Regina-Moose Jaw studies, but is being studied on the basis of its own merits, without consideration of

possible multi-purpose benefits. The identified potential for irrigation by farmers in this area was one of the factors which suggested the possible attractiveness of a regional canal scheme.

AGRICULTURE

NEW BRUNSWICK—LIVESTOCK INDUSTRY—ADJUSTMENT PROGRAM

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Muir on November 17 concerning federal programs available to assist in the transition of the New Brunswick livestock industry.

(The answer follows:)

As mentioned earlier, Crow Rate change would have little or no effect on the New Brunswick livestock industry. Nevertheless, the federal government is in the process of developing an initiative independent of Crow to assist the industry.

Agriculture Canada's Agri-Food Development Strategy for New Brunswick has identified the livestock industry as an important opportunity for development.

Senator Muir also asked on November 17 whether the Crow Rate change would have any effect on the New Brunswick livestock industry.

(The answer follows:)

1. Except for periods of distress grain sales, the price of grain on the prairies is generally the world price minus handling and transport costs. Under Bill C-155 the costs of moving grain on the Prairies will gradually increase from an average of $4.89 per tonne in 1982-83 to about $8.50 per tonne in 1985-86 and $25.80 in 1991-92. The effect of this increase would be lower prairie farmgate prices than if Crow remained.

2. An increase in the Crow rates will have little or no effect on the price of western barley in Eastern Canada and, therefore, the costs to eastern livestock producers, including those in New Brunswick, will not increase as a result. Western barley and corn compete as feed substitute in both the international and Eastern Canadian markets. Because of the dominance of corn in feed grain production, the price of barley is, for the most part, determined by the price of corn.

3. Agriculture Canada has estimated a combined reduction of about $12 million in eastern hog and beef production in 1990 under Bill C-155 relative to keeping the Crow. For New Brunswick dairy, cattle and poultry producers the effect would be negligible since dairy and poultry producers are protected from cost increases through the use of cost of production pricing formulas and feed grain prices in Eastern Canada would not change in response to increasing the Crow rates.

4. Livestock production in Western Canada would experience a moderate increase as a result of Crow rate change. This increase would be generated by relatively cheaper feeding costs. It is estimated that, under Bill C-155, western hog and beef production would increase by about $400 million, most of which would be exported to nearby states in the United States. On the cattle side, there would be a slowdown of movement of feeder cattle from Western Canada to Eastern Canada and this would have a positive effect on the cow-calf sector in Eastern Canada.

[Senator Olson.]

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. John M. Macdonald, with leave of the Senate and notwithstanding Rule 45(l)(i), moved:

That the name of the Honourable Senator Doody be substituted for that of the Honourable Senator Sullivan on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

• (2050)

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-96, to amend the Financial Administration Act.

He said: Honourable senators, Bill C-96 is an act to amend the Financial Administration Act. Honourable senators will be able to infer from its number that it has been on the Order Paper in the other place for some time. In reading through the bill, I have identified seven categories of amendments. What I propose to do is to read through those categories in order that you will have an idea of what subjects are dealt with in this bill and to give examples of the categories. With that in mind, I have gone through the bill and marked each clause in accordance with what category it falls into so that, if the examples I give are not sufficient, we can deal with particular clauses in the context of those categories.

The first category identified is the package of amendments for modernizing certain provisions regarding financial administration and controls. The example I can give you of the modernizing group is that at the present time the register does not permit the use of computer technology. Consequently, clause 14 of the bill, dealing with section 51, is a change to modernize the techniques. That is one example and there are others.

The second category would better be characterized as streamlining the law to express the principles or the end of a provision rather than the means to produce it. In other words, in some cases, the Financial Administration Act goes on at some length to describe how to do something without making

it perfectly clear what it is that is meant to be done. That group of amendments does that streamlining I have referred to. As an example I give clause 7, dealing with section 25.

The third category of amendments is what we characterize as deficiencies—that is, weaknesses—where it is clear that certain powers are to be given with regard to financial administration and control, but where there are deficiencies in terms of the techniques to bring them about. For example, under the Financial Administration Act, the government can guarantee loans and, of course, can honour those guarantees, but there is no expedient mechanism to do so. Up to now oftentimes special acts have been necessary to honour a loan guarantee.

Hon. Martial Asselin: A lien.

Senator Frith: Senator Doody has been very concerned about what he calls letters of comfort and it is really this deficiency that led to letters of comfort because, as I think Senator Asselin knows, there was a weakness in terms of actually carrying out the honouring of these guarantees. I am sorry that Senator Doody is not here because I would like to tell him that if we pass this amendment—-

Senator Asselin: We will let him know.

Senator Frith: Tell him that, if we pass this amendment, while I cannot say that letters of comfort are dead, I think their days are numbered.

The example there is clause 6 of the bill with regard to section 22.

Honourable senators, by way of a footnote, when I talk about a clause, I am referring to the bill; when I talk of a section, I am referring to the act.

The fourth category is a desirable one, which is to improve disclosures through public accounts to Parliament. An example of that is clause 8 regarding section 30.

The fifth category are changes to make the wording of the Financial Administration Act more consistent with the Auditor General Act. An example of that is clause 15, dealing with section 54.

The sixth category is tightening or strengthening the provisions regarding defalcations and, generally, regarding the handling of public money. An example is clause 20 respecting section 92 with regard to public money and property. Hard to believe though it is, although there has been power to deal with defalcations regarding the handling of public money, there has not been with regard to the handling of public property. This amendment remedies that defect and it is in clause 19 regarding section 91.1.

The seventh category is a general clarifying for greater certainty.

Honourable senators, I have marked my copy of the bill and, in the event that honourable senators want to read my speech in order to debate the matter according to my analysis, the clauses would follow in the manner I shall outline. The first part of clause 2 would be in category 5; the second part of clause 2(2) would be in category 7; clause 3 is in category 6; clause 4 is in category 2; clause 5 is category 6; clause 6 is category 3; clause 7 is category 2; clause 8 is category 4; clause 9 is category 3; clause 10 is category 7; clause 11 is category 1 as is clause 12.

I must pause there because although I know that my responsibility is to deal with appropriation bills and the speeches I have given with regard to appropriation bills have not exactly been what we might call best sellers. Honourable senators will recall that at the end of every appropriation bill speech I have given I have said that the ability to pay off loans in foreign currencies was due to a special section in the appropriation acts that I was presenting; but once we pass the amendments to the Financial Administration Act we will no longer have to do that.

• (2100)

I am glad to say that, if we pass the appropriation bill, this will be the last time we will have to do that because that is dealt with in this bill.

That is category one in clause 39(1) as it is referred to, and that is at the top of page 8.

Clause 13 is dealt with in category 3; clause 14 in category 2; clause 15 in category 7; clause 16 in category 4; and then that part of clause 16 dealing with section 56 is contained in category 3. Clause 17 is contained in category 5; and clause 18 is dealt with in category 6 as are clauses 19, 20 and 21. That takes us through to clause 22, which is dealt with in category 1. Clause 23 is dealt with in category 6.

That takes us to page 15 where we deal with clause 24 which relates purely to transitional matters. The consequential amendments are dealt with in clause 25.

Honourable senators, I have described the nature of the amendments. They are somewhat technical and have been through quite a bit of detailed study in committee and, generally, in the legislative process. I believe I have covered all the categories of amendments and would ask honourable senators to support this bill at second reading.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I am not sure whether it is the effect of jet lag or some natural deficiency from which I suffer, but I find my honourable friend's explanation rather unenlightening.

I could not follow his categories and I am not just sure what he was trying to explain to us. I think I found the root of the trouble, when he explained in his closing paragraph that this is a technical bill—and, believe me, it certainly is. It is not one of those bills that can be presented under any guise or principle which we usually consider at second reading. I have to admit it is a difficult bill to discuss.

I know the bill has been around for some time; indeed, when it was first introduced in the House of Commons, it was found highly objectionable. It gave the government the right to act in an arbitrary fashion to obtain information that should have been protected in terms of privacy; it gave the government the right to do things to which the Auditor General objected. It was simply not a satisfactory piece of legislation at all.

However, I think it only fair to say that the government was not insensitive to the criticism, because I notice that the bill we are looking at this evening is far different from the one first presented to the House of Commons. In fact, if you have followed the proceedings in the other place, you will have noticed that the bill is honeycombed with amendments that were necessary to strike out those objectionable matters contained in the first instance and to insert those ameliorating, softening phrases required to make it acceptable to the House of Commons.

I have had an opportunity of reading the proceedings in the other place, particularly those relating to amendments which modify the original bill and which bring it into a more acceptable frame than originally was the case.

It is quite impossible to discuss a bill of this kind. It contains umpteen different factors and umpteen different items which are not bound together by a clear principle of any kind, but are purely a succession of administrative changes the government thinks it requires to make the administration of the law easier. It is not possible to deal with it in those terms.

If we have the time to do so, I think we should give it a clause-by-clause examination. That, I suggest, would be best done in the relative committee where we will have an opportunity to ask someone like the Auditor General, who has a great interest in this matter since so much of it comes under his particular purview, to appear before the committee to deal with the clauses, tell us what they mean, whether he is satisfied with them and what other views he may have.

I do not propose to oppose this bill at second reading. It has had a pretty thorough review in the House of Commons. I must admit that the amendments introduced at the committee stage were unusual not only in number but in importance.

If there are no other senators who wish to speak to this bill, it seems to me that we would be well advised to give it a clause-by-clause review and refer it to the appropriate committee this evening. We can then have a proper examination of each of the clauses of what may, indeed, be an important measure.

Senator Frith: Honourable senators—

The Hon. the Acting Speaker: I have to inform the Senate that if the Honourable Senator Frith speaks now his speech will have the effect of closing the debate on the motion for the second reading of Bill C-96.

Senator Frith: Honourable senators, Senator Roblin has quite accurately said that this bill is one which really consists of technical changes. It certainly is not one which contains any clear overriding principle except that of wanting to improve financial administration and control.

I believe the categories I mentioned would be better and more easily followed in print than they could be verbally. It may be that I was too short in my remarks. However, I believe that examination of the bill and of the *Debates of the Senate* tomorrow will show that the categories I picked do cover all the types of amendment—namely, modernizing; streamlining; correcting deficiencies; improving disclosures; making the wording more consistent with the Auditor General Act, and tightening or strengthening provisions regarding default, which I think is an important category.

[Senator Roblin.]

Senator Roblin: That does not tell us a thing about what they mean.

Senator Frith: The only way to do that is to go through every single clause. That is why it seemed to me that the categories I gave would serve as some sort of guide in any study done in committee.

I do not feel that we should resist Senator Roblin's suggestion to refer the matter to committee.

I am sure the appropriate committee to which this bill should be referred is the Standing Senate Committee on National Finance. Therefore, when the bill receives second reading, I will recommend that it be referred to that committee for report before third reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

LABOUR ADJUSTMENT BENEFITS ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-172, to amend the Labour Adjustment Benefits Act.

He said: I would remind honourable senators that the act this bill amends was passed May 1, 1982. The act provides benefits to those older workers in designated industrial sectors whose unemployment insurance benefits have run out and who are unable to secure other employment. The general purpose of the act is to ensure that persons over 60, whose benefits have run out, will have an opportunity to receive additional benefits.

• (2110)

The general purpose of the amending bill is to improve the delivery of these benefits. In the administration of the act certain weaknesses were found. I think it safe to say that every one of the amendments before honourable senators will benefit the recipients or the entitled persons. The amendments are intended to make certain provisions of the act more generous, not more restrictive. One such amendment deals with lump sum pension plans. Its purpose is to make such plans more equitable in the sense that they are also more beneficial.

Honourable senators, some clauses of the bill deal with variations between the English and French versions of the act. Dealing with benefits, for example, the word "involuntary" appeared in the English version but did not appear in the French version. This bill removes from the English version the

word "involuntary" so that unions, employees and employers can make special arrangements on what would be "a voluntary basis" to enable more people to receive benefits.

The second problem addressed by the bill is known as the "Bill 20 problem."

[*Translation*]

That is the problem created by Bill 20, as it is designated in Quebec, which will come into force in January 1984, I believe; as a result of this bill, a person aged 60 will have the option of selecting a benefit calculated on an actuarial basis.

Because of the way the legislation we are trying to amend is drafted, the result would be that some people between the ages of 60 and 65 would lose their eligibility.

The purpose of the amendment is to make the two bills compatible and to avoid the possibility that some people between the ages of 60 and 65 might no longer be eligible. There is also the fact that a great many Quebec residents receive benefits under the federal legislation. That is the main reason for these amendments related to the problem created by Bill 20.

[*English*]

Incidentally, honourable senators, the "Bill 20 problem" involves subsections 5.1 to 5.3 and section 6 of the act. The bill also deals with clarification of the original intent, found in clauses 2 and 4 of the bill which amend subsection 3(8) of the act, which deals with continuation of entitlement.

Following that, there is the question of deduction of survivors' benefits. The administration of the present law has resulted in the deduction of certain survivors' benefits from the benefits under the Labour Adjustment Benefits Act. The administration has been bound to do so because of the wording of the original law, and that has been considered to be a mistake because the intention was to have deductions apply only to earnings that are received. This makes sense because, if people receive earnings, it is reasonable that they should be deducted from the benefits. However, to deduct pensions from those benefits is not reasonable and clause 7.(4) respecting subparagraph 17(1)(b)(ii) of the act is there to correct that mistake.

The bill next deals with eligibility criteria, which involves the question of combining entitlement. In simple terms, the four basic designated industries are textiles, clothing, footwear and tanning. When adding up entitlement, one has to have a certain number of years of service in these designated industries. Strictly speaking, one would have to have served all his years of service in only one of those designated industries. Therefore, subclauses 5(1), (3) and (4), dealing with section 13 of the act, make it clear that any combination can be used. In other words, a person can count all of the time spent in textiles, footwear, tanning or clothing or any combination thereof when adding up his years of service.

The bill also deals with what is known as the "Rule of 80." It would seem that, for a rather dull subject, there are some interesting titles for the remedies. To qualify for special benefits under the Rule of 80, there are two basic factors or criteria. One must have a certain age and at least 10 years of service which will add up to the number 80. For example, if someone were 50 years of age and had 30 years of service, he would qualify. There has been an effort made to try to improve this rule so as to bring the age down a little below 50. Obviously, under the Rule of 80, one would have to begin working at a very early age in order to qualify. If it is worked out mathematically, it can be seen that the bottom age will be around 47, which, combined with enough years of service, could still provide a person with the qualifications to receive these special benefits.

Another problem dealt with by the bill—and this is still under the heading of eligibility criteria—is that of administrative delays. Simply put, there is a board which reviews eligibility, and there is often a delay between the time at which the application for eligibility is made and the time at which the board makes its decision. Should the board make its decision in favour of a person's receiving the benefits, and if, in that process, four or five months may have passed, subclause 6(1) ensures that entitlement would be received from the time the original application was made.

There are, contained in the bill, some technical amendments regarding the consolidated revenue fund. The payments are now to be made according to clause 11, which provides for a new section 29.1. The problem arises because there is sometimes difficulty in estimating the amount of money that the department wishes to set aside in order to pay these benefits. If the department runs out of money, a separate appropriation act is always required. Provision will now be made for this in the estimates, but not necessarily through a separate appropriation act. In other words, these provisions will now be the same as those which apply in the case of old age pensions and family allowances.

The seventh group of amendments deals with deductions for lump sum pension plans. This falls under clause 7 of the bill, which deals with section 17 of the act. A problem arose because there was a way to avoid the deductions if a lump sum was taken instead of periodic payments under a pension. That resulted in an inequity to people who did receive periodic payments. Therefore, it was felt that deductions should take place for those persons who could benefit from pensions, whether they be lump sum or otherwise; they are treated in the same way.

● (2120)

Finally, there are some regulatory powers to implement any lump sum deductions. In that connection I refer honourable senators to clauses 7(2)(5) and 10.

Honourable senators, to the best of my ability I have explained the problems addressed in the bill and the solutions offered. In my view, this is a salutary bill. If one is in favour of the concept of last resort for persons whose benefits have run out and who will find themselves in a difficult position with regard to finding other jobs, there is no question that the bill before us tightens up some of the weaknesses contained in the original legislation and generally provides improvement for the

benefit of eligible persons. Therefore, I ask honourable senators to support second reading of the bill.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I was wondering, not too seriously, whether Senator Frith would finally talk about some principle or other at this stage of the debate on second reading of this Bill.

I therefore admired his conclusion which, as I understand, simply means that the principle is explained in the Bill, or rather in the act amended by this Bill, and as for Bill C-172, if it has some purpose, it is to make the act better than it was before in the light of experience.

In fact, as noted by Senator Frith, the act being amended is quite recent. However, it deals with issues which concern important problems for the workers, especially in the sectors listed by Senator Frith, where there were some weaknesses that the legislation implemented a year ago attempted to correct. As evidence that the act implemented last year contained some valid solutions, there is the fact that, at least according to my information, labour organizations, unions and various groups directly involved in these especially weak sectors, made recommendations and suggested improvements on how to better achieve the purposes of the legislation.

Such is the thrust of those amendments, except for some changes of a purely technical nature ensuring agreement between both versions. These amendments, which I am not going to review in detail, include corrections suggested by the people involved based on experience as to how things could be better arranged without however changing the original intent of the statute now in effect.

Therefore, those amendments tend to reflect this still recent experience in order to better achieve the goals set by the legislation passed a year ago. To that extent, the principle is questionable.

There might be a few comments on details I have not very well understood, to which the amendment was addressed. It seemed to me that the original wording was more or less saying what the amendment does say. In that respect, on reading it, this is almost a technocratic masterpiece, but Senator Frith guided us perfectly well through that painful reading, and I do thank him for this. So, as far as we are concerned, there will be no problem about adopting these draft amendments on second reading. Nor shall we insist on having the Bill referred to Committee. If this matter can be expedited by having Senator Frith answer questions put by honourable senators, we are prepared to drop the committee stage after adoption of the second reading stage.

Senator Frith: Honourable senators—

The Hon. the Speaker: If Senator Frith speaks now, he will be closing the debate on second reading of this bill.

Senator Frith: Honourable senators, Senator Tremblay is right. I did not restrict the debate to the principle of the bill, which is entirely in order on second reading. I elaborated on certain aspects, as he pointed out, in order to avoid having to refer the bill to committee. I therefore move that the second reading of this bill be agreed to.

Motion agreed to and bill read the second time.

The Hon. the Speaker: When shall this bill be read the third time?

Senator Frith: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

[*English*]

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION ACT

BILL TO AMEND—SECOND READING DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-171, to amend the Garnishment, Attachment and Pension Diversion Act.

He said: Honourable senators, the bill deals with the right of a creditor to garnishee the wages of Senate and House of Commons members and staff. Honourable senators will recall that some time ago we passed a bill extending the right of garnishment in connection with members of the Public Service, but it was not clear whether that legislation applied to members and staff of the Senate and the House of Commons. However, a case heard in the Seventh Small Claims Court of Ottawa-Carleton in September involved an employee of the House of Commons, and the court's decision, rendered in mid-October, found that the act did apply to employees of the House of Commons.

The assessment of the amount owing was heard on Monday of this week. The employee involved has appealed the Small Claims Court decision. The ministry is satisfied that the appellate courts would uphold the decision of the lower court, but the appeal process would likely be lengthy and it seems clear that such a delay would not be fair to creditors. Hence, this amending legislation makes it abundantly clear that members of Parliament from both the upper and lower houses, and the staff of the House of Commons, the Senate and Library of Parliament, are subject to garnishment under the Garnishment, Attachment and Pension Diversion Act. This purpose is accomplished by creating a separate division to apply to the House of Commons, the Senate and Library of Parliament. At present the divisions are: (1) departments and certain crown corporations; (2) the rest of the crown corporations; and (3) Canadian Forces. The bill provides for a fourth division, namely, the Senate, House of Commons and Library of Parliament. The fifth division is a general category, which now exists.

Once the bill is passed, necessary regulations will go forward to the Governor in Council. As soon as the Speakers of the House of Commons and the Senate have indicated their approval of the regulations to the Minister of Justice, the way will be cleared for the regulations for the pension diversion portions of the act to be proclaimed into force early in

January, 1984. I therefore ask honourable senators to support the bill on second reading.

[*Translation*]

Hon. Martial Asselin: Honourable senators, after the impressive performance of my honourable friend this evening, considering the fact that a number of senators would like to hear the minister in the committee that is now sitting, considering the poor weather conditions, that people want to go home, and finally, that we should keep some work for tomorrow afternoon, I move the adjournment of the debate.

On motion of Senator Asselin, debate adjourned.

The Senate adjourned until tomorrow at 2:00 p.m.

THE SENATE

Tuesday, November 29, 1983

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

SENATE REFORM

FIRST REPORT OF SPECIAL JOINT COMMITTEE PRESENTED

Hon. Gildas L. Molgat, Joint Chairman of the Special Joint Committee on the Reform of the Senate of Canada, presented the following report:

Tuesday, November 29, 1983

The Special Joint Committee of the Senate and of the House of Commons on the Reform of the Senate of Canada has the honour to present its first report.

In relation to its Order of Reference dated Monday, December 20, 1982, your Committee recommends that it be reconstituted and that the matter of the Reform of the Senate of Canada, and the evidence adduced thus far, be again referred to the Committee as one of the first items of business in the next session of the current Parliament. Your Committee also recommends that the deadline for submitting its final report be extended to Tuesday, January 31, 1984.

Respectfully submitted,

SENATOR GILDAS MOLGAT
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Gildas L. Molgat: I move, with leave of the Senate and notwithstanding rule 44(1)(e), that this report be considered at the next sitting of the Senate.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit at 4.00 o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, the National Finance Committee wishes to meet at this time to deal with Bill C-96, referred to it last evening. I believe that there are some witnesses called to appear before the committee.

The chairman of the committee, Senator Everett, may want to take the opportunity at this time to announce details of where the committee is meeting, and who those witnesses are, if he thinks it appropriate.

Hon. Douglas D. Everett: Honourable senators, I assume that the meeting will take place in the usual committee room. The witnesses are to be the Comptroller General of Canada and the Deputy Auditor General of Canada. Those are, I think, the witnesses whom the Acting Leader of the Opposition requested and we agreed with him that those witnesses should be invited.

Hon. Duff Roblin (Acting Leader of the Opposition): I would like to thank my honourable friend for his diligence in this matter. I think the witnesses selected are the ones we want to hear from.

Senator Everett: Thank you.

Motion agreed to.

THE SENATE

REMOVAL OF SEATS FOR ACCOMMODATION OF TELEVISION CAMERAS

Hon. Daniel Riley: Honourable senators, I rise on a point of order. If Senator Charbonneau wishes to speak today, has provision been made for him to do so in the open, or does he have to speak from behind the "confessional shroud" that conceals the stand for the television camera.

Hon. Guy Charbonneau: It was suggested that I cross the floor and sit on the other side.

Hon. Royce Frith (Deputy Leader of the Government): And we have provided a confessional for him while en route.

Hon. James R. Balfour: He would need one.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

ALGERIA—REFUSAL TO ADMIT STANDING SENATE COMMITTEE

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to inform the Leader of the Government in the Senate that I have observed that the Minister of Agriculture reported that he has had a meeting with the Minister of Agriculture and Agrarian Revolution of Algeria, as well as with his Excellency the Ambassador of Algeria, Salah Mohamed Dembri.

I should like to ask my honourable friend whether this is the same Algerian ambassador to Canada who found it impossible to arrange for the admission to Algeria of the members of the Standing Senate Committee on Foreign Affairs who were visiting the Middle East?

Hon. H. A. Olson (Leader of the Government): I will determine whether he is the same ambassador who was involved in the refusal.

Senator Roblin: I can tell my honourable friend that my information is that the Algerian ambassador to Canada was requested to arrange for the reception of the Standing Senate Committee on Foreign Affairs that was travelling in the Middle East. That ambassador found himself quite unable to do so.

I should add to my question by asking my honourable friend to tell us whether he has now received any explanation from the Algerian ambassador with respect to why that courtesy was not extended to the members of that committee.

Senator Olson: No, I have not received any explanation. I should add that I have not sought one, although others in the Department of External Affairs or other departments may have sought an explanation. In any event, if one is now available, I shall obtain it.

THE GREY CUP

CONGRATULATIONS TO TORONTO ARGONAUTS ON WINNING CANADIAN PROFESSIONAL FOOTBALL CHAMPIONSHIP

Hon. Peter Bosa: Honourable senators, I should like to ask the Leader of the Government in the Senate, since he is a westerner, whether he has considered sending a congratulatory note to the Toronto Argonauts Football Club on the occasion of its brillant victory over the British Columbia Lions during the annual Grey Cup classic.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I had not considered that up to now. Let me now express my congratulations to the Toronto Argonauts football team, its players, managers and coaches, as well as to the City of Toronto. I do that very enthusiastically because, after all, my home province won it for so many years that I think it added something to the game to see the Grey Cup move to another city, particularly Toronto, since it has been 31 years since the Argonauts last won it.

Hon. Raymond J. Perrault: Honourable senators, as a governor of the British Columbia Lions Football Club, I wish to say that the West once again demonstrated its warmth and hospitality towards the East by hosting a Grey Cup game that generously permitted the East to win by one point. There should, however, be limits to generosity. We hope that next year, when the game is played in sunny and hospitable Edmonton, the result will be reversed.

In all seriousness, we commend the Toronto Argonauts for ending their long Grey Cup drought, one which has lasted since 1952. The drought for the British Columbia Lions has been just about as long, but we will win the Cup next year.

INTERNATIONAL TRADE

GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, I should like to take this opportunity to welcome the Honourable Senator Argue back to the chamber. I am pleased to see that he has recovered from his illness and trust that all symptoms have left and that there are no after effects. We have missed him and it is nice to have him back.

● (1410)

With that in mind, I would first ask him if he could give us some definition of which of the two contradictory statements on government trade policy would most likely be the dominant one. Is it the purchase of more Lada cars and Belarus tractors, or is it the Honourable Ed Lumley's attitude in which he feels that that is not the government policy but rather a personal opinion of the honourable senator?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I appreciate the remarks in welcoming me back to the Senate. I am pleased to be here, and I am grateful that I feel much better than I have felt in the recent past.

I have been endeavouring to promote Canadian trade and, in particular, Canadian exports of grain for many years, and, I think, in a rather successful fashion. I have also been engaged during part of that time, along with my colleagues, in ensuring that the agricultural and farm implement industries in Canada are healthy and have the chance to compete and grow. Evidence of that is the government's action in supporting the continuation of the Massey-Ferguson company, the Canadian Co-op Implement company and, more recently, the White Farm Machinery company. In order for those farm machinery companies to be successful in marketing farm machinery in Canada, I feel that it is absolutely necessary that farmers in western Canada have the kind of income that is required to buy substantial quantities of agricultural machinery.

Last year, we exported to the Soviet Union approximately $2 billion worth of goods, nearly all of which was grain. At the same time, we imported approximately $43 million worth of commodities, some of which was agricultural machinery.

While travelling in various countries of the world, including the Soviet Union and China, and at every meeting where this subject came up—and it came up at the majority of the meetings—I pointed out that Massey-Ferguson produces excellent combines, Versatile company produces fine tractors and Co-op Implements produces a broader line, and that we would like to see a wider purchase of these commodities. We, as a government, support multinational trade, growing trade and lower barriers to trade. In pointing out to western farmers that Belarus and Lada are companies that are in the Canadian market and that growing trade with the Soviet Union in my judgment is in the interests of all Canadians, I feel that I have been doing a service for everyone in pointing out the need to expand our trade and going in both directions.

Senator Doody: I thank the minister for his reply and I did not mean at any time to imply that he was not a dedicated and, indeed, an effective, salesman for the grain products of this country. Where I have difficulty is in trying to understand and relate the connection between government policy in relation to the manufacturing of motor vehicles, tractors and equipment in Ontario and the export policies of the minister's department. Are we to believe now that there is to be some connection between the sale of wheat and the purchase of Lada cars and Belarus tractors, or is this general concept that the minister was expressing the sentiments of the Minister of Industry, Trade and Commerce when he said that this was not government policy, and that Senator Argue was speaking in his capacity as the minister responsible for selling Canadian wheat abroad? I have some problems with that concept because I was always led to believe in my days in government office that when one spoke as a government minister one spoke with government authority and of government policy. There appears to be a contradiction here, and perhaps the minister would welcome the opportunity to clarify the matter.

Senator Argue: In my judgment, government policy is for a very large volume of trade for Canada in the export field, multinational trade, and a growing exchange of goods between our major customers and ourselves. I feel that what I have said is within the broad framework of that policy. I think the talk of conflict between ministers is in the mind of my honourable friend.

Senator Doody: I have one further supplementary question, and I pose it in my position as a senator from Newfoundland, which gives me probably an equal interest in both the motor car industry and the wheat and grain industry.

Is it the minister's opinion that the western economy would be better off if farmers and others in western Canada bought more Russian-built farm equipment and machinery and cars rather than the equipment manufactured in Ontario? Which would be most beneficial for the economy of the country; and which does the minister suggest should be the proper thrust for the populace of the country to take?

Senator Argue: I do not think we need to talk of one or the other. I say sincerely that I think it can and needs to be both.

[Senator Argue.]

Although no one in this chamber would wish to follow this route, I think the best way to make certain that we do not have markets for the products of the Canadian farm machinery industry in other countries, whose products we might buy, would be to forgo or to no longer be able to obtain the very large grain markets that we have obtained in recent years. Those mammoth sales of western grain have enabled farmers and other Canadians to buy the products of our industries in larger quantities and, in my judgment, have left room for a reasonable growth in goods that can be used in Canada produced in the countries that buy our grain.

I might say that I had the opportunity to visit East Germany when a three-year term trade agreement for the sale of grain was concluded and a general trade agreement was signed. That long-term grain agreement provided, in a term of three years, for the sale of $500 million worth of Canadian grain to East Germany.

Immediately those contracts and agreements were signed, we were invited by our German hosts to go to the Leipzig Fair. At the Leipzig Fair they showed us quantities of their industrial and farm machinery. The major company—which is the state company—producing and showing farm machinery, is a company called Fortschriftt. They showed us a huge combine — perhaps the largest combine I have ever seen. Farmers with us on the delegation were very interested in it, but said that we would have to have huge swaths to accommodate that machine. They said it probably needed dual wheels because, in our soil conditions, it would sink out of sight. They felt that the grain storage tank on the combine was probably too small for the size of the combine and for our conditions, and that it would require a number of trucks to keep it unloaded. The price quoted was rather low, and our farmers suggested that, if the company were interested in selling it, they should send it to the Prairie Agriculture Machinery Institute in western Canada for testing and, perhaps, for modification recommendations. Also being exhibited was a four-wheel-drive tractor that looked to be in the range of 110 to 115 horsepower. Again, our farmers thought that should be tested.

The feeling among the Canadian delegation was that, while we have obtained a market over a three-year period for $500 million worth of Canadian grain, we should say that our market is open to the machinery products of East Germany. We should say that we are willing to facilitate their appearance in our market by recommending that they have their machinery tested by the Prairie Agricultural Machinery Institute.

● (1420)

Trade, I believe, has to be a two-way street. I think that, by obtaining a large market for our grain, we can have the best of both worlds—namely, large grain sales, substantial and satisfactory production in Canada's farm implement industry, and sales of those machines within Canada.

Senator Doody: Honourable senators, I thank the minister for that lengthy answer. Perhaps the Leader of the Government would keep in mind, the next time he feels that we on this side are being unduly long in our questions, that there is a

certain balance in the same respect on the other side of the chamber.

My question was: Which of the two choices does the minister think would be most beneficial to the Canadian economy as a whole, his advice to the western farmers to purchase more Lada cars and Belarus tractors or the purchase of equipment built in Canada? The minister stood up and said, "Both." I would suggest, honourable senators, that probably the farmers can neither afford nor need both. Perhaps we will have to make a choice as to which direction we want to take. I hesitate, however, to provoke the minister, because I realize that it may take another hour or hour-and-a-half to get a response from him.

Senator Argue: Honourable senators, I do not agree with the implication of my honourable friend. The suggestion that a choice must be made between machines produced in some other country and those produced in Canada may or may not be a feeling that is held on the other side of the chamber.

Senator Doody: I was just asking.

Senator Argue: Honourable senators, I feel that, if we have a very large market for western grain, as we do now, and if we can hold, develop and expand that market, that is the best possible thing that can be done for the agricultural industry in Canada. I think it is necessary to recognize, at the same time, that some of those benefits which flow from the currency of other countries as a result of our grain sales may be used by our farmers to purchase some of their equipment.

I could remind the honourable senator that there is a third dimension to this matter. I understand that, in the first eight months of this year, our deficit in terms of agricultural equipment from the United States amounts to some $650 million. I would have to check that figure, but that is what I have been informed. Therefore, there are huge quantities of agricultural machinery purchased by Canadian farmers, in this free market system, from the United States. Once again, I think that if our markets are large and continue to expand, everybody gains, including the Canadian automobile and farm machinery industries.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have been interested in this discussion that the minister has instigated because, as a fellow westerner, I applaud, more often than I decry, his efforts and the efforts of the government to increase international trade. That is my view of things as well. What makes one wonder, with respect to the consistency of government policy, is not the minister's activities in selling abroad—which is a good thing, and the more he can do, the merrier—but the fact that the government apparently considers, while it espouses the expansion of international trade, on the one hand, that on the other hand it takes a protectionist attitude with respect to some aspects of Canadian industry, to the point of subsidizing otherwise bankrupt firms. My honourable friend has mentioned three such firms today—Massey-Ferguson, Canadian Co-operative Implements Limited and White Farm Machinery. They would all be broke if it were not for the government. This business of rushing in to bind up the wounds may be very good, from a social point of view. From an economic point of view, however, it certainly leaves question marks in my mind, particularly when I recall that it is the farmer in western Canada who, at least in part, must make good on these subsidies and support what the minister talks about. I will not, however, ask him a question on that subject because we have other business to attend to.

CANADIAN WHEAT BOARD

WESTERN GRAIN STABILIZATION ACCOUNT

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to ask the Minister of State for the Canadian Wheat Board a question about government policy respecting the Western Grain Stabilization Act. The minister is aware that there has been no pay-out on that account since 1978. The minister is aware that there are some $800 million in the kitty, a quarter of a billion dollars of which belongs to the western producers who put it there. The minister is aware that this is a cash support policy which is really not well designed to bring any monetary returns to the people who subscribe to it. I should like to ask the minister if he has plans to amend the provisions of this act. What is the policy in that respect?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank the honourable senator for his question. With regard to his statement concerning bankrupt companies that have been bailed out and his question about whether or not it was a questionable procedure, I would comment that if a huge, multinational company such as Massey-Ferguson is experiencing difficulties, and action by the Government of Canada—and, in the case of Massey-Ferguson, action also by the Government of Ontario—is helpful in maintaining the viability of that company in future, then such action has merit. Of course, the industry provides a good deal of employment in Canada, not only in the production of farm equipment but also on the service side. Some farm implement dealers, particularly large and successful machinery distribution agencies, have from 50 to 100 employees. The Chrysler Corporation was guaranteed certain sums, and the corporation is now a great success. I am hopeful that the companies that have been assisted may make the same sort of recovery.

I agree with the honourable senator that amendments to the Western Grain Stabilization Act are required. In connection with that statute there has accumulated over $800 million, and I believe that approximately four years have passed since any payment has been made. Under the act, for every dollar the farmers contribute, the government contributes two.

There have been many changes in our western economy since the act was first instituted, and it would appear that amendments should now be considered. Amendments at present under consideration, which I have discussed with the Advisory Committee to the Western Grain Stabilization Act, concern a possible reduction in the base period, within which the act operates, from five years to three years, and a change in the governing period on which payments are made into the

fund, from the current calendar year to the crop year. I am informed that those two amendments—and there may be others—would make the act much more sensitive and would likely result in earlier payments.

Some farmers feel that they should be given an opportunity to withdraw from the provisions of the act. Once they have stayed in for three years, if they have not elected to withdraw from the provisions, they are tied to it permanently. The suggestion has been made that after a period of 10 years they should be able to elect to withdraw. The act has now been in operation for approximately eight years and if this amendment were provided, then, two years from now farmers could elect to withdraw. If after two years they are aware that the act is more sensitive and has been operating favourably from the standpoint of the producer, they may agree to stay in the plan. I am of the view that they should have the opportunity to elect to withdraw, and there is the suggestion that it might be done at the end of the ten-year period.

In any event, amendments to the act are being carefully considered and I hope that action can be taken, and will be well received, resulting in the act being more sensitive from the point of view of payments to producers.

Senator Roblin: When the minister is reviewing the act, will he give consideration to approaching the problem from another standpoint? Essentially, the stabilization fund is a cash flow support system. It is possible to consider a price insurance system that will operate on much the same basis as the crop insurance system, namely, with premiums being calculated for each farm or district in the same way as the crop insurance system is handled, or in a similar fashion. It would give a better basis of support, namely, an insurance basis on price rather than a cash flow basis.

I notice that the Canada Grains Council has elaborated a plan to do just that. No doubt the minister is aware of it. According to the plan of the Canada Grains Council, it can be made actuarily sound by varying the premiums, whether or not the government participates. Will the minister give some consideration to that fundamental revision of the whole idea, rather than simply content himself with changing the present statute?

● (1430)

Senator Argue: Honourable senators, we are dealing with the question of whether amendments should be made to the present act so that farmers have access to a portion of the $800 million that is in the fund, which farmers in western Canada feel, as I do, belongs to them, because the act was put in place to be of assistance to them. The act has many things in its favour and is quite sound. However, since the coming into force of the act, circumstances have changed and amendments are necessary. This matter was carefully studied when the act was first put in place. I shall have my advisors look into the report of the Canada Grains Council and the remarks of and questions raised by Senator Roblin, as well as having them research the matter based on the principles the honourable senator has enunciated.

[Senator Argue.]

Senator Roblin: I urge the minister to do so because, at the risk of recounting some ancient history, I can tell him that when the matter of crop insurance was first mooted in the province of Manitoba, it was said by everybody that it could not be done. Yet, it was done by the provincial government, with substantial assistance from the federal government, to ease the burden of premiums paid by farmers. Since the inception of crop insurance it has proven to be a good measure. I urge my honourable friend to adopt the same attitude with respect to this proposal.

[*Translation*]

ALGERIA—REFUSAL TO ADMIT STANDING SENATE COMMITTEE

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. I am asking it in my capacity as Deputy Chairman of the Senate Committee on Foreign Affairs.

I was somewhat surprised to learn a few minutes ago from the Acting Leader of the Opposition that our delegation from the Committee on Foreign Affairs, which visited several Middle East countries and Algeria to discuss Middle East problems, was not received by the Algerian authorities, although an official request had been made to have the committee delegation meet with Algerian government officials to discuss that important issue.

Since Algeria is one of Canada's major trading partners, there has to be a reason behind this refusal to receive as prestigious a delegation as members of the Senate Committee on Foreign Affairs. As Deputy Chairman of the committee, I consider that gesture as an insult. I have the impression that Algeria's ambassador ought to be asked to give the Senate a convincing explanation for that refusal.

In my opinion, it is the duty of the Leader of the Government in the Senate to inquire from the Algerian ambassador and report to the Senate on the reasons why they refused to admit our delegation.

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have already given an undertaking that I will make an inquiry of the nature just described by Senator Asselin, through the proper channels, the Department of External Affairs.

LABOUR ADJUSTMENT BENEFITS ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-172, to amend the Labour Adjustment Benefits Act.

Motion agreed to and bill read third time and passed.

[*Translation*]

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Monday, November 28, 1983, the debate on the motion of Senator Frith for second reading of Bill C-171, to amend the Garnishment, Attachment and Pension Diversion Act.

Hon. Martial Asselin: Honourable senators, the Deputy Leader of the Government in the Senate, Senator Frith, gave a remarkable presentation last night of Bill C-171 which, in fact, is not meeting much opposition. He explained the provisions of this Bill so that we would be able to vote on the principle of this legislation. Previously, this legislation was passed as Bill C-38, an Act respecting garnishment, attachment and pension diversion, which has been in effect since March 11, 1983.

At the time, when we considered the Bill in the Senate, the purpose of the Bill was to eliminate the privileges of Members of the Senate and the House of Commons as well as those of employees of the Library of Parliament with respect to the garnishment of their wages. Legally, they were not employees as defined in Bill C-38. The purpose of Bill C-171 is to correct certain shortcomings of Bill C-38. Upon reading the proceedings of the debate in the other place, I found that there was a reaffirmation of the equality of all before the law, including members of the House of Commons and the Senate. They cannot be exempted from legal obligations that apply to all employees, including the right of garnishment.

Bill C-138 eliminated a form of privilege which is that the wages of the employees of the Crown were exempt from garnishment, based on the historic concept of royal prerogative, which holds that a court cannot move binding orders against the monies and properties of Her Majesty. It is a principle that is as old as our laws, namely, that the monies and properties of the Crown are inviolate. In the other place, some concern was expressed to the Minister that certain provisions of Bill C-38 might have been implemented before Bill C-171 was considered. Most of the debate was on clauses 2 to 4. They have been left pending until today, and now there is an attempt to overcome those shortcomings through Bill C-171. There has been insistence to have it promulgated as soon as possible, including certain provisions of Bill C-38 which have yet to come into force. Promulgation of this legislation has to take place before January 1, 1984.

That situation has been at the root of blatant injustices among certain classes of society. Family law has changed considerably in all Canadian provinces over the past ten years or so. In the past, divorce was a responsibility of the Senate. Now we have family law to implement the provisions of the Divorce Act.

Among people who must pay a maintenance allowance to their spouse, how many resort to every means possible to avoid that obligation? The old provisions did create a lot of injustice because the salary of a federal civil servant could not be garnisheed. After the adoption of Bill C-38, some provisions of the Act were not clear and certain experts claimed that those provisions did not apply to members of the House of Commons and of the Senate.

A significant ruling was made in a recent court case. I will quote excerpts from that ruling by a judge of the Small Claims Court of Ontario.

[*English*]

The facts underlying the dispute are that the government proposed and Parliament passed the Garnishment, Attachment and Pension Diversion Act, proclaimed in force on March 11, 1983. The purpose of the act was to eliminate the privileges under which public servants, unlike their private sector counterparts, were immune from court orders garnisheeing their wages. However, when Texaco Canada Limited decided to garnishee the wages of Mr. Dagenais, a House of Commons guard, arguments were advanced that the act was defective and could not apply.

● (1440)

On the one hand, Her Majesty, whom the act allows to be garnisheed, is not indebted to Mr. Dagenais because he is not an employee of Her Majesty. On the other hand, the act, in its present wording, does not eliminate the parliamentary privilege of the House of Commons, which does owe Mr. Dagenais his wages. More importantly, the act only protects Her Majesty, and not the House of Commons, from a claim for unpaid wages by an employee whose salary has been garnisheed.

On October 12, 1983, His Honour Judge Tierney of the Seventh Small Claims Court of the Judicial District of Ottawa-Carleton awarded judgment against Her Majesty. Since the judgment was against Her Majesty alone, it does not bind the House of Commons. The house was technically not a party to the proceedings and, in any event, it cannot, under the Constitution, in the absence of legislation to the contrary, be subject to a court order.

Any appeal from the judgment could be expected to emphasize to the court the importance of its ongoing obligation to defend the constitutional principle of the independence of Parliament. The Crown, the Senate and the House of Commons are separate constitutional entities, each entitled to the control and management of its own employees. The lower court decision, by supporting a major breach of the privacy of that employment relationship, is in violation of the constitutional principle affirmed at an early date in Canada's constitutional history by the Supreme Court of Canada in the *MacLean* case in 1881. On appeal, Mr. Dagenais would be in a position to emphasize that he is entitled to the rule of law and thus his wages should not be withheld until properly formulated legislation is in place.

It is clear that a legislative amendment, specifically binding the Senate and the House of Commons, is the only reasonable solution to the problem. The principles of the separation of powers and the independence of Parliament will be advanced by this amendment.

I have drawn to the attention of the house some of the problems which have been rasied by Bill C-38 which we hope

will be solved by adopting Bill C-171. Our party, therefore, will be voting in favour of that bill and it will not be necessary to refer it to committee. In my opinion, this is a purely technical means of solving the problem and we will, therefore, be voting in favour of the bill.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE ESTIMATES 1983-84

CONSIDERATION OF THE REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on Supplementary Estimates (B) which was presented on Tuesday, November 22, 1983.

Hon. Douglas D. Everett: Honourable senators, I rise to speak on the Report of the Subcommittee on Estimates on supplementary estimates (B). There is a certain amount of pretense in my action, for indeed the subcommittee is chaired by Senator Doody, who conducted the examination and will undoubtedly be speaking to the report that was tabled by me in the Senate last week.

I would like to take this opportunity to review with you, very briefly I hope, the work of the National Finance Committee during the time that I have been its chairman. When I became chairman in 1970, the committee dealt largely with examinations of the main and supplementary estimates and legislation relating to the control of government spending. We decided that we would expand the work of the committee and thought that the most profitable field would be government economic policy.

Accordingly, we embarked on an examination that resulted in a report in 1971 entitled *Growth Employment and Price Stability*. This report examined government economic policy, after hearing from witnesses throughout the world, including Canada, and gave a prescription for economic policy that, interestingly enough, was not accepted at the time but has largely been implemented more recently. In fact, the policy prescriptions that were laid out in that report, and that have been followed in the last two years, have resulted in a very major decrease in inflation in Canada. If those policies are adhered to, I believe that we will have non-inflationary growth and a return to reasonable levels of unemployment.

Following the conclusion of this report, the committee decided that the examination of the estimates was, to say the least, haphazard. At that point, the government was spending some $8 billion per year—and I might say parenthetically, according to the 1983-84 estimates, government spending is now $87 billion per year. However, in those days, the amount was $8 billion, and we felt that we really were not handling the matter properly. What we were doing was asking random questions that were easily handled by the bureaucracy. We learned very little and, indeed, had very little effect. Therefore, we decided that we would probably be more effective if we embarked on a detailed examination of a department or a program. We decided to make the subject of our first examination the agency that was then known as Information Canada. At that time, it was spending only $10 million per year and sounded as though it would be easy to look at. We could then decide whether or not we could prove our point. It turned out that the task was much greater than we had thought because it involved, in time, an examination of the vast apparatus of government information.

• (1450)

We made recommendations to improve the way in which information was disseminated, how the public could communicate with the government, and most importantly, how we could achieve efficiencies in government information services. Our recommendations were not accepted or implemented. However, we proved that it was possible for a parliamentary committee with limited resources to make a detailed examination of a government department.

In 1974 we embarked upon an examination of Canada Manpower, with a report issued in 1976. At that time that department was spending over $600 million a year. It became apparent that, in order to conduct such an examination, we would have to improve our support staff. We hired the Parliamentary Centre which is operated, as honourable senators are aware, by Peter Dobell. I do not think we could have made a better choice. I cannot say enough good about the work of the Parliamentary Centre, and how much it has done to make the committee more effective.

The report on Canada Manpower was produced in 1976, and action was taken by the Government on 52 of the 56 recommendations. Under Mr. Dobell's guidance, we also instituted a follow-up procedure. As honourable senators know, when a royal commission looks at a matter, it makes a report to the government and then dissolves. The one advantage that the Senate has is that it can come back again at a later date to see how the policy prescriptions that were accepted by the government have been implemented. Indeed, the committee has done just that.

In 1976 we undertook an examination of the Department of Public Works. That examination involved for the first time a complicated and highly technical area. Once again, a large percentage of our recommendations were accepted. Of those that affected the Treasury Board, 28 out of 34 recommendations were accepted. Of those that affected the Department of Public Works, 10 out 12 were accepted.

The major recommendation of that report was revenue dependency. What we had found was that the Department of Public Works paid most of the costs related to accommodation in government, and the government departments that used the accommodation paid virtually nothing for it. That, of course, is a prescription for cost overruns and ineffiency. Revenue dependency requires a department that uses accommodation to pay

market rent for it to the Department of Public Works, and to show that rent as a cost in its accounts. The Department of Public Works is required to operate within the income that is provided by those market rents. What that means is that the departments are far more careful about the amount of accommodation they take, and DPW has to be as efficient as a private developer in providing accommodation to government departments.

If there is any acheivement that the committee can be proud of—and there have been many over the years—revenue dependency is certainly one. A trial of the concept has been completed in Halifax and has been evaluated, and revenue dependency is now being fully implemented with a target date of 1986. I suggest to you, honourable senators, that the savings to the public of that innovation will more than pay for the services of the Senate since Confederation, if that is not too much hyperbole.

In 1978 the committee commenced an examination of the Department of Regional and Economic Expansion, but found that it could not confine itself just to the department, but that the committee had to look at the entire field of regional development. In 1982 we produced a report entitled *Government Policy and Regional Development*. I think we showed for the first time that a parliamentary committee can not only deal with the operations of departments and programs, but also the broad ambit of government policy in a certain field.

That brings me to what I believe are the accomplishments of the committee over the years. I think we helped to show—and I underline the word "helped"—that parliamentary committees can, through examination, influence government spending, departmental operations, the implementation of government programs, and indeed, basic government policy.

That can be done at a reasonable cost. It is interesting to note that the average expenditure of the committee over the 12 years from 1970 to 1982 was $38,500 per year, yet the committee held a reasonable number of hearings. During this session the committee held 72 hearings and the Subcommittee on Estimates held another 16 meetings, for a total of 88 meetings. It is interesting to note that the committee still carried out its general examination of the main estimates and supplementary estimates during that period, and dealt with all legislation concerning the control of spending by government.

In 1982 we created the Subcommittee on Estimates. It now handles all of the work related to spending estimates and is chaired by Senator Doody. That committee, under his guidance, has also embarked upon a major study on federal government support of investment in high technology. I think anyone who has attended meetings on the study on high technology, or on the examination of the main estimates, will agree that Senator Doody is doing an outstanding job.

Hon. Senators: Hear, hear.

Senator Everett: The idea of creating the subcommittee was to allow the main committee to spend more time dealing with government economic policy. That is one of the most important aspects of government policy, and yet there is not a committee of Parliament that deals with it. We thought that the National Finance Committee could provide an important parliamentary forum for that purpose.

As it turned out, because the composition of the main committee and the subcommittee was the same, and since the subcommittee was involved in a detailed examination of high technology, it was not possible to hold any hearings on economic policy.

That leads me to a suggestion. I believe that we should change our committee structure somewhat. I believe that the Subcommittee on Estimates should be made a full committee of the Senate. From now on it should be decided that that committee will be chaired by a member of the opposition and charged with the responsibility of dealing with the main and supplementary estimates and the national accounts. I think that the National Finance Committee should be merged with the Banking, Trade and Commerce Committee, and that committee should be known as the Banking, National Finance and Commerce Committee dealing with the subjects that the Banking, Trade and Commerce Committee deals with today, in addition to economic policy.

• (1500)

Essentially, there would not be much difference from what is going on today. What would be important is that there would be a spending estimates committee that would be charged specifically with that responsibility and that would have a name that would indicate what it does. It would be a full committee, under the chairmanship of a member of the opposition. If you wish to prove that that is a sensible thing to do, you only have to consider what Senator Doody has done with the Subcommittee on Estimates.

The Banking, Finance and Commerce Committee would then deal with the subjects of banking and commerce and government economic policy. I do not know whether the administration can find it in its heart to make such a change.

Hon. Duff Roblin (Acting Leader of the Opposition): Why not?

Senator Everett: Sometimes these changes are difficult to make, but I think it would be a very useful change and one that would work extremely well. Before honourable senators or the administration reject it, I should like you to think seriously about it.

Hon. C. William Doody: Honourable senators, I should like to take a few moments to comment briefly on Senator Everett's remarks. I had not expected to speak this afternoon on this particular topic. We have been going through a total immersion course in the restructuring of the Atlantic fisheries and we have been dabbling a little in the appropriation bill, Bill C-96 and various and sundry other bills.

Using the preamble as an apology, I should like to say a word or two on the comments of Senator Everett. As usual, he was eloquent and generous. I thank him very much for the kind words he said about me, although I fear that I deserve them not. The subcommittee has had the responsibilty of preparing a report on government involvement in high tech-

nology and whether or not it should support it. Since resuming after the summer adjournment, we have not had an opportunity to finish our report. We have been on the road with other matters, primarily Senate reform, which has taken up much of my time. If I may be bold enough to criticize this all-knowing and all-powerful government, they have not seen fit to supply enough manpower in this chamber to man the committees that we have, not to mention the special committees. We have a deficiency of approximately 20 members, and the demands on staff, rooms, facilities and accommodation are just far more than this establishment is equipped to bear. With that in mind, we have postponed, at least, the conclusion of our report, although most of our studies have been done. There are three or four other areas of the economy we would like to hear from, and fully intend hearing from, and I shall be back to our subcommittee members towards that end later on.

At this time I should like to ask my colleagues to seriously consider reconvening that subcommittee in the new session, if only for the purpose of concluding what I think is not a very large but a very important report.

On the various other studies of perhaps deeper content and more pressing moment that Senator Everett's committee has tackled in the past, certainly the one I am most familiar with is the review of government policy as it relates to regional development. The report was of a quality that engendered the praise that we received for Senate reports generally as we toured the country during the summer and fall on the Senate reform hearings. There was one common thread in all the testimony we heard— and there were many reservations about our legislative and regional representation functions. I do not think there was a dissenting voice about the quality of the committee reports and the contribution that they have made to the Canadian scene generally. I would place this regional development report high on that list. I very much regret that the government, in its wisdom or lack thereof, has seen fit to ignore most of its recommendations. Quite the contrary; they headed off in quite a different direction, and DREE is left withering on the vine before it really has had a chance to operate to its full potential. The directions that were pointed out or suggested in that report would have been worthy of review or more serious consideration than they in fact received.

I do not intend to comment at great length on Senator Everett's suggestion on the structuring of a new committee. I had not heard about the suggestion before and, obviously, it has merit on the surface, but I simply want to mention the same reservation as I had about committees generally, namely, that unless we get more people, more facilities and more interest among those people we now have, it would be very difficult and perhaps impractical to suggest setting up another committee. Certainly, the need is there and the work should be done, but we are going to have to devote ourselves to finding ways and means of doing the work we now have before us before we take on extra responsibilities. Who knows what direction we may take when Senator Molgat and his joint chairman descend on us with the wrath of the gods in their new report. We might all be on unemployment insurance this time next year.

Honourable senators, concerning the report of the committee, I can only say that this particular report is an ongoing addition to a series on the estimates that the government keeps sending to us and which we, in our wisdom and justice, look at as best we can. Obviously, we can have little impact on the amount of spending or on the direction of policy which government takes as it spends its way to perdition. Fortunately, the decision on whether or not their policies are wise and sensible and their restraint is indeed practised as loudly as it is preached, will shortly be made in another arena or forum out among the electorate, and I look forward to that with some satisfaction and anticipation.

There are various small errors and omissions in this particular set of the estimates, as mentioned in the report itself, but I see little merit in going through them. Once again, I congratulate Senator Everett and his committee on the work they have done and will continue to do, and I thank the Senate for its time and forbearance.

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate in this debate, this order is considered debated.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before we adjourn, to reassemble at the call of the bell at 8 p.m., I would like to say that we expect to receive this evening two more bills from the other place, one being the fisheries bill and the other an appropriation bill dealing with the supplementary estimates (B), which were the subject of the order just debated.

• (1510)

Hon. Duff Roblin (Acting Leader of the Opposition): Will a new scroll be published?

Senator Frith: Yes, I have just checked the draft. It will be distributed.

The Senate adjourned during pleasure.

At 8.10 p.m. the sitting was resumed

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

November 29, 1983

The Standing Senate Committee on National Finance to which was referred Bill C-96, "An Act to amend the Financial Administration Act" has, in obedience to its Order of Reference of Monday, November 28, 1983, examined the said Bill and reports the same without amendment.

Respectfully submitted,

D. D. EVERETT
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

ATLANTIC FISHERIES RESTRUCTURING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-170, intituled: "An Act to authorize investment in and the provision of financial assistance to the Atlantic Fisheries for the purpose of restructuring certain fishery enterprises".

Bill read first time.

SECOND READING

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

He said: Honourable senators, I take pleasure in moving second reading of Bill C-170 which is of such vital importance to Atlantic Canada and my province of Newfoundland. As all honourable senators know, its purpose is to authorize the government to invest in and to provide financial assistance to the Atlantic fisheries. More basically, it is enabling legislation. It will allow the government to take measures to deal with the severe crisis now facing the offshore sector of the fishing industry in Atlantic Canada. That is the immediate aim, to stave off imminent disaster. Even more important is the long-range objective, and that, honourable senators, is to reconstruct, to redesign this keystone sector of the Atlantic fishing industry.

As my honourable colleagues are aware, the industry needs this kind of basic change. Throughout its history, the industry has been plagued by economic collapse or by collapse of the fish stocks themselves. Ten years ago, for instance, the industry was facing a crisis caused by foreign overfishing. That state of affairs continued until 1977, when this country extended its area of control over fish stocks from 12 nautical miles to 200 nautical miles. I think it is safe to say that the 200-mile zone solved most of the biological problems. We have control over most of the stocks and we have used that control well.

Indeed, honourable senators, Canada's success in rebuilding stocks in the zone has won praise from fishing management authorities throughout the world. Since the 200-mile zone came into effect, Canada has become the number one exporter of fish and fish products, in terms of value, throughout the world. Yet in spite of these successes, the ironic fact is that, for most of the years since 1977, the Atlantic fishing industry has been losing money on a catastrophic scale. A team of independent management consultants has surveyed the performance, over this period, of 100 processing companies. It painted a grim picture of progressive decline. I shall cite just one example.

Hon. Martial Asselin: Was that the Kirby report?

Senator Petten: With respect to working capital, the excess of current assets over current liabilities, in 1977 the combined working capital of the companies in the survey was $21 million. In 1978 it was $36 million. In 1979 it was $26 million, and in 1981 it was minus $106 million. Once again, the bottom had fallen out of the industry—this time in spite of rising fish stock abundance; this time without any blame to be placed on foreign fishing.

We have to recognize that these were difficult financial times—years of high energy costs and high interest rates; years of world recession. Still, given our great advantages, such as proximity to the U.S. market and a relatively healthy state of the stocks themselves, difficult economic times do not, by themselves, explain such massive disaster. Clearly, honourable senators, there were inherent long-term problems. Clearly the time had come to correct these basic defects and to clear the way for the industry to capitalize on its advantages.

It was to exactly that end, Senator Asselin, that the government established the task force on the Atlantic fisheries, headed by Dr. Michael Kirby. The task force made its report early this year. The report has confirmed two things: first, that the industry does, indeed, have serious structural problems; secondly, that with these problems out of the way, it is endowed with sufficient inherent strength to be a rich and rewarding industry.

Canada should not only be the leading exporter of fish products in the world, Canada should and can be the home of the world's greatest and most efficient fishing industry.

Senator Asselin: Hear, hear.

Senator Petten: The potential has not yet been fully realized, but certainly it is there.

The first task is to deal with the current crisis. The deep sea industry has to be kept afloat as the first step in a long-range process. The deep sea industry has to become a more stable, more efficient industry—one that can compete successfully on world markets in good times as well as bad; one that can survive bad economic weather without falling apart.

We are talking about a formidable challenge, honourable senators. Since early this year, the Governments of Canada, Newfoundland and Nova Scotia, together with the large deep

sea companies and the banks, have been trying to fashion a co-operative strategy to deal with it. Now, after much effort and some difficulty, they have done so.

We now have a signed agreement between the federal government and the Province of Newfoundland covering the industry in that province. There is also an agreement-in-principle covering the industry in Nova Scotia. In addition, the Government of Canada has made a proposal to help reorganize the fishermen's co-operative in the province of Quebec, known as the Quebec United Fishermen, which represents approximately half the total employment in the Quebec fish processing sector.

Restructuring is only one of the industry's needs. At the most basic level, obviously, the industry needs to become economically viable. In more detailed terms, it needs to deal with problems of over-capacity, both ashore and at sea. It needs to get better at marketing. By improving the consistency of product quality, it should get a better price for its products.

The bill before this chamber will not, by itself, make it possible to do all these things. It is, however, an essential first step. It will authorize the government to take part in a joint public sector-private sector operation in order to restructure the deep sea sector of the fishing industry.

● (2020)

If this bill comes before us in an atmosphere of urgency, there is a reason. The situation of the industry has been deteriorating rapidly. The only way to describe it now is terminal. Without decisive action, including infusions of money, it will collapse completely. Already some companies are in receivership.

The government has reviewed its options for action. One option was to lend money or to guarantee loans to the companies in trouble. Clearly that was not the answer, as already they were staggering under massive debt. A second option was to make a grant of public funds to the companies and their shareholders—in other words, a bail-out. Obviously, that was not an acceptable approach. A third option, theoretically, was to let the deep-sea industry sink. One need only think what this sector means to Atlantic Canada, with its 40,000 jobs, its $340 million in salaries, wages and purchases of fish paid to fishermen and plant workers, to realize that this would be a path of social irresponsibility. One need only think about the inherent advantages of this industry, including its markets and its resource base, to see that it would also be the squandering of a major national asset.

I have already referred to the agreements between the Government of Canada and the Governments of Newfoundland and Nova Scotia, and the proposal to restructure the Quebec United Fishermen. I would like to review briefly what they cover in each case.

In the case of Newfoundland, both governments are united in their perception of the problems and what needs to be done about them. They, and the financial institutions that will provide part of the funding, have agreed on a plan to combine the assets of John Penny and Sons, the Lake Group Limited, North Atlantic Fisheries, Fishery Products and some other companies. Simultaneously certain Nova Scotia assets of H. B. Nickerson and Sons will be merged with those Newfoundland components to achieve a better mix of capability.

The new structure will have two basic parts, one being an operating company incorporated in Newfoundland, and the other a holding company incorporated under the laws of Canada. The latter will hold all of the shares.

In Nova Scotia we have an agreement in principle. In this case the plan is to merge National Sea Products and elements of H. B. Nickerson and Sons into a restructured National Sea Products company. Financing will be provided by the conversion of some debt to equity by the provincial government and the Bank of Nova Scotia. The federal government will inject new cash for equity. This consortium will provide common share equity in the amount of approximately $90 million. Equity will be provided through a company that will probably own 75 per cent of shares of the restructured company.

In Quebec the Minister of Fisheries and Oceans has offered to help with the reorganization of the Quebec United Fishermen. The offer has been accepted by the co-operative, but a formal agreement has not yet been concluded. This co-operative has already been supported through a federal loan guarantee in the order of $5 million, which has made it possible for more than 1,500 employees and fishermen to keep their jobs.

The proposal to restructure Pêcheurs Unis aims at the longer term economic viability of this entity. The new corporation will have headquarters in the Gaspé area and will encompass two distinct units, one responsible for fish processing and the other being concerned with marketing and sale of final products. The latter would also eventually offer marketing services to independent producers.

This offer is similar in many ways to those made in Newfoundland and Nova Scotia, but it also has the distinction of being specially tailored for Quebec, since it takes into consideration the wishes of the local communities and the eventual return of several of the units to local interests.

Those are some of the details; now for some of the general concepts.

It needs to be said, honourable senators, clearly and uneqivocally, that what is taking place here is not nationalization, nor is it a step toward nationalization. The aiming point is a private enterprise industry that will be stronger and more successful than it was before. The Government of Canada is committed to this aim and so are the provincial governments involved. Indeed, these governments would step aside tomorrow if private investment could be found to undertake this operation. But in the present grim financial situation of the industry, private money cannnot be found. Investors are not willing to take that kind of risk alone.

The Government of Canada, having heard the fears over government ownership in fishery enterprises, agreed to changes to Bill C-170 which emphasize the desire to see these companies privately owned. The bill will include a clause on divestiture of government ownership after the enterprise in

which the government has acquired an interest becomes economically viable on a continuing basis. A further amendment will require the government to report annually to both the House of Commons and the Senate with respect to the administration of the Atlantic Fisheries Restructuring Act.

There is another general concept which should be recognized. It concerns the way these new companies will relate to independent companies in the Atlantic region. The independents have a justifiable interest in knowing that public money, which includes their taxes, will not be used in ways that work against their legitimate interests. The government's position on this matter can be summed up in two points.

First, the government is committed, as a matter of policy, to the cultivation of a vigorous small business sector in the fishing industry. It believes such a sector is an essential part of a balanced efficient industry. Indeed, in the agreement under discussion in Nova Scotia, there is specific mention of spinning-off at least one small processing operation. And this will not be an isolated example.

Second, the government will not allow its participation in the industry to be used as an unfair competitive edge against the independents. Moreover, it expects the success of these new companies to be good for the smaller companies. For instance, it takes size and marketing strength to make an impact on world markets. The new companies will be required to make their marketing capabilities available on mutually acceptable terms to any companies that feel they want them.

More basically, honourable senators, the independents benefit immediately from these measures by not facing a general collapse of the industry. For no one should be in any doubt about the fact that if this did occur, the independents could not be insulated from the impact. They could expect sell-offs of large inventories and cut-rate prices. Not only the large companies, but large numbers of their suppliers and trade creditors, would be ruined. The resulting collapse of the supply sector would be a disaster for the independents too.

This is not the first time that the Canadian taxpayer has been asked to help prevent disaster in the fishing industry. Instability in the industry has made requests of this kind a regrettable necessity. Circumstances now allow us to correct that instability. The taxpayer is being asked on this occasion to invest in the building of a successful, self-sufficient industry. It is a feasible task. There is every reason to believe that passage of this legislation will prove to be a turning point in the history of the Canadian fisheries. I urge honourale senators to give it early and favourable consideration.

Hon. C. William Doody: Honourable senators, I would like to congratulate Senator Petten on his presentation of the government's position on this restructuring of the fisheries in the Atlantic provinces. His background and experience in dealing with many of the historic fishing companies in the various outport communities, which he represented for so long in a commercial sense, has certainly given him a great deal of rapport with the industry and a great feeling for the people affected by this legislation.

• (2030)

Honourable senators, I will not take up very much of your time this evening. I know that there are many of our colleagues here who wish to participate in this debate. I should say at the outset that I fully support this bill. However, it is a tragedy indeed that this bill, as important as it is, as vital as it is to Newfoundland, has to be rushed through Parliament with such unseemly haste. I have really given up on any hope of seeing this place treated with any other sort of consideration. We have become quite used to having bills presented to us at the last moment no matter what importance they might hold in the overall legislative scheme. It is something quite new to see the House of Commons being treated in the same particular way. The sword was hung very nicely over their heads, and properly so, in terms of the survival of the industry in Newfoundland, but rather improperly so in terms of the respect that government should have for Parliament and the importance that this legislation has for a large part of our country.

We are told by the government that without this legislation the restructuring necessary to reactivate the Atlantic industry could not take place. Right now, in effect, it is not an active industry; it is just tottering along from meeting to meeting, fending off the creditors, keeping them at bay. Without immediate help now these companies, or their successor companies which are proposed by the restructuring scheme, will not be in a position to take advantage of the new fishing plan which comes into effect on January 1. Each January 1 the licensing, quotas and so on are put into effect. If this does not happen then, obviously, these companies will not be in a position to participate. Perhaps even more importantly these companies would have undoubtedly gone insolvent. Their huge inventory stocks would have been dumped on the market and there would have been chaos, particularly in the United States which accounts for the vast majority, certainly of the cod block and red fish markets. Unbelievably, one company alone has $132 million worth of inventory tied up while they are teetering on the verge of bankruptcy—for all practical purposes they are bankrupt. The receiver would have very little choice but to dump all that stock on the market in order to satisfy the creditors, and that could depress the market for years and certainly destroy any hope the independents would have had to exist on any sort of level. That in itself is ample reason to get this bill through as quickly as possible.

This is not a new problem. When the bill is rushed to us a couple of weeks at the most prior to the restructuring deadline—the bail-out deadline—one would assume that it is a new problem. While I commend the government for what it is doing in trying to resolve the problem I certainly cannot commend it for its delay in recognizing what to many in all governments involved, the industry and in the financial institutions, has been obvious and inevitable for quite a long time. Indeed, it has been inevitable since the mid-1970s when the Government of Canada saved the day for the fishing industry on the east coast through a mass subsidization program carried out through the outright purchase of huge quantities of cod blocks. This was in the 1970s, and in order to soak up that

surplus cod the Government of Canada bought the whole production and stored it. This stock was later eased into the market over a period of time. I would have suspected that that would have been the time to get tough, to get everyone to the table and rationalize the mess. The bloom was off the rose of expectation engendered by the 200-mile economic zone. The economic zone, as my honourable friend suggests, came into effect in 1977, but it was anticipated by many for a great number of years prior to that, when all of us geared up for this great boom which was to come. Great expectations were built in the minds of the people in Newfoundland and, I suspect, in Nova Scotia, New Brunswick and the other provinces as well, and the Government of Canada must not be expected to accept the entire blame for that. I was a member of the Government of Newfoundland at the time, and we were equally enthusiastic that at last, a good economic future for our people could be seen as a result of the controlling of the species, the conservation of fish stocks and the restoration of other stocks. Generally speaking, it was a brand new picture, and we encouraged many people to get in over their heads. As I say, the Government of Canada was not totally to blame. The Government of Newfoundland was equally enthusiastic about the prospect.

Mid-1976, when we already had a tremendous over-production, was, I think, the time that perhaps we should have realized that this was not all going to resolve itself on its own, but we did not. We continued on our merry race and the result, I guess, is what we now have before us. It was obvious for some time, and perhaps it is quite understandable, that for the first time in 400 years of fishing history on the island it appeared that people who were fishing for a living could actually make a living out of fishing—and there is a vast difference in the two phrases.

However, it was not to be. It should have been recognized; the necessary steps should have been taken. One of those steps—and a major one—has been taken today. It is not the only step and I would hope that, with this message in mind, we still have a place for the rationalization of the in-shore fishery on the east coast of this country. A major off-shore effort has been organized, re-organized and rationalized here, but I would sincerely hope that the governments involved will seriously look at a way to rationalize and handle the in-shore fishery as well.

In our discussions with Dr. Kirby and others today in the committee, I noted that they pointed out that, in this particular agreement with the Province of Newfoundland, there is a recognition of the fact that there is a difference between a social obligation by government and the economics necessary to keep an industry on an even basis. To that effect, there is a clause in the agreement that says if a government or a party to the agreement decides to keep an uneconomic fish plant open for social reasons, then the cost shall be borne by that shareholder, whether it is the Government of Newfoundland, the Government of Canada or the Bank of Nova Scotia. This is an important step forward. I do not think that that sort of idea has ever appeared on paper before. It has always been a matter of political necessity at any given time when the social problems were trotted out, and the companies or whoever were obliged to keep the operation going, had no choice but to turn to the government for subsidies or bail-outs. I hope that this sort of common-sense approach will continue, and will carry over into the in-shore area.

Honourable senators, while I fully support the principle of this bill and am, perhaps, as anxious as anyone in this house to see it passed as quickly as possible so that it will be in operation in time for the new fishing year, there are some worrisome points which I would like to touch on, but not in the spirit of carping, vindictiveness or even partisanship. There are some areas that I think should have been recognized by the drafters of the bill, and perhaps it is not too late to do something about them.

One of the points that has been raised by me and others is that the Auditor General is not to be invited to participate in this new structure. I think it would be of some comfort to the taxpayers of Canada, who are, in effect, the shareholders, whether in fact the shares are held by CDIC or by the minister in right of the Crown. Those shares are still the taxpayers' shares, paid for by the taxpayer, and I think it would have been appropriate if the Auditor General had been invited to participate in the examination of the accounts. However, that is not to be. It is to be handled strictly as a private enterprise operation with no government involvement at all, other than the share purchase. While that, on the surface, sounds like a laudable operation, as Senator Roblin pointed out today in committee, it sounds suspiciously like Canadair and some of the other unfortunate government enterprises that we have to deal with in Canada today. There are other problems along the same line. Some of the rules of reporting for a Nova Scotia company are different from those applicable to a Newfoundland company. In any event, I am not quite sure whether the Nova Scotia agreement has been signed. My honourable colleague, when introducing the bill, did not differentiate, but my impression is that the Nova Scotia agreement is still under negotiation.

• (2040)

Another matter of major concern to me is the anomaly of having the Minister of Fisheries and Oceans as the minister responsible for the administration of this act. If ever there were an opportunity for a perceived—if not a real—conflict of interest, this is certainly one. The minister who is responsible for the licensing and quotas, and seeing that each company or fisherman operating in the area is treated in a fair and equitable manner, is also the minister responsible for reporting on the operations of these joint companies to both houses of Parliament.

It would be a naive and simple person who, if denied a licence or quota, did not at one time or another say to himself, "Isn't it possible that the minister is keeping some of these fish stocks or some of the licensing capacity to protect the two larger companies for which he is responsible?" I think the government would have been a great deal wiser to have passed the administrative responsibility over to some other ministry, whether that be Trade or DRIEE. If that were the case, this

problem would not arise. Apparently, that is not to be, and I am sorry it is not going to be, because a simple thing such as that could have created a great deal of good will and trust.

Trust is very important because a major problem in Newfoundland, and perhaps even more so in some of the other Atlantic provinces, is the fear the smaller independent companies have of these larger companies which have been befriended by the government. They fear what they might have in mind in terms of their future. A great deal of that fear has been caused by a lack of consultation. It has been said that there really was not enough time to consult, but I take that with a grain of salt because I think there was a great deal of time available. The opportunity did exist for the government to talk to the smaller operators. Had they done so, they could have put their fears to rest. Those small operators are vitally important to the economy of the area. I think those fears are real, though it may well be, as we were told during the committee meeting today when we were conducting a pre-study of this legislation, that these fears are unfounded. The example the government has put forth to demonstrate the fact that the fears are unfounded relates to the point Senator Petten made earlier—that is, the marketing capability of these large companies will be at the disposal of the smaller companies. Though that sounds good on the surface, I suggest that many of those smaller companies will be reluctant to get into bed with an elephant when it comes to marketing their product. They might very well find themselves swallowed up or left behind.

If a representative of the larger companies has to make a decision as to what product will be pushed on the market, I rather suspect that the smaller independent operator will be second in line and that the representative of the larger company, whose first responsibility is to his own company, might very well decide to push his own product. I may be too cynical on that, but perhaps ways can be found to eliminate that possibility.

It has been mentioned by many people publicly, and in the debate in the other place, that the major difficulty was in the finding of private capital to take on the responsibility that the government is now taking on on behalf of the people of Canada. Many of my colleagues have said that that is not so, that the government did not try hard enough. With respect, I have to disagree with them. I think the government could have gone around for another five years and still would not have found any private-sector money to go into this mish-mash that is now on the east coast. It has been said that private enterprise is not interested in getting into a profitable industrial operation, whether that be a fishing operation, or what-have-you. Of course, it is.

No industry, in its right mind, is going to put private enterprise dollars into an operation that is as split as the fishing industry on the east coast of this province with the two jurisdictions, with the fishing capacity licensed by the Government of Canada, with the plant capacity and licensed by the Governments of Newfoundland, Nova Scotia, New Brunswick or wherever. In many cases the two governments were at loggerheads, for one reason or another. The rules have been changing from time to time. Oftentimes, from month to month quotas will change. Plant supply is uncertain. The costs of making corporate decisions in a vacuum are high and are completely at the whim of this heavily regulated industry. I doubt very much if there is a more heavily regulated industry in Canada or, indeed, in the world—certainly not in the free enterprise world—as the fishing industry. Of course, private industry would not get involved.

Today we were told, and I welcomed the news enthusiastically, that the Government of Canada will now be in a position to put forth a five-year fishing plan for the industry. If that could be held up and demonstrated to private industry as an actual way in which they can operate and make their own decisions, obviously, within good conservation practices, that will make a major difference in the whole atmosphere there, both in terms of investment and giving confidence to the people who have been working with the industry. That is a big step forward, and I am very happy to hear about it.

I have little else to say about this bill. We could carry on and look at the deficiencies in it, which could be done for quite a while, to no avail at this point. I can only say with a great deal of certainty on behalf of the people of Newfoundland, that they are very pleased to see this agreement in place. They look forward to happier years in that industry which has been such an integral part of the rationale for their settling there approximately 400 years ago and which has made us in Newfoundland so different from the rest of the people of Canada. When you cling to a bunch of rocks for 400 or 500 years you learn to laugh and you grow long finger nails. The people of the rest of Canada have been moving inland and have become perhaps more calm and placid. We have not had an opportunity to develop that sort of attitude yet. Perhaps this will be a step in that direction.

Hon. Frederick W. Rowe: Honourable senators, first of all, I should like to congratulate Senator Petten who moved second reading. He comes from a well-known Newfoundland family whose roots, like so many Newfoundland families, were grounded very deeply in what we in Newfoundland call the prosecution of the fisheries. Having known his esteemed father, who was also a senator here for a number of years, it gave me great pleasure to listen to Senator Petten this evening as he expressed the hopes and aspirations of Atlantic Canada in this manner, and particularly of his native province.

I also want to congratulate another Newfoundland colleague, Senator Doody, for the very moderate and penetrating way in which he has approached this issue. I hope that some of the defects, if defects they are, as Senator Doody pointed out, will be remedied in time. As the government proceeds to give effect to the implications of this bill, I am sure that there will be amendments forthcoming which will improve the legislation. I am not a Newfoundland chauvinist, but I cannot help express my pride and deep satisfaction that two of the men most closely identified with the development of this policy during the past several years happen to be young and very brilliant Newfoundlanders, in the persons of the Deputy Min-

ister of Fisheries and Oceans here in Ottawa, Dr. Arthur May, and, of course, the chairman of the task force, Dr. Michael Kirby. It must give these relatively young men tremendous satisfaction to know that, in their work on behalf of Canada as a whole, they are also doing something which will benefit the province of their birth.

● (2050)

Honourable senators, there is nothing new in trouble in the fisheries. The history of the Newfoundland fisheries goes back to at least 1497. I believe that it may have preceded Cabot's voyage of 1497.

I am sure some honourable senators are not aware of the magnitude of the Newfoundland fisheries. When I say the "Newfoundland fisheries," I mean the fisheries which were conducted by the western nations of Europe, notably France, Spain, Portugal and, as the century rolled on, Britain. In the spring of a year, France would send out an average of 600 ships to fish in the ice-infested, foggy waters around the coast of Newfoundland and on the Grand Banks. The ships would return in the fall. In time, Britain caught up with France. Portugal and Spain, especially the Basque country of France and Spain, also sent out hundreds of ships, so that for several hundred years 1,000 to 2,000 ships came out from western Europe in the spring and returned in the fall.

Periodically, the fisheries would be overfished. There would be a depletion of fish stocks. There is nothing new about this business of depleted fish stocks; it was the cry in the year 1714. That is why the Treaty of Utrecht—one of the great treaties so far as North America is concerned—was signed. You will remember in the War of the Spanish Succession and in what we call the "French and Indian wars"—that series of wars which stretched over 30 years or more—France was subjected to very heavy military losses in Europe. The British armies and their allies on the continent, under that great military genius, John Churchill, first Duke of Marlborough and a direct ancestor of Winston Churchill, in a series of some of the greatest battles of history, smashed the French armies. France almost bled to death.

The Treaty of Utrecht of 1714 was, essentially, a British treaty because Britain was the victor. However, France, rather than give up the fisheries here, was prepared to renew the war. It was on the basis of that threat—and, I might say, some humane considerations on the part of some Britons—that Britain gave France, by the Treaty of Utrecht, the right to fish on one-third of the coast of Newfoundland. That right was perpetuated for 200 years. It was not until 1904 that the matter was settled by France giving up her fishing rights around Newfoundland in return for a piece of British-owned territory in West Africa.

I refer to the history at some length because I want to impress on you that the fisheries of eastern Canada—most of which are centred around Newfoundland, the Grand Banks and off the coast of Labrador—have always been of prime economic importance to eastern Canada as well as, of course, to European countries.

[Senator Rowe.]

In the 1700s, especially in the 1800s and also in the 1900s, there have been crises in the fisheries when the industry has virtually collapsed because of climatic conditions such as ice, fog, storms and wind and lack of sunshine—a very important factor when fish had to be cured by sunlight—and the disappearance of fish markets. Thus, in the 1920s alone, right after World War I, market after market in the Caribbean, South America, Brazil, Chile, and in the Mediterranean, within a period of five or six years, collapsed, and Newfoundland's economy staggered from pillar to post. In that period, as in other periods, tens of thousands of Newfoundlanders forsook their native soil and came to central Canada, and, indeed, went to New England in the United States. In fact, I would judge that one-half of the Irish families of Boston had their origins in Newfoundland. There is nothing new about these crises.

It is of fundamental importance that we keep the Atlantic fisheries from collapsing because, if they do, it will mean the collapse of the economies of the four Atlantic provinces and of the eastern part of Quebec. Just picture what would happen in Newfoundland. Just think of what has happened in Newfoundland over the last four or five years. All of the mines in that province except for three, employing thousands of Newfoundlanders, have been closed down. The largest paper mill in the world only five years ago is to close down within six months, again throwing thousands upon thousands of Newfoundlanders out of work. Of course, there have been similar catastrophes, big and small, in other parts of the Atlantic region.

What will happen if the fisheries collapse? I can tell you what will happen to my own province. People will leave it by the tens of thousands. They will seek opportunities here in central Canada, and I am sure many of them will want to join their families and friends in the United States. Therefore, we cannot allow the fisheries of eastern Canada to collapse. For this fundamental reason, I support this bill which, undoubtedly, has some weaknesses and defects in it. In time, these will be detected and removed.

Honourable senators, over the past few years the Government of Canada has not had many compliments paid it. Tonight, I want to applaud the government—and I am sure that all of my fellow Newfoundlanders want to do the same—for planning to adopt the policy that this bill contains.

● (2100)

Hon. Senators: Hear, hear.

Hon. Orville H. Phillips: In case honourable senators get the idea that this is "Newfoundland night" or something of that nature, I would remind them that there are other fishing areas of Atlantic Canada, and Prince Edward Island is one of them.

Honourable senators, the creation of these two huge corporations to compete with the smaller independent processors and the co-operatives is a matter of great concern to the fishermen, processors and government of my province. It is not that they are opposed to an effort being made to help the Newfoundland fishermen. They fully realize that, if the New-

foundland fishery collapsed, the entire industry in the Atlantic provinces would collapse, as has been mentioned by the previous speaker. However, they are concerned that these companies are receiving somewhat the same treatment as was given to Petro-Canada. They are receiving an infusion of government capital without having to pay interest on it.

This morning in committee, honourable senators, I asked the officials of Price Waterhouse how they envisioned these fishing companies becoming viable. The answer was very simple: a reduction in interest rates and an infusion of federal capital without interest. Officials of the Bank of Nova Scotia—God bless them—have become human and have taken a special preferred share with a 5 per cent dividend required on it. Should the company be unable to pay that, who will pay? The federal government will pay the 5 per cent dividend. And the government then tries to convince me that it is not competing with the co-ops and the small processors in the other provinces. Honourable senators, there is certainly an advantage there that cannot be denied.

In addition, the processors are concerned that the banks have reduced the loans on inventory. This is probably not entirely due to this bill. In fairness I must say that, because there is a huge inventory of fish in storage, the banks are concerned. Formerly, they loaned 75 per cent of the inventory; now they have reduced that to 50 per cent.

There is also a fear of allocation of fish quotas to certain plants that will become part of the corporations created under this bill. The fishermen in my area are very quick to tell you that the government is assigning the fish quotas to certain harbours. The government is responsible for the maintenance of those harbours and can easily neglect a specific harbour so that the wharves in that area would decline, resulting in the tendency of fishermen to move elsewhere. Honourable senators, these are genuine concerns held by the fishermen and are concerns that I can understand.

The chairman of the committee was generous in the amount of material he supplied to committee members to read during the meeting. The only thing was that I found I could not read it and listen to the witnesses at the same time. It is rather unfortunate that the material was not made available a little sooner. In one of those documents, entitled "Questions and Answers on Atlantic Fisheries Restructuring," point 23 states that the bill deals with the potential restructuring of any fishing enterprise, including small processors and boat-owner fishermen. It goes on to say that this is enabling legislation. So often in this chamber I have expressed concern about enabling legislation. Again I find myself in that position where I have to say that I just do not like the enabling legislation. Point 23 goes on to say:

> The government has accepted Kirby Task Force Recommendation 45 that no new program of general financial assistance to the fishery be established at this time.

Honourable senators, we are also given an allocation of the funds provided in Bill C-170. Of the $138 million, only $9.9 million remains uncommitted. That leaves very little for the province of Quebec, the province of New Brunswick or the province of Prince Edward Island. I hope that the government will remember that there are fishermen in the other three provinces as well.

I was disturbed last night to hear the Deputy Minister of Fisheries say that the government was considering a quota for each individual fisherman. He said that this was being imposed from the top down because, the further down the ladder one goes, the more people are involved and the more difficulty there is in establishing the quota. It is my hope, honourable senators, that both the Senate and the other chamber will have some further opportunity to discuss the principle of a quota for individual fishermen. It is better to have that opportunity than to find a quota passed by an order in council under enabling legislation.

The Nova Scotia operating company will probably be called National Sea Products. National Sea Products owns plants in five provinces. The directors of that company will be appointed by the federal government and the province of Nova Scotia, with one appointee, I believe, of the Bank of Nova Scotia. Certainly, National Sea Products will be closing plants. I do not think that even the optimistic sponsor of the bill would deny that. When the board of directors that is appointed by the Province of Nova Scotia and the federal government goes looking at plants, honourable senators, I am very suspicious that plants in Quebec, New Brunswick and P.E.I. will be considered for closure before any in Nova Scotia. This is a matter of concern to me, personally. At the town of Summerside there is a plant operated by National Sea Products. I had a part in the establishment of that plant, and I will be watching closely, indeed, to see what happens in this case.

The Minister of Fisheries, in committee last night, stated that the federal government could veto that decision, providing that a subsidiary were paid to the operating company. I am not very reassured by that, honourable senators, because within my province right now the CNR is asking for permission to withdraw the services throughout a large portion of the province. The federal government could maintain the railway lines by paying a subsidiary, but I am awfully suspicious that those railway lines are going to go and that the plant will go. And a plant closing creates unemployment and causes a social problem in the area. In the course of the committee meeting this morning, Dr. Kirby said that this was a problem that would have to be dealt with by governments rather than the fishing industry. However, I am afraid the pattern will develop in such a way that the federal government will keep profitable plants open and borderline and unprofitable plants will be closed. They will then say to the province "That is your problem", and provinces are just as hard pressed financially as is the federal government. I believe we shall meet a problem there.

• (2110)

During the debate on the Constitution we heard a great deal about the necessity for mobility of employment, freedom of trade, and so on. Apparently the federal government has quickly forgotten that aspect of the Constitution, because I

understand that the agreement with Newfoundland requires draggers to be refitted and repaired within Newfoundland, whereas formerly draggers were refitted and serviced throughout all the Atlantic provinces. I would like to see that aspect changed.

Perhaps the most discouraging part of the committee meeting held last night was the statement that there is no expected increase in the price of ground fish for at least five years. This summer in my province some fishermen did not go to sea for certain periods because they were receiving only approximately four cents per pound for mackerel and eight cents per pound for cod, but their fuel bill alone was from $90 to $100 per day. One would have to catch a lot of cod to be able to pay out $100 for fuel. Therefore I see very little benefit in this bill to small inshore fishermen.

Throughout the discussion in committee there was constant reference to overcapacity within the fishing industry. Several years ago Prince Edward Island signed an agreement with the federal government for a 15-year development plan. One aspect of that plan was to reduce the number of fishermen by half. That has been achieved, but there has been little improvement in the life of P.E.I. fishermen as a result of that reduction.

I would not like the sponsor of the bill to believe that all he has to do is refer this bill to committee. The Province of Nova Scotia has signed an agreement in principle, but it has asked for certain changes. I would ask the sponsor to tell the Senate what those changes are. Do they include the opening of the Gulf of St. Lawrence to trawlers, and do they involve changes in the allocation of the fish quota from one province to another? I hope he will enlighten us when he closes the debate.

Senator Doody mentioned the availability of the marketing setup of the operating companies, and he rather doubted whether it would be of much benefit. I agree wholeheartedly with the honourable senator. This morning in committee we were told that National Sea Products has an inventory of $130 million and that the interest alone on that inventory was $15 million per year. Honourable senators, I would hate to be handing my marketing over to a setup of that nature. Yesterday evening the minister stated that the companies were expected to make $50 million in the next five years. That is not a huge profit for the amount of money invested. I hope that the corporation succeeds in doing that and, despite my skepticism, I hope that the program will succeed.

Hon. L. Norbert Thériault: Honourable senators, I am not sure whether it is because I sit on this side of the house that it is easier for me to find fault with some of the legislation proposed by the government, or whether it is because of the fact that, before coming to the Senate, I sat for years in opposition in the Legislature of New Brunswick. However, I wish to say at the outset that I understand the good feeling that my whip, the honourable senator from Newfoundland, has for the bill, and it was easy to see, when he was introducing the bill on second reading, that his heart and soul were in it. He did a very good job and I am sure that people in his province will be proud of him. I myself am proud to have him for a colleague.

[Senator Phillips.]

I listened with interest to the remarks of Senator Doody, who, since I have come to know him in this house, always makes a good deal of sense in what he says. The history lesson that we received from Senator Rowe was interesting. We all know him as a scholar and writer who is able to express his views eloquently.

I have listened to many debates in this house, and I want to say that politicians are incorrect when they refer to regions. We do not have 10 regions in this country; we have 10 provinces. By means of this bill, the government has advanced a program to salvage the fishing industry in Newfoundland and Nova Scotia. I question the way the government is going about this. I am always skeptical when I see governments come to the rescue of banks and other large corporations, such as National Sea Products and H. B. Nickerson and Sons. I cannot speak about the large corporations in Newfoundland, because to my knowledge they have had no dealings with New Brunswick fishermen. It is no more than five or six years ago since National Sea Products was at the door of almost every independent fish processor in my province, trying to buy them out. It had reached the point that fishermen were worried that there would be only one major fish processing operator in New Brunswick.

• (2120)

I thank God that a number of small processors resisted and stayed in business and, believe it or not, have prospered. My colleagues talk about the disasters in the fishing industry. I have dealt with fishermen over the past 30 to 35 years and until 10 years ago I travelled the coastline of New Brunswick. I know the conditions that fishermen face. But if you were to travel that same coastline today, you would not believe what you would see. The small fishermen and processors of New Brunswick are prospering, but they are concerned, as I am, that they will not be able to compete with these monsters created by this legislation.

At one point I was not concerned about this legislation because I figured that the Government of Nova Scotia and the Government of Canada would appoint directors to the boards of the companies with the welfare of the fishermen and the small independent processors in mind. But as I listened to the minister and the consultants from Price Waterhouse explain the financial structure of these companies, saying that it is their hope that the board of directors will be left to manage the companies in such a way that they will earn a profit, I asked myself, "What will happen to my people in New Brunswick?" I wondered whether this was the only way to bail out the fishing industries in Newfoundland and Nova Scotia. It was mentioned earlier this evening that the Government of Canada at one time had to buy the stocks and inventories of the major fishing companies in those two provinces because of the financial predicament they were in. The government held these inventories and stocks back for a number of years and then released them gradually into the market as the market was able to absorb them.

When people tell me that if these large corporations were allowed to go bankrupt the whole bottom would fall out of the fish market in the United States and around the world, I ask myself why the Government of Canada does not purchase the inventories once again and release them as they did four or five years ago and then let private enterprise come in and pick up the remnants of the corporations and the banks which have invested so unwisely. Let the chips fall where they may. In a very small way I have had experience with the fishing business in my province. I have experienced some tough years—but if anybody doubts my word, he can check with the Bank of Montreal—but I can tell you that at no time did the Government of Canada come to my rescue. Either the private enterprise system should survive or it should not.

Honourable senators, I am concerned that the people in the federal department of fisheries do not understand fisheries problems or, for that matter, the fishing industry in at least my province. I am about to do something which probably has not been done in this chamber by too many senators and that is quote my son, who appeared last week before the House of Commons Fisheries Committee on behalf of the fishermen of my province. I am quoting from the *Telegraph Journal*, November 24, 1983. The article reads in part:

> Gilles Thériault, Maritime Fishermen's Union executive secretary, who met with the Commons Fisheries Committee Tuesday, said he is still not convinced the government understands the implications the restructuring could have on inshore fishermen and independent processors.

I completely concur with that statement. Out of this restructuring will come problems. The inshore and offshore fishermen, as well as the processors, are concerned and they have all sent representatives to appear before the House of Commons committee. Naturally the processors have different views than the fishermen. Why is it that, in spite of the problems and the negative things we hear about marketing boards in the agricultural field, the wheat boards, hog marketing boards, egg marketing boards and all the other such co-operatives have been successful, at least to some degree in Canada? They assure their producers a price for their products, so why could the same thing not be done in the fishing industry in Eastern Canada, particularly in my province?

I repeat, I am concerned because of the tremendous power and influence these consortiums will have on the market. I echo the sentiments expressed by Senator Doody when he said that if he were a small processor he would hesitate before placing the marketing of his products in the hands of these people. Nor would I happily put the marketing of my products in the hands of these consortiums which start out owing hundreds of millions of dollars, having spent hundreds of millions of dollars building plants when they were advised by the government and the Department of Fisheries not to do so. I am concerned. Not often do I agree with my good friend Senator Phillips but I am concerned, as he is, over the fact that there is only $9.9 million uncommitted in this program, particularly since the minister has stated that it will cost more than $9 million to rectify the problem in Quebec. That means that there is nothing left to assure the fishermen of Prince Edward Island and New Brunswick that the Government of Canada stands ready with dollars to back them up if the restructuring under this legislation causes them problems. One cannot in good conscience vote against this bill because of the plight of the industry in Newfoundland and Nova Scotia.

Hon. Martial Asselin: You can abstain.

Senator Thériault: I will probably do more than abstain. One cannot help but feel what was said by Senator Petten and Senator Doody and I hope that the legislation rectifies the problems in Newfoundland and Nova Scotia. I tell you, my colleagues, this bill may rectify the problems in Nova Scotia and in Newfoundland, but it creates problems foreseen by the fishermen and the independent processors in my province. I hope that you will stand by me in urging the Government of Canada to do for my province, New Brunswick, what it is doing today for Nova Scotia and Newfoundland.

• (2130)

Hon. Senators: Hear, hear.

Hon. Jack Marshall: Honourable senators, with the permission of Senator Phillips I will return to the province of Newfoundland, where the help is needed. I can appreciate what Senator Thériault said in vividly pointing out, humanely and sincerely, the problems of the inshore fishermen, which I will allude to later.

First, I wish to congratulate my colleague, Senator Petten, who introduced Bill C-170. As Senator Doody mentioned, he knows the hardships which are suffered by the fishermen of Newfoundland.

I would like to digress for a moment and repeat what I have said many times before. We are again faced with last-minute pressure to pass a very important bill, a bill which affects many thousands of fishermen and their families, a bill which affects the fishermen of various provinces in different ways. This is a bill which has far-reaching effects and which causes concern to almost 100 independent processors who fear the consequences of this bill. This legislation affects the thousands of fishermen who own large long draggers worth between $100,000 and $500,000. These fishermen are waiting with fear and concern to see how they will fare under this restructuring.

We are almost always under duress to pass a few bills as we approach the end of each parliamentary session. This is because of the schedules in the other place and because of the government's schedules. Again, we cannot carry out our responsibility perhaps to veto a bill or to propose amendments to a bill because of the fact that we here are impotent. We cannot carry out the responsibilities which were set out for us back in 1867.

There are a couple of members of the press here tonight—they usually come in at the end of the session—and we will again be accused by them of rubber stamping. Again, they will manipulate our words to show that we are not doing our job.

In this case we even make a mockery of the sensible Hayden procedure of pre-study. One can only wonder why we did not

pe-study the bill at least at the time it was introduced in the other place for second reading. Instead, we commenced the process last night and, as I indicated before, the press will say that we are rubber stamping this bill, that we passed it within a couple of hours.

In the short time we had to deal with this bill we were given the details of the restructuring process. We were told something about the relationship of the bill to the Kirby task force report. We were given the highlights of the federal initiatives, the rationale for the federal position and the background with respect to the restructuring, which subject we are debating tonight. We were told something about the thinking behind the bill which led up to its formulation; and, while there are still some unanswered questions with which we are all concerned, my fears for the future of the industry were allayed by the seeming sincerity of the witnesses who, it is hoped, will oversee the restructuring process. If there is any faith left at all in our government that this bill will allow a revitalization of the fishing industry, it is because of the sincerity shown by the deputy minister, Dr. May, Mr. Cliff Kirby, who was attentive as a witness and who headed the task force, the representative of Price Waterhouse, Mr. Hart, and the assistant deputy minister, Mr. McLure. I hope that we will see a realization of the government's objectives, those being to find a just and lasting solution for the rebuilding of the deep-sea fishery, recognizing the fundamental role which the industry plays, and to ensure that the company is well managed on a commercial basis with management being left alone to manage. As Mr. Hart stated today in the committee, this means keeping bureaucrats out of management. If that is done, there might be a reasonable chance for success.

One of the main concerns I have with the bill, and a concern alluded to by Senator Doody which I think is worthwhile repeating, is with respect to the fact that an excuse is always found not to use the Auditor General. It was proposed in the other place that the Auditor General of Canada should have unlimited access to records, accounts and other documents pertaining to fishery enterprises in which the Government of Canada has more than a 45-per-cent controlling interest. I do not know what happened to this amendment in the other place. I said I felt assured by the witnesses because of their sincerity. However, I cannot accept the explanation they gave with respect to this amendment not complying with the Financial Administration Act and that that is the reason why we do not have someone overseeing the bill or to audit the bill at the end of the year. All I can think of in that respect is that the government of the day must be having a sudden change of heart with respect to complying with any act. This government has made a complete mockery out of Parliament's responsibility for accountability. There are countless examples of that fact, the least of them being the complete lack of common, ordinary basic management with respect to the accountability of crown corporations. This pertains to anything in any act—the government just does not pay attention to what is in them. So it is very easy to understand why the government will not allow the Auditor General to inspect the accounts at the end of the year. However, honourable senators, we were assured that the minister has agreed to table a detailed report each year in both houses. That was something of a revelation. The report will be given to this chamber, which will give us an opportunity to look at it and consider it. I hope that we will see a profit at that time.

[Senator Marshall.]

I am a little uneasy, too, with respect to the fact that in an industry so diverse and varied the thrust of the bill is concentrated on only one aspect of the industry. While I can accept the emergency need for the injection of $138 million into the restructuring of large companies, I can only hope that the worries of both levels of government are overcome now that the additional inshore fishery is not forgotten. To my mind, and as alluded to by Senator Doody, these two fisheries go hand in hand. The best way I can express this point is to read an extract from the response by Premier Peckford to the report of the Royal Commission on the Inshore Fishery in the province of Newfoundland. This extract will indicate the close relationship between the offshore and inshore fisheries. It reads:

> It will be noted that the commission's terms of reference were confined to the inshore fishery, primarily because of the sensitive role this sector of the fishery plays in our overall economy. This, by no means, should suggest that my government is not equally sensitive to the special role which the offshore fishery occupies. Indeed, we have taken a number of measures over the past several months to address specific problems in this sector as well. Our overriding fisheries policy objective is based on the need to maintain the most appropriate balance between the inshore and offshore sectors.
>
> The commission's findings on the economic performance of the inshore harvesting and processing sectors warrants special consideration by both levels of government. Indeed, the viability of the inshore fishery is closely related to the resource allocations and licensing process and it is noted that the commission's major recommendations on inshore/offshore allocations and licensing is fully supportive of the position taken by the province.

● (2140)

The Premier of Newfoundland went on to commend the Royal Commission on the Inshore Fishery, but in every case emphasized the relationship between the inshore and offshore fishery and the fact that the one cannot be separated from the other. However, I realize the importance of putting in process now this restructuring because of the fact that, as Senator Phillips mentioned earlier, a delay at this time will cost millions of dollars in interest.

However, the fact that two or three or even ten large companies are going bankrupt should not allow us to forget the fact that there are many inshore fisheries and small companies that are going bankrupt. According to Richard Cashan, the Chairman of the Newfoundland Fishermen, Food and Allied Workers, there are 3,500 to 4,000 boat owners who are already bankrupt. How are these people going to be revitalized? In the case of the fishermen with the large long-liners, their insurance

has gone up from $6,800 per year to $10,000 per year. Fuel for their boats is $2 per gallon. Installment payments on a $100,-000 long-liner are approximately $15,000 per year. It costs around $30,000 a year to run a long-liner with four sharemen on board. I say that we must be equally concerned about these people. There should be no difference between Nickerson and Fishery Products, on the one hand, and the in-shore fishermen and the small boat owners on the other. These people are also having a difficult time.

There is a fear, honourable senators, across Newfoundland and the maritimes, and I witnessed some of it last weekend when I was down in the great northern peninsula. There is a fear, first of all, because they do not know about the bill; they do not know what is in the bill because they are isolated and do not get the news as fast as they might. There is also the fear of the thousands of people who have borrowed $50,000, $60,000, $70,000 from the banks. The banks are not that kind; they not only get the guarantee of the government but they take the fisherman's home as collateral for the mortgage, which makes life very difficult. There are 30,000 or 40,000 of those people who also have to be helped.

There are many other points in this bill, mentioned by my other colleagues, which one has to be concerned about. I shall not repeat them, except to say that, in essence and despite the fact that I have concerns and fears about what is going to happen in the first, second and third years and over the months that are coming when the fishermen realize what is happening, I hope, perhaps, this is the answer. I have seen this cycle, the ups and downs of the fishery, go on for 15 years, but this bill will be a start in the revitalization of the whole fishing industry. It is hard to understand why an industry which produces approximately $1.6 billion per year in exports cannot make a profit, even taking into account the high interest rates they face. However, I join with the others in the hope that this will be a start in the revitalization of an industry which will make Newfoundland and the other maritime provinces have-provinces, rather than have-not.

Hon. M. Lorne Bonnell: Honourable senators, it is not my intention to drag out this debate, but I want honourable senators to realize that there are other provinces besides Newfoundland. I agree with the senators from Newfoundland; I think this is a necessary piece of legislation which we should support and vote for in an attempt to save the fishing industry.

However, there are some concerns that I, as a Prince Edward Islander, have. I sometimes wonder how it is possible to have an agreement when Nova Scotia controls the plants in Prince Edward Island. I sometimes wonder how there can be legislation without first having some kind of agreement with Prince Edward Island and New Brunswick.

I know it is important that we pass this bill. I do not propose to vote against it; I think it is good legislation, but I too have fears and I think that, after this bill is passed and we return for the next session of Parliament with a new committee of this house called Agriculture, Fisheries and Forestry, that committee should immediately proceed to look into the fishing industry of Canada. For example, I would like to know something about the quotas. Will the quotas go to individual fishermen or will they go to individual processors so that they are guaranteed enough fish to keep their factory operating? I would like to know what will happen to the cod stocks. Are the cod stocks of Labrador and Newfoundland to be frozen and sent down to places such as Georgetown and some of the other smaller processors in Prince Edward Island, or will the government companies own those stocks, in which case we shall be left out? I would like to know if the over-the-side sales, whereby fishermen sell their catch directly to the Russians, will continue, or will these fish be processed in Atlantic Canada to give work and employment to our own people? I would like to know if the saving over the next five years of $50 million per company will be effected by the saving in interest rates which will be enjoyed by the companies because of the influx of government money and the taking of shares instead of loans by the Bank of Nova Scotia? What are we doing to help the small processor, who can ill afford the two or three per cent over-prime interest rates charged by the banks? He cannot afford to compete. The fishing industry in the past has been a poor risk and banks are cutting back on the amount of money they will lend to fish processors from 75 per cent down to 60 per cent of their stocks. These problems exist, and I think we should know about them.

I would like to know, for example, what is going to happen to the fish and sea chowder producers in Prince Edward Island, now that National Sea is competing in that area. With all this extra money going into National Sea, will they be advertising their new High Liner products on television and in newspapers and, as a result, put the little processors of clam chowders and seafood chowders out of business? In my opinion, the injection of all this extra money into these large companies will leave our small processors in a very precarious situation.

I know that the bill, in clause 2, says that "Atlantic Fisheries" means all the activities relating to the harvesting, processing and marketing of fish in the provinces of New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Quebec. But there is only $9 million; we do not know how it is going to be allocated, and I do not know how the small processors in Prince Edward Island, for example, or in the other maritime provinces are going to compete. I would like to know if the Government of Canada is prepared to take the stock or the inventory of those smaller companies and hold it for them when there is a poor sales effort, so that they will not have to pay high interest rates on holding their inventory. The bigger companies have a holding company to hold their inventory.

I would like to know if there is going to be an agreement signed between New Brunswick and the Government of Canada, and between Prince Edward Island and the Government of Canada. Apparently, there is an agreement with Nova Scotia, and one with Quebec fisheries.

These are all things that I think need looking into, but perhaps we should not take the time to do this now because of

the importance of passing this legislation in order to save the fishing industry of Atlantic Canada.

● (2150)

I would also like to know how we are going to licence the fishermen. Now it seems that they license the boat. The fisherman pays $5 to license the boat, and then sells it for $5,000. I think that a full-time fisherman should have a licence. I think the fisherman should be licensed, because when a man goes out he cannot sell himself. That means one more fisherman can fish.

I would like to know if, in fact, we are going to license the fisherman to be a full-time fisherman so that, as long as he is fishing within his quota, he can fish, and if there is tuna at sea, and the quota has not been met, any full-time fisherman can fish for tuna because he has a fishing licence. If there are mackerel available, then he can fish for mackerel before they swim away. If there is money in scallops, the fisherman will fish for scallops, and if there are herring stocks available he can fish for herring. If he has no licence to fish for herring but one to fish for mackerel, and there are no mackerel, he has to go back to shore. Another fisherman might have a licence to fish for scallops but, because he does not have a scallop drag, he cannot go to sea. I would like to think that, somehow or other, the licence will go to the fisherman.

These are all important pieces of information the Senate fisheries committee, which will be established in the next session, should look into and report on to Parliament.

I would like to know whether the banks are going to continue charging high interest rates to independent fishermen. There are many things I would like to know, including whether the minister is prepared to give us a commitment that he will accept amendments to this bill at a later date. For example, Clause 9(1) of the bill under the heading "Report" states:

> The Minister shall cause to be laid before each House of Parliament, not later than the fifth sitting day of that House after the first day of June next following the end of each fiscal year, a report with respect to the administration of this Act in that fiscal year.

That says "laid before each House of Parliament". Clause 9(2) states:

> In preparing the annual report required by this section, the Minister shall take into account any recommendations made by any committee of the House of Commons—

It says nothing about the Senate. Clause 9 says that a report should be laid before each House of Parliament, so I think we should ask the minister to bring in, at a future date, an amendment stating that recommendations of a Senate committee be accepted, otherwise there is no sense in reporting to both Houses of Parliament.

Honourable senators, I do not want to hold up the bill because I know it is important. I propose to support this legislation, but I think that there are many questions which remain unanswered. When the fisheries committee of the Senate is established during the next session of this Parliament, I think we should instruct it to look into not only the Atlantic coast fisheries, but also the Pacific coast fisheries.

Senator Phillips: Honourable senators, I should like to address a question to Senator Bonnell. I understand the committee will meet later this evening, and I expect to be in the Senate then dealing with the supplementary estimates.

With regard to the point Senator Bonnell raised respecting clause 9(1), I suggest to him that there is probably a reason for setting out the House of Commons, and that is that the House of Commons may recommend expenditures of public moneys. As I understand things, the Senate does not have a role to play in that, so he might want to discuss that with the minister during the meeting of the committee later this evening.

Hon. Frederick W. Rowe: Honourable senators, I had also intended to ask Senator Bonnell to obtain the minister's opinion on that matter as well.

Recently, during a study of legislation relating to traffic safety, we found one or two omissions. I was under the impression that they were to be regarded as housekeeping matters and that corrections or insertions could be made without going through the time-consuming process of referring the bill back to the House of Commons to obtain a special amendment to insert a comma where there was a period. This might be somewhat more significant than a comma replacing a period, but I wonder if the reference to the Senate was not an oversight. Legislation is sometimes devised in the other place without much thought given to the role of the Senate. On the other hand, I agree that it could very well be, as Senator Phillips has said, a money matter over which we have no jurisdiction.

Senator Bonnell: Honourable senators, I appreciate the comment made by Senator Phillips, but the clause does not say that they must follow our recommendations; it says "take into account", and if they are going to take into account the recommendations of the House of Commons committee, then I think the minister should take into account the recommendations of a Senate committee. If he does not want to follow through on what we recommend, that is up to the minister, but I think the minister should take into account the recommendations of both Houses of Parliament.

Senator Rowe: Is that not to be regarded as a housekeeping matter, and can that not be corrected without going through the whole rigmarole of referring the bill back to the House of Commons?

Senator Bonnell: It is not my intention to propose an amendment; it is my intention to bring this to the attention of the minister. I will see if I can obtain a commitment from the minister that he will do this kind of housekeeping.

I believe, rightly or wrongly, that this arose as a result of an amendment made by the committee of the other place. They were thinking of themselves and did not take the Senate into consideration. I wish to obtain a commitment from the minister to that effect, but if he does not give me that commitment, I shall still vote for the bill because it is too important. I think it is important that the Senate be recognized.

Hon. John M. Macdonald: Honourable senators, I intend to take just a few minutes to discuss this bill. As we have already heard, the federal government and the officials from Nova Scotia have only agreed in principle to this restructuring. I think it would serve no useful purpose to deal with the bill at any length as it affects the Nova Scotia agreement while these negotiations are being carried on. I think it is important to know, though, that in Nova Scotia there is a strong feeling that certain things should be in the agreement before it is signed by the province.

As an example, an editorial which appeared in the *Cape Breton Post* on November 22, 1983 stated:

> Mr. Buchanan says new negotiations may be needed unless Ottawa firms up conditions agreed to in the federal-provincial discussions in September which were to have been incorporated in the deal for rolling the two big offshore companies into one super-company with the help of federal and provincial financing. These conditions, he points out, have not been met in the legislation which Fisheries Minister Pierre De Bané has placed before the Commons.
>
> They include such things as the redfish catch in the Gulf of St. Lawrence and the maintenance of cod quotas north of Newfoundland for Nova Scotia trawlers. Mr. Buchanan also insists there must be legislation to ensure that no government will have a controlling interest in the new company and that it will be returned to private enterprise in a specified period of time.

In the Halifax *Chronicle-Herald* of November 12, 1983 in an article by Harold T. Shea, a three-point counter-proposal is set out. That article states:

> Nova Scotia asks for a federal commitment to these principles, as the basis for further consideration toward a shared federal-provincial involvement in the restructuring of debt-troubled companies which control the lion's share of the fleet and plant capacity in the province.
>
> The commitments sought are:
>
> Firm assurance from the federal department of fisheries and oceans that Nova Scotia fishermen will have access to the Gulf of St. Lawrence red fish grounds, and a reasonable control over scallop quotas and sales off Nova Scotia.

● (2200)

> A guarantee that neither government would wind up with majority control of the operations to be taken over: the provincial suggestion is that Ottawa control 40 per cent, Halifax control 40 per cent, and the Bank of Nova Scotia, the major mortgage holder, by virtue of loans granted the companies, hold the remaining 20 per cent;
>
> Security legislation, passed by Parliament and the Nova Scotia legislature, to end the governmental involvement within five years of the takeover, so that the restructured industry may then be sold to private enterprise.
>
> The Buchanan government, it is learned, has received strong representation from various groups, including the independent fishermen, demonstrating concern over possible misunderstanding in the United States, where most of the fish is marketed.

I expect that before long some satisfactory agreement will be reached between the two governments. Certainly, it is well known that the people of Nova Scotia are very reasonable and easy to get along with.

Hon. Senators: Hear, hear.

Senator Macdonald: We have heard criticism of the two big companies, H.B. Nickerson & Sons Limited and National Sea Products Limited, in that they got into difficulty, but I think it should be recognized that the difficulties in the industry were not the fault of these two companies. Actually, they are not the only industries that come upon troubled times when a recession hits a country. When we judge these things, I think we have to do so in the light of what is happening at the time. Certainly, these companies expanded too rapidly but they were not alone in doing so. It also must be remembered that the lending institutions, especially the Bank of Nova Scotia, which is the major lender in this case, had their own economists. They did not foresee what was going to happen with the general economic conditions in the country. While it is unfortunate that such a situation developed, we cannot say that this or that company is to blame.

I think we should also remember that both these companies were great friends of Nova Scotia. I remember when these companies were formed. The head office of H.B. Nickerson is in my home town of North Sydney. That company was formed at the height of the depression in the mid-1930s. When the original Nickerson, the father of the present owners, came to North Sydney, we had practically no fishing industry. At that time there was only one plant operating on a day-to-day basis and the plant that Mr. Nickerson took over had been bankrupt and ravaged by fire, and stood vacant. He used family money to acquire that plant and operate it. He was a tremendous person as well as an ambitious worker with a great knowledge of the fishing industry. He built up a very successful business. His sons took over that business, and they, too, know the fishing business—make no mistake about that. They expanded the business thereby creating many jobs.

I also remember when the National Sea Products was formed. A number of smaller companies in Nova Scotia merged into this one company. They took over the small plant that I mentioned in North Sydney, and that became a division of the National Sea Products Limited. Both of those companies were responsible for the development of the fishing industry insofar as Nova Scotia is concerned. Not only did those companies become a source of employment for many people, but the managers of those companies were great community people. It saddened all of us when their financial situation began to deteriorate. I can only gather from this report that the H.B. Nickerson company is going to disappear. At the present time they own a controlling interest in National Sea Products Limited. The Nickerson company is going to be

absorbed by National Sea Products, and, in turn, they are going to be absorbed by the new company. I only hope that the managerial skills which the Nickerson people have will continue to be maintained because it would be a shame if that were lost to the fishing industry. To cite an example, the two plants—Nickerson and National Sea Products—located in the town of North Sydney are now managed by one person. You could not find a more competent manager of a fishing plant—at least, not in Nova Scotia.

As I mentioned before, I do not propose to go into the bill in detail because I want to wait until the negotiations are completed. It has come to my attention that perhaps there has been a little too much concern about government involvement in this industry. Personally, I am not one of those people who become frightened at the idea of nationalizing this industry or that one. Perhaps something new always comes out after a time of recession. In this case what is going to be the "something new" is the involvement of government in private industry. Instead of giving subsidies or granting tariff protection and introducing long quotas, what you are going to see is the government directly involved in an equity situation. Certainly, I would never want to hear anyone say that the government puts up the money for the rest of us, and they get it back on a profitable basis only to turn it over to somebody else. It does not seem to make sense to me. I think if you are going to make money, you should make it for yourself.

In any event, I think that we have come to the stage in our economic development where we are going to see more government involvement in private business. They are not going to take the companies over, but they are going to be a part of them and have some say in their management. Personally, I think it would be a good idea if the government had representation on the board of directors of every company to which they are giving assistance. Perhaps it is from whence I come that I have these ideas, but in Cape Breton the great sources of employment are the crown corporations. We are not objecting to them, but I wonder if the concerns felt by the independent inshore people are not that exaggerated. The small independent companies have been up against competition from big companies like National Sea Products and Nickerson's for some time. I do not know why it should be that a super company is going to give greater competition.

I should like to refer to a newspaper clipping from Yarmouth which I came across the other day. That article states:

> Excess cod dumped on the Boston market by National Sea Products and H.B. Nickerson is going to "demolish" small fish plant operators in the province, says a Boston fish broker.

● (2210)

The article goes on to say:

> In a telephone interview Monday, the American fish dealer, who asked not to be identified, said "when your big companies like National Sea flood the market there is just no way your small guys can compete . . ."
>
> Independent fish plant operators in southwest Nova Scotia say the supply the large fish companies are putting on the New England market is depressing prices.

Are we going to say, "No, you cannot sell in the Boston market; you can only sell so much?" These companies have had competition, and they expect to continue to have competition.

I wholly agree that the government can in some way help the small independents by giving them a market so that they are not wiped out because, if that were to happen, it would be a disaster.

In any event, I just wanted to say a few words to indicate that we in Nova Scotia are concerned with the future of the great fishing industry. While the bill may not go far enough, I feel we should pass it without undue delay.

Hon. William J. Petten: Honourable senators—

The Hon. the Speaker: I have to inform the Senate that, if the Honourable Senator Petten speaks now, his speech will have the effect of closing the debate on the motion for the second reading of Bill C-170.

Senator Petten: Honourable senators, first, I would like to congratulate all senators who took part in this debate for their kind words to me and for their complete coverage of the fishing industry.

As all honourable senators know, this is just the first step in the re-organization of the deep-sea sector of the Atlantic fisheries. I agree with Senators Doody, Marshall and others who say that we must look into the inshore sector. I am sure that my colleagues from Atlantic Canada will make sure that this comes to pass, and that the inshore fishermen will get the support and aid they need for their sector.

A question was raised by Senator Phillips regarding the agreement in principle between the Government of Nova Scotia and the Government of Canada. The only information I have in this regard relates to the joint press release by the Honourable John Buchanan, Premier of Nova Scotia, and the Honourable Pierre De Bané, Minister of Fisheries and Oceans, which was tabled in committee.

As we all know, this is an ongoing process, and this enabling legislation will permit the two governments to come to what will be a satisfactory agreement.

Honourable senators, I do not want to delay this bill unduly. If it now receives second reading, the Standing Senate Committee on Health, Welfare and Science will meet immediately, and the minister and his officials will be in attendance to answer senators' questions.

Senator Marshall: This evening?

Senator Bonnell: Yes.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. William J. Petten: Honourable senators, with leave of the Senate and notwithstanding rule 67(1)(k)(vii), I move that this bill be referred to the Standing Senate Committee on Health, Welfare and Science.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, some concern has been expressed by my colleagues concerning the fact that Senator Petten has suggested the committee meet immediately. The time is well advanced, and we have had a busy schedule throughout this morning, afternoon and evening. We have already put in a 12-hour day.

It seems to me that it might be useful to hold the meeting at 9 o'clock tomorrow morning, which would give us a couple of hours for discussion in committee before the Senate sits at 11 o'clock. This may be a more effective way of dealing with the subject than to try to address it tonight when senators are scarcely at the peak of their attention and interest in the matter. Unless there are very good reasons why the committee should meet this evening, the Senate might consider that 9 o'clock tomorrow morning would be a more suitable time for the committee to meet.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, what Senator Roblin has said is not strictly relevant to the motion before us, which concerns referral to committee. I would suggest that we adopt the motion and then, I am sure, Senator Bonnell will take into account the observations made by Senator Roblin. Perhaps the chairman can then communicate with the officials and decide whether the witnesses will be available tomorrow.

Senator Roblin: I am well aware of what the motion is about, but, in view of the fact that the mover of the motion had already given notice that he intended to have the committee meet right away, it seemed to me to be the part of good sense to deal with the matter as I did.

Senator Frith: It is still a matter of whether we are going to refer it to committee. The matter of whether the committee is to meet tonight, it seems to me, is not for Senator Roblin or for Senator Petten directly, although their observations are relevant. The chairman of the committee will decide whether he will persuade us to sit this evening. We should deal with the motion for referral and then deal with the question of when the committee should meet.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator Bonnell: Honourable senators, during this morning's meeting of the Standing Senate Committee on Health, Welfare and Science, authority was given me, as chairman, to call a meeting at a time suitable to the chair. Taking into consideration the remarks of the Acting Leader of the Opposition, which seemed very reasonable to me—he is always reasonable—

Senator Roblin: Usually; not always.

Senator Bonnell: He is not always reasonable—I am sorry for that superlative. If the Senate feels that we can dispose of this matter, both the pre-study and the bill itself, in two hours tomorrow morning before the Senate sits at 11 o'clock, then I think it is reasonable to accept that we should call the meeting for tomorrow at 9 a.m. in Room 356-S.

Senator Muir: I would pose a question to the chairman of the committee. Is it not correct that this bill was before the committee last night until after 11 o'clock?

Senator Frith: We were dealing with the subject matter.

Senator Muir: In other words, it has been pre-studied, and now the committee is to meet to study the bill.

Senator Bonnell: Honourable senators, Senator Muir, who is nearly always correct, is right that the bill was pre-studied last night and again this morning. We hope to complete the pre-study and study the bill itself tomorrow morning at 9 o'clock in Room 356-S.

Senator Roblin: I would like to say that I appreciate my honourable friend's co-operation. I think that is the first victory I have won today.

APPROPRIATION BILL NO. 3, 1983-84

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-173, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1984.

Bill read first time.

• (2220)

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

[*Translation*]

He said: Honourable senators, the Bill before you today, Appropriation Act No. 3, 1983-84, provides for the release of the whole of the Supplementary Estimates (B) for 1983-84 amounting to some $1.9 billion.

Am I correct in saying that Senator Phillips will be responding on behalf of the Opposition?

Hon. Martial Asselin: Yes, he will be answering you.

Senator Frith: I have an English version of my speech for Senator Phillips.

Senator Roblin: You are most co-operative. I hope you won't have too much trouble reading your speech in French.

Senator Frith: These Estimates, which are the first "regular" Supplementary Estimates for this fiscal year, bring the total Estimates tabled for 1983-84 to $90.3 billion.

These Estimates were tabled in the Senate on November 14, 1983, and were immediately referred to the Committee. They were reviewed by the National Finance Subcommittee on Estimates on November 17, 1983, when Treasury Board officials appeared before them.

Supplementary Estimates (B) contains a total of $1.9 billion of which $1.8 billion represents new spending authority that Parliament will be asked to approve. The remaining $100 million represents the net adjustment to items of a statutory nature.

There are eleven one-dollar votes in the Estimates. A listing of these votes and an explanation as to why they are included in Estimates was provided to the Committee.

Honourable senators, I have two tables to submit. First, there is a statement of Estimates Tabled to Date for 1983 and 1984. As usual, the headings include the Main Estimates, with budgetary and non-budgetary sub-headings. There are also Supplementary Estimates (A) and Supplementary Estimates (B) with the same sub-headings, and finally the Total Estimates Tabled. Above each column you will find: "To be voted", "Statutory" and "Total".

The second table indicates Supply to Date for 1983-84. Two Appropriation Acts have been approved in respect of Estimates for 1983-84. You will note the Supply Approved to Date, that is, the amounts now before the Senate. We have already adopted Appropriation Act No. 1. As for Appropriation Act No. 2, you have the figures. You also have the result, namely, Supply for the whole of Supplementary Estimates (B) for 1983-84, awaiting approval.

Honourable senators, do I have your permission to have the following two tables, in both official languages, included as part of today's proceedings?

Some Hon. Senators: Agreed.

(*Tables Follow:*)

ESTIMATES TABLED TO DATE FOR 1983-84

Main Estimates	To Be Voted	Statutory	Total
Budgetary	$32,548,669,511	$53,069,529,722	$85,618,199,233
Non-Budgetary	398,490,800	1,444,163,000	1,842,653,800
	$32,947,160,311	$54,513,692,722	$87,460,853,033
Supplementary Estimates (A)			
Budgetary	$ 1,362,110,001	$ 22,743,000	$ 1,384,853,001
Non-Budgetary	7,342,001	2,100,000	9,442,001
	$ 1,369,452,002	$ 24,843,000	$ 1,394,295,002
Supplementary Estimates (B)			
Budgetary	$ 1,774,008,064	$ 202,470,000	$ 1,976,478,064
Non-Budgetary	41,809,000	(124,900,000)	(83,091,000)
	$ 1,815,817,064	$ 77,570,000	$ 1,893,387,064
TOTAL ESTIMATES TABLED			
Budgetary	$35,684,787,576	$53,294,742,722	$88,979,530,298
Non-Budgetary	447,641,801	1,321,363,000	1,769,004,801
	$36,132,429,377	$54,616,105,722	$90,748,535,099

[Senator Roblin.]

SUPPLY TO DATE FOR 1983-84

Two Appropriation Acts have been approved in respect of Estimates for 1983-84:

Supply Approved to Date		
Appropriation Act No. 1, 1983-84 which granted Interim Supply for *April, May and June* including 31 additional proportions, based on the *Main Estimates* for 1983-84		$ 9,328,506,277.74
Appropriation Act No. 2, 1983-84 which granted Supply for:		
— the balance of the *Main Estimates* for 1983-84;	$23,618,654,033.26	
— the whole of *Supplementary Estimates (A)* for 1983-84	1,369,452,002.00	
		$24,988,106,035.26
Total		$34,316,612,313.00
Awaiting Approval		
Supply for the whole of *Supplementary Estimates (B)* for 1983-84		$ 1,815,817,064.00
Total		$36,132,429,377.00

Senator Frith: Honourable senators, I will be happy to provide all the information you could need. I ask your support for this Bill to be passed at second reading stage.

[*English*]

Hon. Orville H. Phillips: Honourable senators, when I was asked to speak by the Honourable Senator Roblin, he asked me to take at least 45 minutes. At this hour of the night, however, I think I will reduce that amount of time considerably. Senator McElman said that I can have 45 minutes, but I notice he is leaving.

Honourable senators, the supplementary estimate of $1.9 billion is not the largest supplementary estimate that I have seen introduced in this chamber. However, if we take it on the basis of 250 working days per year, it comes out to $8 million per day, or $1 million per working hour, for the Public Service. Therefore, honourable senators, even if the hour is late and we have put in a very long day, I am still conservative enough to believe that a million dollars an hour deserves a bit of our consideration.

Hon. Duff Roblin (Acting Leader of the Opposition): Hear, hear.

Senator Phillips: Honourable senators, the National Finance Committee, in reporting on its pre-study of an appropriation bill in June, referred to its concern respecting the financing of the federal debt. It is rather unfortunate, honourable senators, that we did not have representatives of the Bank of Canada appear at that time. Since then the Bank of Canada has listened to the concerns expressed on this side of the chamber. In a statement made not too long ago, an official of the Bank of Canada expressed concern about the huge borrowing by all levels of government—federal, provincial and municipal—and the effect this is having on interest rates. Government borrowing tends to crowd out the corporate sector and thus tends to keep up interest rates. He went on to point out that the main culprit was the federal government, which this year will be borrowing at least $27 billion in the form of either treasury bills or savings bonds. In addition, the federal government will, in effect, borrow $4 billion from pension funds under its jurisdiction.

It was my intention to review the concern expressed by various pension groups at the time of the six-and-five legislation. I will condense that to one or two sentences and say that I think the Senate should examine this practice of the government's use of pension funds in an effort to ensure that the pension funds are used to give the beneficiaries the maximum return.

The next item I wish to discuss is the concern over the size of the federal debt. Normally the Minister of Finance says that the federal debt is $127 billion. I cannot miss the opportunity of needling my honourable friend who sponsored the bill to remind him that Canada required from 1945 to the present to double its population, but it required only the past five years to double the national debt.

● (2230)

The Auditor General has stated that many of the items that should be included in the national debt are omitted, that they are buried away, hidden, allowed to grow and develop without proper supervision. In fact, he pointed out that last year the federal deficit was underestimated by something in the vicinity of $6 billion; or, on the basis of my earlier calculation, $3 million per working hour was hidden. The Department of Revenue recently published a statement on the national debt. At the present time the amount owing on Canada Savings Bonds and treasury bills is $127 billion. The department went on to list a number of other debts, and I would like briefly to list them. There is the $6.4 billion for the Petroleum Incentive Payments. There are personal obligations to federal employees for indexing their pensions. As I have stated, the pension funds have already been used by the government, but indexation is due on those, and that amounts to $13.5 billion. Then there is severance pay due to civil servants. As honourable senators know, civil servants receive one week's pay for each year in the Public Service. That amounts to $1.3 billion. In addition, employees in the Public Service tend to accumulate vacation pay, to save it up for their retirement. It is estimated that $1 billion is owing for that.

Senator Frith: One billion dollars?

Senator Phillips: Yes. Debts of crown corporations amount to $37 billion. The Unemployment Insurance shortfall will be $3.6 billion. Those items total $209.8 billion. That is the Department of National Revenue, just one branch of government. Since that department has a habit of writing to me and correcting my income tax returns, I am sure its calculations are far more accurate than mine.

Honourable senators, I do not believe that each of those extra items I have just read will be called in either today or tomorrow, but there is cause for serious concern on the part of the Canadian public and I would like to see the Senate give some consideration to those matters at some time in the future. If honourable senators are interested, I would recommend that they read the editorial that appeared in the Toronto *Sun* of November 17. As they know, that paper is an ardent supporter of the government. I enjoyed the heading of the editorial, "Cooking the Books"; but then the editorial became quite serious. If a corporation did many of the things that the government is presently doing, then I believe the directors, and certainly the comptrollers, would face criminal charges. However, there is some hope. The Honourable Herb Gray, President of the Treasury Board, says that if anything is wrong, the government should take a look at it. I hope it will.

Earlier I referred to the statement of the Bank of Canada, which pointed out that corporate borrowing this year had decreased from approximately $11 billion to $6 billion. However, half of that $6 billion was due to money borrowed for renewal of mortgages. There has been a considerable drop there, and I am afraid it does not indicate a particularly bright future for our expansion. I have here items on de Havilland and Canadair. However, I feel that in mentioning those subjects, I am beating a dead horse, and at this late hour of the day I propose to skip those portions of my notes and save them for the debate on the Throne Speech. There is an advantage in making copious notes. If one does not use them on one occasion, there is always an opportunity in the future.

When I study supplementary estimates I always enjoy looking at one item, namely, "Professional and Special Services". In connection with some items, supplementary estimates (B) should become a collector's item. I shall mention vote 5b under "Agriculture". Main estimates had a figure of $7,233,000; supplementary estimates (A) had an item of $684,000, an increase of 9 per cent; and supplementary estimates (B) has a figure of approximately $3,798,000, or an increase of 52 per cent.

I always look upon this item as a euphemism for consultants and the rehiring of retired public servants, and I am suspicious that departments are now using this item to circumvent the restrictions that were placed on hiring. In supplementary estimates (A) the Department of Fisheries and Oceans had an item of $4,204,000 for Professional and Special Services. Those supplementary estimates contained a figure of $6,722,000, or together approximately $11 million. I am referring to the Department of Fisheries and Oceans, vote 1b, under "Professional and Special Services". I was about to point out that at 90 cents per pound, that is an awful lot of codfish.

There are three or four Department of Transport votes, but I will take just one, namely, the Air Transport Program. The vote is for $8,496,000, or an increase of 27 per cent over the main estimates. Perhaps they are investigating air crashes, or something of that nature. I think we should have an explanation of some of these items.

● (2240)

The Ministry of State for Economic Development has an item which asks for $2.23 million. These guys are mere pikers, and that is only an increase of 136 per cent over the main estimates. I have not seen that much economic development that we need all these consultants. As I have said, I wonder how much of this money is being wasted. The Solicitor General paid out about $40,000 for a consultant to improve his image. The taxpayers were lucky because he got an honest consultant who reported back to him that nothing would improve his image.

Senator Frith: That is gilding the lily.

Senator Roblin: It is painting the lily.

Senator Phillips: There are two or three other items I would like to mention. The first is the Cape Breton Development Corporation. Supplementary estimates (A) included an item of $1.2 million and supplementary estimates (B) included an item of $61.5 million—an increase of 66 per cent for that company. The minister responsible for the company said that he was shocked when he learned this fact. I do not know how he felt on numerous other occasions, such as when my favourite topic, Canadair, was raised. However, I am sure the minister is not the only one who is shocked. Tom Kent is a favourite of this government and keeps getting one appointment after another. I notice that with each appointment he creates an empire, and then moves on when it is about to collapse, before the roof falls in.

Senator Frith: Just like Mr. Mulroney and Iron Ore.

Hon. Martial Asselin: Come on!

Senator Frith: How come it is always partisan when we do it?

Senator Phillips: My colleague, Senator Muir, has asked on a number of occasions when the governments involved intend to fill the vacancies on the board of directors of this corporation. Some of the vacancies on the board have existed since 1979. Perhaps if there had been a board of directors just a bit better than the board of Canadair, they might have seen some of these losses occurring and prevented the deficit.

The former Solicitor General, in the Clark government, asked the Minister of Justice about the item with regard to the Justice Department. The explanation he received was that this money was necessary because the Department of Justice had contracted to do legal work for the Post Office. The sponsor of the bill likes to refer to himself as being learned or a member of a learned society. I ask him for the legal basis for this contract. Is the Post Office repaying the Justice Department? If they are, why do we have this vote in the estimates? I hope that the Deputy Leader of the Government will give me an explanation before this bill receives third reading, after which we may have more to say on its legality. I ask that the deputy leader check the legality of this matter with the officers of the Crown by tomorrow, and I am sure that he will do so in the interest of co-operation.

There is one final vote I would like to mention, and then I think it is time that we call it a day. I refer honourable senators to vote 1b under Indian Affairs, on page 86. It is a $2 million item and it is described as being necessary for the improvement of management practices. Obviously, the government has a different idea on improving management practices than I have. I think of improvement as reducing costs, but these birds take it the other way and increase costs. That item just about sums up supplemenatry estimates (B).

Senator Frith: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, I have just three points to raise. Senator Phillips usually uses the appropriation bill to make some general comments about the economic policies of the government—

Senator Roblin: And why not?

Senator Frith: Let me finish. I think that is perfectly fair game because if I were in his place I would do the same. However, I do not intend to enter into that kind of debate. Perhaps we will cross swords on the subject in the debate on the Speech from the Throne, as he suggested.

The second point is that supplementary estimates are necessary for many reasons. In this case, the main estimates were approved before the recent budget. As Senator Phillips knows, since he is a student of estimates, appropriations bills, borrowing bylaws and other such esoteric matters, a good many of the changes provided for in supplementary estimates (B) are related to necessary adjustments to implement that budget.

Hon. H. A. Olson (Leader of the Government): Which Senator Phillips applauded.

Senator Frith: Yes, I seem to remember his applauding that budget, but perhaps the implementation of it has, to his mind, left something to be desired.

The third point is that Senator Phillips raised not only votes that appear in the appendix to the bill but sub-items which we do not have and which he candidly identified as sub-contracts under the vote items to which he referred. Our practice has always been to debate and examine those estimates in a more detailed way when they are before the National Finance Committtee. So I shall not make any comments on the individual items. No doubt he raised those same points in committee and he is underlining them so that they will appear in *Debates of the Senate*.

Therefore, honourable senators, I ask for your support on second reading of this bill.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators,when shall this bill be read the third time?

Senator Frith: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(l)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, November 30, 1983, at eleven o'clock in the forenoon.

He said:

Honourable senators, I will give a brief explanation of the program, as I see it, for tomorrow, if leave is granted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (2250)

Senator Frith: Honourable senators, the program tomorrow will include a meeting of the Standing Senate Committee on Health, Welfare and Science, to which Bill C-170 has been referred. That meeting will be at 9 o'clock in the morning. The Senate will sit at 11 a.m., in accordance with this motion, and will proceed with Question Period and third reading of certain bills, including the appropriation bill. We hope that by then we will receive a report from the committee dealing with Bill C-170. We will try to dispose of all that legislation. Then we could reconvene at 2 o'clock and proceed immediately to Royal Assent, and then have the prorogation speech and prorogue. It is very hard to estimate the timing accurately, since we do not know how quickly the members of the other place will come here or the exact length of the prorogation speech. However, if that schedule is followed, I think it is safe to assume that by 4 o'clock we should have prorogation. At that time we will know on what date the new session will commence. I think it will be Wednesday of next week, but of that I am not certain.

[*Translation*]

Senator Asselin: That program is agreeable to us in the opposition, provided Senator Frith can promise that we will not receive more legislation from the other place at the last minute.

Senator Frith: Honourable senators, our cordial agreement is quite specific. It covers the legislation we have received so far, nothing more.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Wednesday, November 30, 1983

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

ST. ANDREW'S DAY

TRIBUTE TO THE SCOTTISH PEOPLE

Hon. Heath Macquarrie: Honourable senators, today is St. Andrew's Day, a day that meant a great deal to the founder of our country, Sir John A. Macdonald.

It has been said by no less a person than the great Lord Tweedsmuir that the Scottish people are wide-ranging and clannish. Since this is so late in our busy, long session, I assure you that my remarks will not be wide-ranging.

I wish too that I could salute the day and honour it in the Gaelic tongue, which, we are told, was more the mother tongue of the Fathers of Confederation than English or French.

However, I hope that my good and clannish colleagues will join me in saluting St. Andrew and the people of Scotland on this auspicious day.

Hon. Senators: Hear, Hear.

ATLANTIC FISHERIES RESTRUCTURING BILL

REPORT OF COMMITTEE ON SUBJECT MATTER TABLED

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, tabled the following report:

Wednesday, November 30, 1983

The Standing Senate Committee on Health, Welfare and Science to which was referred the subject-matter of the Bill C-170, intituled "An Act to authorize investment in and the provision of financial assistance to the Atlantic Fisheries for the purpose of restructuring certain fishery enterprises", has, in obedience to the Order of Reference of November 28, 1983, examined and considered the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,
M. LORNE BONNELL,
Chairman

REPORT OF COMMITTEE PRESENTED

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Wednesday, November 30, 1983

The Standing Senate Committee on Health, Welfare and Science, to which was referred the Bill C-170, intituled "An Act to authorize investment in and the provision of financial assistance to the Atlantic Fisheries for the purpose of restructuring certain fishery enterprises, has, in obedience to the Order of Reference of November 29, 1983, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL,
(*Chairman*)

Hon. Jack Marshall: Honourable senators, is the chairman of the committee forgetting one part of the report?

Senator Bonnell: Honourable senators, with the unanimous consent of the house, the chairman of the committee would like to make a few remarks.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, just so that we know where we are in terms of procedure, under rule 78(2), this report having been presented to the Senate it should be received without debate. Rule 78(4) states that a report on a bill without amendment, as this is, shall stand adopted without any motion, and the senator in charge of the bill shall move that it be read a third time on a future day.

As it stands now, this report is adopted and normally what would happen is that the sponsor of the bill, Senator Petten, would now move that it be read a third time on a future day. However, if I understand what has transpired between the chairman of the committee and Senator Marshall, the chairman of the committee wishes leave to make some comments now with respect to the report, although it does stand adopted, and before we proceed to third reading.

Is that correct, Senator Bonnell?

Senator Bonnell: Yes, that is correct.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, if leave is requested for this unusual procedure, and if it is granted, as I anticipate it will be, I think it should be understood that members on this side of the house who may wish to comment on the chairman's report should be at liberty to do so.

Senator Frith: Yes, I think that is quite reasonable. We are suspending the rule which deals with debate on a committee report by virtue of the fact that we are allowing the chairman of the committee to comment. I think Senator Roblin's corol-

lary to that is very reasonable. If we are suspending the rules to allow the chairman to make comments, then we should suspend the rules in order to allow other senators to make comments. However, we will need unanimous consent.

Senator Bonnell: Honourable senators, I ask for unanimous consent of the Senate in order to make a few comments.

The Hon. the Speaker: Is unanimous consent given?

Hon. Senators: Agreed.

Senator Bonnell: Honourable senators, I would like to congratulate the members of the Standing Senate Committee on Health, Welfare and Science who attended the committee meetings faithfully and in force. A great many senators attended the meetings.

I would like to say that I have a commitment from the minister, which is recorded in the minutes of the committee meeting, that clause 9(2) will be amended at the first opportunity in order to take into consideration recommendations made by both houses of Parliament, as opposed to just the House of Commons.

For the benefit of my good friend, Senator Phillips, and for mine, I would like to say that under clause 6(2) there will be $100 million available for the aggregate amounts of guarantees given under this section which are outstanding at any one time, and which shall not exceed $100 million. This amount of $100 million can probably be used by the department for Prince Edward Island, New Brunswick, Nova Scotia and Quebec.

Senator Marshall: Honourable senators, with respect to clause 9(2), the chairman indicated that there would be an amendment as soon as possible. I am wondering if that is a misuse of the word. I thought we had an agreement in committee; indeed the minister said that this was an omission and it was just a matter of reprinting that section. That will not entail an amendment. An amendment, as I see it, would have to come before both houses again for approval.

Senator Bonnell: Honourable senators, Senator Marshall may well be correct. I was so intent on getting the bill through that I may have misheard a word. At any rate, it was an unintentional omission, and they assured us that they would correct it as quickly as possible.

Hon. L. Norbert Thériault: Honourable senators, before I accept the report, I have a question that I would like to ask of the sponsor of the bill, the chairman of the committee, or the government house leader. After I left the committee this morning, it was brought to my attention that it is reported in the *Citizen* of November 29, 1983, that one shareholder of one of the companies that is being taken over, or bailed out, will be receiving $2 million in cash from the Government of Canada for his six per cent of the shares in that company.

I was informed that the reason for the bail-out of these companies was that they were almost in a state of bankruptcy, and I would like to be advised as to whether or not this article in the *Citizen* is the truth, or merely press speculation, before I vote on this bill.

[Senator Frith.]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to take that question as notice. As Senator Thériault has pointed out, it is perhaps some press speculation. I do not know whether it is or not, or, if so, what the foundation is for it. I can tell him that I shall have a member of my staff attempt to obtain the background information on that matter as quickly as we can.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

LECH WALESA

FELICITATIONS ON AWARD OF NOBEL PRIZE FOR PEACE

Hon. Stanley Haidasz: Honourable senators, on December 10, in Oslo, Norway, the 1983 Nobel Prize for Peace will be presented, in person or *in absentia*, to Lech Walesa of Poland.

As this is the prorogation day of the first session of the 32nd Parliament, with leave of the Senate and notwithstanding rule 45(1)(h), I move, seconded by Senator Asselin:

> That the Senate of Canada offer felicitations and best wishes to Lech Walesa, Nobel Peace Prize winner, leader of the Solidarity in Poland, for his non-violent struggle for human and fundamental rights.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker: I understand that this motion is unanimously supported by the members of this house.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE ECONOMY

CANADA'S ECONOMIC PROSPECTS

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. On the eve of the prorogation of this long session, I would like to hear his comments on the recent GATT economic report concerning the performance of Canada.

This report has raised a lot of concern among people and among economists who had forecast that Canada's economy would improve and grow stronger in the coming months. However, according to the GATT report dated November 26, 1983:

> Among industrialized nations, Canada's economic performance was the worst during the recession and her apparent recovery depends solely on the vagaries of consumer spending.

If I may elaborate on my question, I should like to quote another excerpt of the GATT report which appeared in *Le Devoir* of November 26, 1983:

> In its report on 1982-83 international trade, GATT points out that the "continuous degradation of international trade conditions" explains the weakness of the recovery. According to this organization, "the current recovery may very well be short-lived unless international markets become more easily accessible".
>
> Considering that Canada still has an unprecedented $31.2 billion deficit for 1983, GATT maintains that "budgetary deficits ought to be the main target in any effort to boost savings".

Since those forecasts were made by an international organization whose credibility is widely acknowledged by all economists, both in Canada and abroad, could the Leader of the Government comment on Canada's economic outlook?

[*English*]

• (1110)

Hon. H. A. Olson (Leader of the Government): Honourable senators, what Senator Asselin has just read to us is the opinion of someone at GATT. That is not a fact. When someone describes something as being the best, worst or average situation, that is obviously an opinion. I am not going to argue that that is anything different. We know we are highly dependent on international trade for Canada's internal economic activity.

You can also read other reports. In fact, one recent report from the OECD says that Canada's growth performance during the past few months has been the best in the western world.

Senator Asselin: Who said that?

Senator Olson: The OECD said that.

Senator Asselin: Is that your opinion?

Senator Olson: Do you know what the initials OECD stand for? Of course, you do. There are many different opinions.

Obviously, when commencing a new session, which in this case will be inaugurated by a Speech from the Throne, projections are made by the government, and the government intends to make projections in the upcoming Speech from the Throne. During the debate on that Speech from the Throne, Senator Asselin, I and others can bring these matters to the attention of the Senate.

What he has read to us, as I said earlier, is an opinion held by someone at GATT. That is not necessarily fact.

[*Translation*]

Senator Asselin: I have a supplementary question. Is the Minister aware that there are in Canada a million and a half unemployed people looking for jobs, which is a source of great concern for many young Canadians? I hate to say this in this house, but in my area two young people between 20 and 25 years of age took their own lives last week because they had failed for nearly a year and a half in their search for jobs.

It is a fact, therefore, that our young people are deeply concerned about this situation. Does the Minister think that a great many of these million and a half unemployed feel as he does that everything is fine and dandy in this best of all possible worlds and that our economy is in good hands?

[*English*]

Senator Olson: No, the Minister of Finance, in particular, but other ministers as well have expressed their deep concern about the levels of unemployment, along with their determination to do what is possible to ameliorate that to the greatest extent possible.

Of course, that involves a number of the matters contained in the budget and the programs that arose from those budgetary considerations for the purpose of relieving as much of the inherent distress as possible. The government has consistently said that.

• (1115)

The point I wanted to make was that, according to the OECD, we have had the greatest growth factor, from the bottom of the recession to this point in time, of any country in the industrialized western world.

[*Translation*]

Senator Asselin: Does not the Minister feel that in order to reassure potential investors, the government should lead the way and reduce our current $31.2 billion deficit and that it should control its expenses more closely to attract foreign investments in Canada?

[*English*]

Senator Olson: A great deal of the funding in the whole of the federal budget, including the deficit, is specifically designed to create jobs so that it would have exactly the opposite effect.

Senator Asselin: The contrary has happened.

Senator Olson: The contrary has not happened. What has happened is that there has been a remarkable—and better than any other nation—increase in employment in our economy during the past few months.

Senator Asselin: What about the number of unemployed during the past few months?

Senator Olson: That was deliberately designed to have that effect, but that does not mean to say that the results so far are completely satisfactory. As long as there are unemployed people, this government will try to create more jobs and more economic activity to relieve that distress.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I do not like to dampen my honourable friend's enthusiasm for economic progress in the country insofar as it is real, because I share it, but surely he recognizes that the statistics issued within the last week indicate that the

number of jobs in Canada—not the number of unemployed—has actually fallen and that 67,000 people withdrew from the labour force because they could not find jobs. I think my honourable friend should take what comfort he can in what good news there is, and I will join him. He leaves me with an impression of complacency, and it seems to me that it would be better to advise the house exactly what the situation is with respect to these jobs because, according to the latest figures received, there has been a fall off in the number recently.

Senator Olson: If my friend got the impression that either this government is, or I, as a member of the government, am complacent about the difficulty and the distress regarding unemployment in this country, he got exactly the wrong impression. I could not more diametrically disagree with his alleged impression. This government has held job creation and increased economic activity as the highest priority ever since the recession started in the western world, and we continue to do so. The one thing about being a member of this party is that, if there are problems to solve, we are never satisfied until we have made the maximum effort to achieve the greatest success in that undertaking.

Senator Roblin: My honourable friend needs to have this attitude because the policies of his government have resulted in the greatest decline in productivity and prosperity of any nation in the OECD.

Senator Olson: No, no.

Senator Roblin: That is absolutely the case. We have the worst record of performance, in this downturn, of any nation in the industrialized world. First of all, it indicates the earlier ineptitude of the government and the steps it will have to take to get back to where we started from.

Senator Olson: Honourable senators, the conclusions are wrong because they are based on erroneous background information.

Senator Roblin: Of course, my honourable friend had better be prepared to prove that because I am prepared to produce the figures to show that I am correct.

Senator Olson: But it will be your opinion.

Senator Roblin: I am entitled to my opinion, but I am also interested in the facts, which is more than my honourable friend seems to be.

• (1120)

GIOVANNI CABOTO

RECOGNITION IN GOVERNMENT PUBLICATION

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Is he aware of a recent government publication entitled: "Constitution 1982" and, particularly, the chapter entitled, "Looking Back"? On page 28 there are several pictures and a footnote which reads as follows:

> After the 15th and 16th century explorations of the Italian Caboto, the French Cartier and the British Gilbert, colonization of Canada began in the 17th century under Samuel de Champlain.

I would like to thank honourable senators for the support that they have given me in my endeavour to have the official discoverer of Canada known by his original name.

Is the Leader of the Government in the Senate aware that acknowledging the contribution minority groups have made to the history and the development of Canada makes then feel more deeply Canadian and gives them a greater sense of belonging?

Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the answer to the first question is, yes, I am aware of the publication and I have read it once, although I do not profess to be familiar with every one of the details.

With respect to the second question or comment, I believe I should look that over because, although I agree with it, I am not sure whether the honourable senator asked for a commitment.

MULTICULTURALISM

APPOINTMENT OF NEW ADVISORY COUNCIL

Hon. Stanley Haidasz: Honourable senators, my question is for the Leader of the Government in the Senate. On the weekend of November 19, in our capital city, the new Advisory Council on Multiculturalism, consisting of 30 representatives or appointees, met in its first session.

I should like to know whether this new council was established by Order in Council. If so, when did that occur? Were the various national ethno-cultural organizations consulted in any way with respect to this decision and the appointments to the new council?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will have to check whether it was by Order in Council. I do not know whether that council requires Governor-in-Council appointments. In any case, I will try to obtain complete answers to your questions.

REQUEST FOR ANSWERS

Hon. Jack Marshall: Honourable senators, I hope I will be forgiven for asking this question pre-emptorily. I should probably wait until the leader deals with delayed answers, but the suspense is killing me.

Since this is the last day of the session, will all the questions on the Order Paper and all those requiring delayed answers be responded to today?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have one delayed answer which I will get to during that part of our proceedings. I cannot say now that every minister has answered every question taken as notice or that there may not be a perception in the mind of some senator that an answer was still to come, because I have run into the

problem once or twice that questions were not specifically taken as notice.

However, as far as my office is concerned, I believe we are reasonably well up to date, having responded to 98 per cent or 99 per cent, and, after today, it may even be 100 per cent.

• (1125)

CANADIAN WHEAT BOARD

PROPOSED CHANGES IN QUOTA SYSTEM

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the minister responsible for the Canadian Wheat Board. I understand that he is contemplating changing the system of quota delivery of grains to make it possible for improved cash flow for small- and medium-size farmers.

I have been out of the country for the last few weeks and have not heard any details of this proposal. I wonder whether the minister might expound a little on what could be a very good idea?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the quotas are established by the Canadian Wheat Board under its authority. Therefore, the Canadian Wheat Board has the prerogative to make any changes in the quota system. There is an advisory committee to the board which has a subcommittee that from time to time deals with the system of quotas that is to be established.

It is correct, however, that recently, at meetings in western Canada, particularly before the various wheat pool organizations, I did extend for discussion purposes an idea that there should be built into the quota system, a system of proportionately larger quotas for the smaller and medium-size farmers. Two or three statistics will indicate what I have in mind.

I suggested that for farmers with up to 500 acres the quota acreage should be increased by 50 per cent in each quota, and that for farmers with between 500 and 1,000 acres it should be increased by 25 per cent. Fifty per cent of all permit-book holders have 500 acres or less; 84.3 per cent of all permit-book holders have 1,000 acres or less. Therefore, modifying the quota system, if it should be done by that amount, would make it possible for the smaller and average-size producers to bring their grain to market more quickly, in a proportionate way, than the rather large farmers. This would have the advantage of increasing cash flow. I think it would be particularly helpful to the smaller farmers in terms of cash advances, which could then apply to a larger number of bushels of grain that would flow relatively more quickly into the market.

If our agricultural industry had a small carry-over of grain at the end of July, then I think that the smaller and medium-size farmers would have sold their grain and that this carry-over would be in the hands of the larger farmers, who are perhaps better able to handle a modest carry-over. If the Wheat Board were able to accept virtually all of the grain offered, as was really the case last year, then of course the farmer, large or small, would be able to clean out his bins at the end of the year, but the suggested change would still have had the advantage of the smaller and average-size farmer having been able to bring his grain to market a little more rapidly, with a better cash flow, earlier in the crop year.

As I have said, honourable senators, the establishment of quotas is not within my jurisdiction. The idea has been put forward for discussion. I think that producers are looking for ways in which to increase the cash flow for the smaller and average-size farmer. I am sure that, if the producers are in general agreement with this idea, then the Wheat Board will take it into consideration when it is establishing its quota system.

REQUEST FOR ANSWERS

Hon. Robert Muir: Honourable senators, because it is St. Andrew's Day and I am in a very generous mood, I hesitate to distress the Leader of the Government in the Senate—that great contortionist who is always prepared to break both arms in patting his own back with respect to answering questions. On November 17, however, I asked a question of the honourable gentleman regarding compensation for the wrongful imprisonment of Donald Marshall. Although we have read many reports and heard many different things on this subject, the minister has not brought forward a response to my question.

On the same day, I asked the minister a question regarding the possible closing of certain CBC television stations. I am happy to say that he has responded to that question, although later in the day another question I posed with regard to agriculture in New Brunswick he took as notice. Further, I pursued the question of the appointment of members to the board of directors of the Cape Breton Development Corporation. Those are just a few small items. I am sure that the Leader of the Government, if he has an opportunity, will be glad to forward me the information by letter. Perhaps it would be convenient for him to deliver the letter to my office at approximately 4 p.m. this afternoon.

• (1130)

Hon. H. A. Olson (Leader of the Government): Honourable senators, if by 4 p.m. today I have answers that are satisfactory to the honourable senator, I will forward them to him then. If not, then obviously the answers will reach him somewhat later. There is a subtle difference between an answer that is satisfactory to the honourable senator and a reply. I believe that I have replied to all of those questions, with the exception of the one relating to the problem concerning Mr. Marshall. In that connection, I have forwarded a request, and as soon as a reply is received I will convey it to the honourable senator, whether or not the Senate is sitting.

Senator Muir: I thank the Leader of the Government for his reply. However, I am a little confused—which is not unusual for me—regarding his response concerning a satisfactory reply. I did not say that I had not received a satisfactory reply, but only that I had not received any reply to questions which the Leader of the Government said he was taking note of.

Perhaps he is not hearing so well today, but I extend to him best wishes for a happy St. Andrew's Day.

Senator Olson: And the same to you.

NATIONAL PAROLE BOARD

GATING OF INMATES—SUPREME COURT JUDGMENT—POSSIBILITY OF COMPENSATION

Hon. L. A. Hastings: Honourable senators, may I remind the Leader of the Government of a question I first asked in May and have since brought to his attention on two or three occasions? It pertains to compensation for the 11 Canadians whose rights were violated by the National Parole Board. I would again ask the government leader to seek a simple "yes" or "no" reply from the government during the period when the Senate will not be sitting.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will give an undertaking to pursue that question further.

FOREIGN AFFAIRS

ARGENTINA—INAUGURATION OF PRESIDENT—CANADIAN REPRESENTATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Stollery on November 22, concerning who will represent Canada at the inauguration of the new President of Argentina.

The answer is that the Honourable Pierre Bussières will represent Canada at the inauguration of the new President of Argentina.

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-171, to amend the Garnishment, Attachment and Pension Diversion Act.

Motion agreed to and bill read third time and passed.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-96, to amend the Financial Administration Act.

Motion agreed to and bill read third time and passed.

[Senator Muir.]

APPROPRIATION BILL NO. 3, 1983-84

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-173, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1984.

He said: Honourable senators, yesterday evening I undertook to meet a request of Senator Phillips for information before the house votes on third reading of this bill.

After we adjourned last night Senator Phillips and I discussed how we could get this information with reference to a contract between Canada Post and the Department of Justice. It turns out that the contract consists of an exchange of letters. I understand that the Department of Justice has been in direct contact with Senator Phillips and is in the process of compiling the material to send over to him. If that is satisfactory to the honourable senator, perhaps we can now proceed to third reading.

Hon. Orville H. Phillips: Honourable senators, I regret to advise Senator Frith that the Department of Justice has not been in contact with me. I have heard from no one except his assistant. Perhaps, if I receive copies of the letters, I can pursue the matter in the new session.

Senator Frith: I should have read my information more strictly. It says that the Department of Justice has been speaking with Senator Phillips' office. I do not know whether that distinction is important. In any event, I have the information here that copies of the exchange of letters that constitute the contract are being put together to be sent to Senator Phillips.

Senator Phillips: Thank you.

Motion agreed to and bill read third time and passed.

ATLANTIC FISHERIES RESTRUCTURING BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Senator Petten, moved the third reading of Bill C-170, to authorize investment in and the provision of financial assistance to the Atlantic Fisheries for the purpose of restructuring fishery enterprises. [*Translation*]

Hon. Martial Asselin: Honourable senators, before proceeding with the vote on third reading of this Bill, I think it would be desirable to hear what a representative from the Province of Quebec has to say about the legislation now before the Senate.

I listened with great interest yesterday to the comments of my colleague, Senator Phillips, who to a certain extent defended the interests of Quebec. Other colleagues who spoke to the Bill, including the senator from New Brunswick and our senators from Newfoundland, made very good presentations. I would just like to say here in this Chamber that the Bill does nothing to solve the problems we in Quebec are facing in connection with our fisheries. If I were talking to the people of

Charlevoix about federal-provincial relations in this respect, I would say that things are in a pretty bad way.

I am not blaming anyone, nor am I criticizing the attitude of the federal Minister of Fisheries and Oceans, the Honourable Pierre De Bané, or the decisions the Quebec Minister of Agriculture, Mr. Garon, seems to be making that stress the province's jurisdiction over fisheries.

The fact remains that in Quebec, the fisheries industry and the fishermen themselves are in financial trouble. I think everyone is aware of the problems experienced by the Société des Pêcheurs unis. They are also aware of the representations made by the Compagnie des Pêcheurs unis—

Hon. Léopold Langlois: The name is Coopérative des Pêcheurs unis.

Senator Asselin: I want to thank Senator Langlois, who has lived in the area for a long time and is certainly more familiar than I am with the co-operative on the Lower St. Lawrence.

In any case, we know that, over the objections of Quebec, the federal Government has invested certain sums of money to try to buy back the assets of the Coopérative des Pêcheurs unis which was almost bankrupt, and that shareholders of the co-operative were the Fédération des Caisses Desjardins, the Banque Nationale and the Province of Quebec, which had invested $5 million. No agreement was reached on how to apportion the assets resulting from the bankruptcy of the Coopérative des Pêcheurs unis. It is claimed that Minister De Bané found a formula that included the Banque Nationale, the Fédération des Caisses Desjardins, plus the $1.2 million invested by the fishermen themselves. We are told that Mr. De Bané proposed a formula under which the federal Government would purchase the assets and convert them into shares. The federal Government would give the fishermen shares in return for the amounts they had invested in the co-operative.

All this is not very clear and raises major problems and a number of questions. The Opposition was well represented on the committee that studied Bill C-170. Our party was represented by Senators Phillips, Muir, Doody and Marshall. Unfortunately, the Prime Minister is delaying the appointment of other senators from Quebec who would support our cause. There are not enough of us. There are only two or three senators from Quebec to do all the work on all committees. Nevertheless, a Liberal senator from Quebec, Senator Wood, asked the Minister how he was going to use this Bill to solve the problems of the fishing industry in Quebec. The committee's official proceedings have not yet been published, but this morning I was able to get an unrevised copy. I skimmed through the answer Minister De Bané gave to Senator Wood. His answer was evasive and confused, and supported the status quo. We do not see how, in a matter of months or even years, there could be any agreement between the federal Government and the Government of the Province of Quebec regarding the fishing industry in that Province. In fact, Senator Wood, after the Minister's lengthy, evasive and confused explanation, said the following:

[*English*]

You have not really answered my question.

[*Translation*]

She was right, because the Minister seemed reluctant to come to grips with the problem and tell the Committee that the Bill would resolve current problems in the fishing industry in Quebec. The trouble is that right now Quebec is trying to reaffirm its jurisdiction over fisheries within its territory. Quebec intends to pass legislation in the provincial legislature that would oblige Quebec fishermen, if they want to have the right to fish in Quebec waters, to carry a provincial fishing licence. Through this legislation, which has been tabled in the National Assembly, Quebec is challenging the constitutional definition of federal and provincial jurisdiction over fishing rights. If the Bill is passed, the Government of Quebec will be showing its opposition to the federal Government's attitude and interference in the fisheries industry in Quebec. The Members of the official Opposition in Quebec have joined Government members in saying that the federal Government is seriously encroaching on the fisheries sector in Quebec. I am not in a position to judge, I have not studied the Bill carefully enough and in any case I am not here to discuss the matter from a constitutional point of view. Perhaps that can be done later but, as a Quebecer, I have serious reservations when I say that Bill C-170 will not signal the end of the current dispute between the federal government and the Province of Quebec about fisheries.

Somebody might suggest that I should have made that speech on second reading, and then met with the minister to ask him some questions. This problem has been on-going for months and months. Both the federal Minister of Fisheries and Oceans and the provincial minister, Mr. Garon, are making ultimatums, but fishermen are the victims. The Government of Quebec is complaining about the federal government's interference in the Pêcheurs unis co-operative. The provincial government will lose $5 million, as will the Banque Provinciale and the Fédération des Caisses Desjardins, so the federal government said that it will compensate them by giving them shares worth as much as they have invested. Apparently, a similar offer has not been made to the Government of Quebec.

That is a major aspect of the problem of fisheries in Quebec, yet it has not been addressed and the bill before us does nothing to solve the issue I have just raised. However, the Minister of Fisheries and Oceans has stated that the whole of the fishing industry in Quebec is in agreement with him. They would like to get more grants from the Canadian Government, but also we have another story from the independent fishermen. As Senator Thériault pointed out last evening in his speech, the independent fishermen are scared to death at the idea of having to compete with those huge companies which the Canadian Government intends to set up and fund with quite sizable grants.

In my view, the Minister of Fisheries and Oceans did not address those questions in Committee, according to the record I have here. In any case, their concerns are justified.

For this reason, honourable senators, I did not want to miss this opportunity, before third reading of the Bill, to express the views held in Quebec on the subject of fisheries. The fishing industry in Quebec is facing hard times. It is my belief that the Bill now before us is not going to solve our problems. If it does help my friends, the honourable senators from Newfoundland and the Atlantic Provinces, so be it, and I for one will raise no objection to the Bill. But it was may duty this morning to suggest to the House that this Bill will fall short of solving our problems.

I am not asking from the sponsor of this Bill, who delivered an excellent speech last night, an answer to all of my questions. I simply would like him to give his Minister of Fisheries and Oceans this message from a senator from Quebec who is not happy about this Bill. It will not solve our problems. But to help my friends from the Atlantic area and Newfoundland, I will support it.

[*English*]

• (1150)

Hon. Duff Roblin (Deputy Leader of the Opposition): My honourable friend is indicating that he wishes to speak. If he does so, I would like him to take precedence because then we could alternate. He cannot close the debate, since there is no closing of the debate on third reading. He can just speak once. Is my friend going to speak?

Hon. Royce Frith (Deputy Leader of the Government): Senator Petten will speak later.

Senator Roblin: In that case, I shall proceed.

The course of this bill through the house has demonstrated that there are many senators who have a deep knowledge of and abiding interest in the problems this bill deals with, and I listened with much pleasure and interest during the debate, particularly on second reading, to those opinions and was pleased to note that at least in my party, there were a number of genuine experts, in the persons of Senators Marshall, Doody, Phillips and Macdonald, and now, on the constitutional issue, my friend Senator Asselin. I want it to be clearly understood, however, that when I contribute to this debate, it is not because I know anything about fish, because, while subjects like the Crow and the sale of wheat abroad attract my primary attention, I am a newcomer to the fish business. Sometimes I eat it; sometimes I catch it, but as to the economics of it in western and eastern Canada, I am remarkably uninformed.

Nevertheless, I have something to say about this bill, regardless of what it deals with, because it seems to me that it presents new principles in respect of government intervention into the economic sector and into the private sector that are, perhaps, worth noting and underlining; they may, it is to be hoped, be setting some new standards by which government economic intervention can be measured. I am one who has opposed quite strenuously most of the bail-out operations we have seen from time to time on the grounds that, while they make good short-run politics, they make bad long-run economics and usually perpetuate themselves indefinitely into the future, avoid dealing with the problems in question, increase the cost of living and generally are not a productive way to deal with change in economic circumstances. Flexibility and change will have to be the keywords of those who take an interest in the economic policy of the country—and I have not seen that point of view expressed, as I would like to have seen it, in many of the bail-out operations that we have seen from time to time.

In this bill, there is substantial new ground that has opened, and I am glad to see it. I feel free to vote for the legislation that is before us now, and one of the reasons why I do so is that the plan incorporated in this bill is market-driven; that is, it is intended that the industry from now on will respond to the market pressures and the market signals which are the best indications we have as to how management should proceed in the fishing business or in anything else. That seems to me to be a principle that we could well enshrine in most of the activities that government undertakes in the field of economic intervention.

It is made particularly clear in the bill that this is a bill based on economic principles, because it recognizes that there are other principles to be considered in public activities. One of them is the social priniciple.

We have seen in the activities at Devco in Cape Breton what trouble can arise when the economic principles and social requirements are mixed up in the same basket. That is one of the reasons, I think, for the seemingly never-ending series of deficits that we have down there.

In this bill, it is made perfectly clear that if a government wishes to do something under the auspices of this bill that is motivated for social reasons—and there may be plenty of good social reasons that would motivate governments—they are not to be charged against the fishing industry as such or against these companies in particular. That is the important principle. This fishing reform is to operate on economic principles alone, and if the Government of Newfoundland or the Government of Canada or anyone else wants to keep a plant open for social reasons or do anything else for social reasons, which, in themselves, may be well-grounded, the cost of the social initiative will not be borne by these companies or by the fishing industry but by the general exchequer. I think that is a good thing to do and a sound principle. Oftentimes, governments are justified in having social goals which are different from economic goals, but I think it is the better part of wisdom to see that they are not charged against the activities of economic concerns.

I think that this clear differentiation between the market-driven thrust of the fishing business and what may prove, in the event, to be desirable social policies that cost money should be completely separated. The fishery should be run on an economic basis and the social policies, whatever they may be, should not be charged against it but should indeed be separately budgeted by the authorities that wish to employ them.

The second thing that I like about this bill is that it makes clear from the beginning that the aim is to privatize this industry once again.

I made some inquiries of the experts who were before us at committee as to how they expected to do this because, although it is a nice sentiment and we might prescribe to it widely, the question remains how do they propose to do it. I was pleased, however, to hear that they had made a five-year projection by which they came to the conclusion that it seemed to be possible, and indeed probable, that this industry could be restored to such a state of efficiency and profitability that it could be privatized. I have been told that the projections that have been made have been made on a very conservative basis—a word with which I have no quarrel—and that they have taken into consideration forecasts of prices, markets, labour costs and other matters of that sort that lead them to think their goals are realistic.

I was impressed with the testimony because it seemed to me to be realistic and encouraging at the same time. Another good thing I see built into this bill in connection with government intervention is that not only should it treat the industry as an economic unit and not confuse it with social goals, but it should also have the clear ambition or the clear intent of restoring it to the private sector as soon as the situation makes that possible. The forecast given to us is that this might be done in five years. I do not know whether I shall be here five years from now—nobody knows whether they will or not—but, if I am, I hope I shall remember, at the end of five years, to find out what happened and see how good our efforts were. However, the heart is in the right place, and I like that.

● (1200)

There was another important statement made about the fishing industry during the committee's consideration of this bill with respect to regulation. The government seems to have recognized that this industry is indeed over-regulated. The over-regulation and indeed the uncertainty as to what the regulations meant, as well as the short timeframe, constituted a large part of the problem that confronted those who had been managing those companies in the past.

I was glad to hear that the question of fishing quotas was now going to be decided on a five-year basis so that those operating the business would have a reasonable timeframe in which to make their plans. Heaven only knows why that was not done before. I hope that that will be accompanied by a general relaxation of the regulations and that the regulations will have a more sensible and business-like impact on those who are engaged in this industry.

We must remember that, while this bill deals with the important offshore fisheries, it leaves a large segment of the fishing industry still out in the cold. The inshore fishery problems are still going to be with us; the problem of the independents in competition with these large companies is one of concern. We have heard from Senator Asselin that there are certain urgent concerns in the province of Quebec that should be attended to.

Nevertheless, the fact that we are going to operate on an economic basis, the fact that we are going to operate on market-driven principles, the fact that we are heading for privatization, and the fact that the government's regulatory structure is going to be more sensible than heretofore are all good things.

I inquired of the witnesses who appeared before the committee about our trade in fish. They told us that, as everybody knows, our major market is in the United States of America. That immediately rang a few bells, because we have seen in recent years—and certainly those coming from Prince Edward Island can talk about this—that the American view of government subsidies afforded to their competitors is something they find irritating. We have seen many examples in which retaliatory action has been taken against countries whose exports to the United States have been considered to be subsidized. I wanted to be assured that our advisors did not think that the measures contained in this bill would attract that kind of attention, because, if they did, they would be very unhelpful to us. The advice given was that they do not think that is the case; what is being done now is not being done by way of a subsidy, a grant, a special tax concession, or matters of that sort which are generally considered to be unjustified government help; rather, what is being done is in the nature of an equity investment which, by the very nature of that kind of financial participation, avoids many of the objections the American importers might raise in connection with Canadian fish exports to that country. So that was certainly a point that seemed to me to have been thought about and, insofar as one can be sure about these things, anticipated.

There is one aspect of the bill I found a little discouraging, and that related to the government still putting up stiff objections to involving the Auditor General in a review of the activities of these corporations. I noticed, by the way, that Mr. Maurice Strong, the head of the CDIC, had made some comments about the Auditor General in his bailiwick, and if the minister in charge, Senator Austin, had been here, I certainly would have asked him questions about that.

It seems to me that the government has not yet made up its mind that it is a good idea to have the Auditor General keep an eye on these various economic activities. I think that the argument is still strong that when there is government investment—in this case approximately $130 million—in operations of this sort, it is only right that Parliament should insist on having a better measure of control — perhaps not control, but a better flow of information as to what is going on in these companies and what has happened to the government investment.

I asked that not only the Auditor General be brought in, but that these companies be asked to make quarterly reports. I was told that one of them would. The company in Nova Scotia, which has shares on the stock market, would, in accordance with the rules of the exchange, be expected to produce both an annual report and a quarterly report.

That is not the situation with respect to the Newfoundland company. That is not quoted on the public stock exchange. It seems to me that that is a curious lack of consistency. If the fish company in Nova Scotia has to make quarterly reports, which will be available to all honourable senators and all

members of Parliament, as well as to members of the public, why is not the same discipline being imposed on the Newfoundland company?

I received no satisfactory answer to that question. That is a matter which the government should take under advisement because it is well within its power, in my opinion, to see that these two companies report on the same basis. If the Nova Scotia company reports its activities on an annual and quarterly basis, why not impose the same discipline on the company located in Newfoundland, particularly when the government is stubbornly refusing to allow the Auditor General to keep an eye on these things? It seems to me that we should insist that the companies themselves should make reports on their activities so that we have a better way of measuring progress, so that we will not be told five years from now that they need another $140 million in order to keep afloat.

I conclude my remarks by saying that I intend to support this bill. I regret that the provisions for parliamentary supervision and parliamentary responsibility are not as good as they should and ought to be and could be. I think that is a serious flaw in the bill. I do take satisfaction in seeing that the bill lays down, in my opinion, some new principles that could be applied in respect of government intervention in the private sector. I would certainly like to see those principles employed in any other activities the government might get into.

I would go further and say that it ought to be made retroactive, because that represents the best way I have seen so far for the government to get into these various economic activities and reducing the risk to a minimum.

I am well aware that the activities of government in the commercial sector are fraught with peril, so I am always glad to see people take reasonable precautions to ensure that those risks are minimized.

So, as a non-fishermen, but one interested in those dependent for their livelihood on this great industry, I am prepared to support the bill.

Hon. William J. Petten: Honourable senators—

The Hon. the Speaker: I advise honourable senators that if the Honourable Senator Petten speaks now, his speech will have the effect of closing the debate on the motion for third reading of this bill.

Senator Petten: —I would like to thank Senator Roblin for his participation in this debate and to thank Senator Asselin for his comments. He can rest assured that his remarks will be brought to the attention of the minister.

Senator Thériault asked me to obtain an answer to a question he asked during the debate on second reading of this bill.

I have been informed by officials from the Department of Fisheries and Oceans that Mr. Gerry Nickerson owns six per cent of National Sea Products Limited free and clear. The negotiating team, headed by Dr. Micheal Kirby, has reached a tentative agreement to purchase his shares. The amount is not firm because of the ongoing negotiations with the province. The Minister of Fisheries and Oceans, the Honourable Pierre de Bané, has agreed to make a statement giving details of the financial arrangements when the negotiations have been completed.

[Senator Roblin.]

Motion agreed to and bill read third time and passed.

• (1210)

SENATE REFORM

FIRST REPORT OF SPECIAL JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Special Joint Committee on the Reform of the Senate of Canada which was presented yesterday.

Hon. Gildas L. Molgat moved that the report be adopted.

He said: Honourable senators, you will recall that the motion to establish the committee was originally agreed to by the Senate on December 22, 1982. However, the committee was not actually structured until April 31, 1983. I do not question the whys or wherefors for the time lag, but the four-month delay meant that the committee was faced with some difficult timing problems. Unfortunately, we only had two months prior to the adjournment of Parliament for the summer recess, which made it extremely difficult to schedule our committee meetings. However, the committee has worked steadily, and I should like to thank my colleagues who have been so willing to spend a great deal of their time in travelling across the country in the process.

Earlier this fall, with the agreement of the steering committee, and the full committee subsequently, it was agreed that all parties would be approached in both houses to determine whether an extension could be agreed to. Earlier, we had indications that there was agreement to this, and that we could bring forward our suggestion now, which requests an extension to the end of January next.

I have to put in a word of caution because the committee has not yet started its interim discussion on the first draft report. The committee has met on a number of occasions to determine the direction in which it wanted to go, and has given instructions as to the type of draft report it wished. That draft report, according to the timetable that we had established for ourselves, was sent to the members of the committee last Thursday, a day ahead of the date originally agreed, and the final translation was prepared yesterday.

We had hoped to have a meeting tomorrow, but because of prorogation we cancelled it. We also attempted to have a short meeting at 1 o'clock today, but because of the limited amount of time that was found to be impossible. Therefore, we will probably not be able to meet until the committee is reconstituted. It is our urgent wish that that take place as soon as the two houses reconvene. If that is done, we can then proceed to meet immediately and go into a detailed discussion of our report.

Our original deadline was to have everything ready for the printers on Friday, December 16. We were told that the printers would have worked through the Christmas period and we would have had the report ready for tabling in both houses when we reconvene on, as I assume, January 16. We have left

an extra two weeks in asking for the end of January. We may have to ask for another slight extension, although it will depend on how soon we are reconstituted and how quickly we can come to an agreement.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would offer no obstacle to the proposal of Senator Molgat that the life of this committee be extended. I am not quite sure of the rules and regulations, but offhand my opinion is that we will have to have this resolution reintroduced at the new session because prorogation usually cancels everything that is at hand in the old session. Senator Molgat is probably just giving us warning that he is not going to have his report ready at the time originally anticipated. When we come back with the new session, he will probably be introducing a resolution to confirm the authorization which I think we are prepared to offer today.

I think that January 31 may prove to be an optimistic date. I, for one, do not want him to rush this report. It should be one of considerable significance. There are many vexatious questions to resolve when completing a final report of this nature, but if he needs the extra time to make sure he gets it right, I am prepared to agree, particularly if he has taken into sufficient account the very detailed statement I made before his committee in Winnipeg on October 4.

Hon. Richard A. Donahoe: God forbid!

Senator Roblin: If my friends would let me continue—

Hon. Royce Frith (Deputy Leader of the Government): You are in your own ranks.

Senator Roblin: They have never made any secret of their views, as I have made no secret of mine. My only fear is that my view may be the minority one because there have been a lot of good presentations made before this committee dealing with all subjects. If this resolution is presented to us at the next session, I hope that my colleagues will allow me to say that we will agree to any reasonable extension of time that is then requested.

Hon. Sidney L. Buckwold: Honourable senators, I am delighted to hear that the deadline for submission of the final report is to be extended. Like the Acting Leader of the Opposition, I certainly think there is opportunity for careful, as there must be, consideration of all the aspects. To date, I have not heard of the committee's going to Australia to look at the operation of proportional representation in an elected Senate. My visit to Australia, along with other honourable senators, was an eye-opener. I saw its operational possibilities modified to suit the Canadian scene. I suggested, in my presentation to the committee, that it would be only fair if, at least, a subcommittee go to Australia, which is a country that has the same type of government as ours, and see how proportional representation could fit into the Canadian scene as part of an elected Senate.

I should like to say to the chairman of the committee and the committee members that I certainly hope there is an opportunity before a final decision is made, to see how that system operates in that country. Seeing how their system operates is quite different from hearing descriptions of it. I think that it is unfair for the committee to report without, at least, giving some of the committee members an opportunity to see how proportional representation works in Australia.

Hon. Jack Marshall: Why is Senator Buckwold confining that to the members of the committee? There are many honourable senators who are not on the committee who would be interested in going to Australia.

Senator Buckwold: I am all for that. I am sure that Senator Marshall at his own expense would be delighted to take a trip like that.

Senator Marshall: How about by way of Florida?

Senator Frith: How about by way of Hawaii?

Senator Buckwold: I might even suggest that some of you may want a one-way ticket.

• (1220)

Hon. Robert Muir: Honourable senators, I enjoyed the comments of Senator Buckwold, but I cannot agree with him that we should send the committee to Australia. Some of our brilliant experts from this chamber went over previously. I cannot understand the implication that they are second-rate people.

Senator Frith: Brilliant.

Senator Muir: Senators Roblin, Frith, Buckwold and other bright lads came back having been completely sold a bill of goods. I am ready to run for election next week, next month or six months from now because I know I would be elected—unlike some others around here.

In any event, during my recent visit to Australia, I happened to be at a luncheon with a member of their present administration. After introducing ourselves, he said, "Oh, you are a member of this House of Conscience." I said, "You could call it that; we get called a lot of things." He went on to say, "It's bloody awful over here with the situation we've got. It is not working out at all." I wasn't even asking for information. He told me that we had a better system in Canada with a "House of Conscience." Perhaps it was a senator on our delegation who told him it was called the "House of Conscience."

I cannot agree with Senator Buckwold because some of the most imaginative brains possible have already been to Australia. They have made their report and outlined it in this chamber. There is not much left for the committee to do.

Senator Frith: Senator Muir has talked us out of it.

Hon. C. William Doody: That is the story of my life.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the report discusses and, in fact, recommends that the deadline for reporting, which was set at December 1, 1983, be set back. Of course, we can, by accepting this recommendation, deal with that.

Within the time available the committee actually has done a great deal of work. A large number of meetings were set up in Ottawa and in various places across the country. All the

members should be commended for the effort that they have put into this.Therefore, I think it is reasonable for them to ask for an extension.

I have to say that I think January 31—whatever other problems they may run into—is about as late a date as possible if that committee report is to have the significance that it ought to have, or, indeed, that it was designed to have, in the consideration of constitutional matters before the Second Constitutional Conference of First Ministers which, as honourable senators know, will be held in late March, but no later than April 17, 1984.

Members, including the joint chairmen, co-chairmen, will also realize that from January 31 to that date is a relatively short period of time for the provincial governments and the federal government to consider all the implications and ramifications of what will be before the First Ministers' Conference, and indeed what is contained in the report.

Therefore, I want to support this recommendation, but I would caution, since some comments were made that perhaps the committee should take even more time, that there is a problem in that the report will not have the consideration it deserves prior to the meeting of the first ministers where, of course, constitutional considerations respecting federal government institutions like the Senate will be on the agenda. Although I support the recommendation, I would caution honourable senators against expressing the view that there is still more time. The report has to make the rounds of the people who have to look at it.

Hon. Martial Asselin: Let us do our job properly.

Senator Olson: We can do our job properly. I hope Senator Asselin is not trying to pick an argument with me. That conference is required to proceed, and, if we are to have an influence on the decisions or the discussions that will take place at that conference, then the report ought to be published in time for the background consideration that is always necessary.

I have no problem with the recommendations, but I do not think we should stretch them out because, if we do, the conference will go on in the absence of adequate consideration of a report that has occupied a great deal of the time and attention of a number of members.

Senator Asselin: Senator Olson should know that, when we met with the premiers of the provinces, they indicated to the committee that reform of the Senate was not one of their priorities, so they can wait for one year or more. How come he is in such a hurry?

Hon. Arthur Tremblay: We previously discussed the date on which the constitutional conference, provided in the amendment, could take place. We had an exchange of views on that. My understanding was that the proclamation of the amendment we have adopted cannot be made before June 1. Therefore, the amendment is not in force before June 1, 1984.

If I remember correctly, after one or two weeks of consultation with the Department of Justice, the chairman of the Standing Senate Committee on Legal and Constitutional Affairs confirmed my understanding that the proclamation will not be issued before June 1, so there will not be a constitutional conference before that date.

I did not question if, for another reason, we could not accept a longer delay than proposed by Senator Roblin, but the reason for not having a longer delay is not the one given by the Leader of the Government.

Senator Olson: Honourable senators, my honourable friends can have their own opinion, but, as usual, they have completely missed the point.

Senator Roblin: Is the leader going to speak twice now?

Senator Olson: I believe, if I am asked some questions, that is usually permitted. If Senator Roblin wants to object, that is his business.

Some senators have completely missed the point. I said that we need the report in time so that all the governments and officials within those governments will have adequate time to consider the implications and ramifications of the committee's recommendations. That is just as valid now as it was when I made my comments a few months ago. It does not depend only on the date that the conference is held because, while it may not have to be held before June 1, it probably will be.

Senator Molgat: I thank all honourable senators who participated in the discussion. We will certainly proceed as quickly as we can. The problems that have arisen—such as prorogation today, which we could not forecast—have not been within our control. Today I am expressing a pious hope that, immediately upon our return, whenever that may be, we will reconstitute the committee. The committee will certainly be prepared to get to work the moment that is done.

• (1230)

Honourable senators, comments have been made regarding travel to Australia. I might point out that we are clearly entitled to travel within Canada according to our terms of reference. That we have done; we have travelled to every provincial and territorial capital. Perhaps Senator Marshall's suggestion might be resolved by holding a joint meeting of the Australian Senate and the Canadian Senate in Canberra. It is beyond the responsibility of our committee, however, to decide upon that.

I repeat, honourable senators, that, if the committee can be reconstituted instantly, it will get to work instantly.

Hon. Daniel Riley: Honourable senators, I should like to put a question to Senator Molgat. If this committee—dying as it will on prorogation—is reconstituted at the opening of the next session, will it be necessary to have the unanimous consent of both houses?

Senator Molgat: My understanding of the procedure is that a motion will be introduced. That will be a debatable motion, on which a vote will be taken at some stage.

Motion agreed to and report adopted.

THE HONOURABLE JACQUES FLYNN, P.C.

PROGRESS OF CONVALESCENCE

Hon. Paul Lucier: Honourable senators, I rise to ask a question about Senator Flynn. We are at the point of proroguing another session of Parliament and it just seems strange to me to see his chair vacant. I wonder when Senator Flynn will be back in this chamber. At times he is difficult to get along with, but, quite frankly, I miss him very much and I would like to see him back. Could anybody give a report on his condition?

Hon. Duff Roblin (Acting Leader of the Opposition): If honourable senators will allow me, I should like to thank Senator Lucier, in Senator Flynn's name, for his kind thoughts. I know that the honourable senator has expressed the feelings of all of us on both sides of the chamber with respect to my colleague, the Leader of the Opposition.

I spoke to Senator Flynn quite recently on the telephone, and he sounded pretty perky to me. His main problem is that his doctors are holding him down—he thinks—and are making him pay attention to the strictures of good medicine in an effort to try not to rush his convalescence. He finds that this irks him. When he has an opportunity to go out on a good day, no doubt he feels better, but he is certainly very much alive and kicking.

Honourable senators, I think that Senator Flynn will continue his convalescence for some months. He will probably not be back in the Senate chamber this year. It will likely be some time in the early part of next year that we will see him again. I do thank Senator Lucier for his kind consideration. I would like to tell him and all honourable senators that, to the best of my knowledge, Senator Flynn is making a steady and satisfactory recovery to good health.

Hon. Senators: Hear, hear.

AGRICULTURE

NEW BRUNSWICK—LIVESTOCK INDUSTRY—ADJUSTMENT PROGRAM

Hon. Robert Muir: Honourable senators, I rise on a question of privilege. I should like to extend an apology to the Leader of the Government in the Senate. Earlier this day I was mildly critical of his failing to respond to a number of questions that I had raised on November 17. It is quite true that he had not responded to some of them. I did say that he had replied to one question regarding the CBC, for which I was grateful.

Shortly after I had spoken, I received a note from Senator Frith, who kindly advised me that a response had been given to the question respecting the New Brunswick livestock industry. I did not see the response, and I apologize to the honourable senator. The reason I was not aware that he had answered is that the reply was given on a day when Senator Frith had made arrangements for a committee to deal with Bill C-170. Our whip, in his usual, genial, kindly, benevolent and fatherly way, came to me and said "Bob, you get to that committee right away." That is why I was not present in the chamber when the reply was given. I am sorry if I caused any concern to the honourable Leader of the Government in the Senate.

ROYAL ASSENT
PROROGATION

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALLL
OTTAWA
K1A 0A1
GOVERNMENT HOUSE

November 30, 1983

Sir,

I have the honour to inform you that His Excellency The Governor General will will proceed to the Senate Chamber to-day, the 30th day of November, 1983, at 14.00 hours, to give Royal Assent to certain Bills and for the purpose of proroguing the First Session of the Thirty-Secong Parliament.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

At 2 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

At 2 o'clock His Excellency the Governor General proceeded to the Senate chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come, with their

Deputy Speaker, His Excellency was pleased to give the Royal Assent to the following bills:

An Act to amend the Labour Adjustment Benefits Act and to authorize certain payments in relation thereto.

An Act to amend the Financial Administration Act.

An Act to amend the Garnishment, Attachment and Pension Diversion Act.

An Act to authorize investment in and the provision of financial assistance to the Atlantic Fisheries for the purpose of restructuring fishery enterprises.

The Honourable Lloyd Francis, Deputy Speaker of the House of Commons, then addressed His Excellency the Governor General as follows:

May it please Your Excellency:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Excellency the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984.

To which bill I humbly request Your Excellency's assent.

His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

PROROGATION SPEECH

His Excellency the Governor General was pleased to close the First Session of the Thirty-second Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour today of closing the longest and most productive session in the history of the Canadian Parliament. During the three and a half year period in which you have been sitting more than 200 pieces of legislation have been introduced and over 150 of these have been proclaimed into law.

This session has been remarkable not only for the number of bills passed, but for the magnitude of their impact. The Government recognized that those who wait for unanimity never act, and that those who do not act are engulfed by the wave of events of a rapidly changing world. Accordingly, the Government launched a series of bold initiatives, any one of which would have been sufficient to make this session of Parliament an exceptional one. Four in particular have transformed Canada.

Following the Quebec referendum, the Government initiated the process of federal renewal which it promised would ensue from a rejection of sovereignty association, patriating the Canadian Constitution with an amending formula and an entrenched Charter of Rights and Freedoms. A National Energy Program is in force providing a comprehensive set of measures designed to achieve security of supply, greater Canadian ownership and fairness to the consumer. The federal Government's 6&5 program established a framework for the cooperative national effort which has enabled Canada to realize a dramatic reduction in inflation. And the new Western Grain Transportation Act will replace the outdated Crow's Nest Pass freight rate with a more fair and equitable set of rates, thus completing the necessary groundwork for a major expansion of western rail capacity during the balance of the decade.

Meeting the Challenges of World Recession

These four achievements represent the highlights of the Parliamentary session which now is coming to an end; they have been attained in the midst of one of the most turbulent periods which Canada has experienced outside of wartime. The past three and a half years have been marked by global recession, by unstable international petroleum markets, by increased levels of East-West tension, and by the displacement of millions of people around the planet by war, hunger and economic deprivation.

The Canadian response to these troubled times has been, not to retrench, but to meet these greater challenges through a more effective mobilization of our resources. The Government took steps protect Canadians as much as possible from the ravages of international recession, and to battle domestic inflation. The stage thus was set for the renewed growth and job creation which we are now experiencing.

The centrepiece of the Government's battle against inflation was the 6&5 program, introduced last year to limit increases in incomes and prices regulated by the Federal Government to six percent and five percent respectively over two years. The compulsory restraint measures introduced in the federal public service were reinforced by widespread voluntary adoption of these guidelines by the private sector and the provinces.

The impact of the 6&5 program was enhanced by continuing Government restraint over the discretionary component of its expenditures, and by monetary policy conducted in a way which would not accommodate inflation. The "envelope" system placed pre-set limits on spending in each area of government responsibility, and ensured that policy and funding decisions were taken simultaneously. Improved management practices were implemented generating 122 million dollars in recurring annual savings; opportunities for realizing further annual savings of 139 million dollars have also been identified. Many of the recommendations of the Lambert Commission on Financial Management and Accountability were adopted. As a result of these efforts, the Government's "real", or inflation-adjusted, non-defence operating and

capital expenditures are at the same level now that they were six years ago. Total federal government employment, measured in person-years controlled by the Treasury Board, is at the same level in 1983 as it was in 1979.

The inflation rate today is 4.9 percent, the lowest level in eleven years. Other dividends from the Government's anti-inflationary stance are reduced interest rates, a stable dollar and the record trade surplus which we are now experiencing.

Canada was struck as forcefully as its trading partners by the worldwide recession. The Government took concerted action to protect Canadians from its worst effects and to ensure the vigour of the domestic recovery. A work sharing program was introduced to prevent layoff. New funds were channeled into direct job creation, tax incentives and other measures to stimulate activity en employment-intensive sectors, and new programs to promote economic development. A framework of investment incentives has been announced. Change to the investment tax credit will make it more readily usable by firms investing in Canada, and will render a portion of the credit refundable. Purchasers of new shares issued by investing firms will also be eligible for the credit. A Special Recovery Investment fund is being created to speed and strengthen private investment during the early stages of the recovery. The maximum personal tax rate has been cut in order to encourage savings and investment. The Indexed Security Investment Plan will provide an additional incentive to invest in common shares of Canadian Companies by eliminating taxation on the inflationary part of capital gains.

Particularly consideration has been accorded to small business, the most dynamic force in our economy. The Small Business Development Bond increased the funds available to small business by providing a tax exemption on the interest earned by loans to small businesses. Tax measures were introduced to permit the deduction of spouses' salaries from income as a business expense, and review procedures for small business under the provisions of the Foreign Investment Review Act were streamlined.

In addition to initiatives aimed at stimulating private sector activity through direct incentive, the Government has undertaken a series of public sector and demand stimulus measures to generate rapid results. More than 2 billion dollars has been targeted to direct job creation alone during the past four fiscal years, providing work for over 700,000 people. A further 2 billion dollars in new funding has been directed to the stimulation of construction in the housing sector, while a major program has been launched, as part of the Crow Rate initiative, to speed the expansion and modernization of rail capacity in the West. The Special Recovery Program announced in the Spring Budget targeted a further 2.4 billion dollars over four years to public investment stimulus through accelerated capital and infrastructure projects.

These programs are now bearing fruit. During the first half of 1983 the Canadian economy grew at an annual rate of 72 percent. Housing starts, industrial production and capacity utilization are all up significantly. Employment levels have rebounded, and the number of people employed has grown at an average rate of 31,000 per month since last November.

Many groups in our society were cruelly affected by high interest rates during the past three and a half years. The Government took extensive action to provide relief to those groups particularly had hit.

It responded to the plight of homeowners facing high mortgage costs. Grants of up to $3,000 were made available to homeowners whose mortgage renewals brought their mortgage costs above 30 percent of their gross income. In addition, grants of $3,000 each were extended to first-time home buyers and to purchasers of new houses. The Canadian Home Renovation Plan provided assistance to homeowners undertaking home repairs.

Parallel measures were introduced to help renters. The Canada Rental Support Plan was put forward to ease tight rental housing markets by providing interest-free loans toward the construction of new rental units.

Special measures were enacted to ease the burden of farmers, fishermen and small businessmen. The ceilings for loans under the Small Business Loans Act and Farm Improvement Loans Act were raised to $100,000; for the Fisheries Improvements Loans Act to $150,000; and for the Farm Credit Corporation to $350,000. The total funding available under the Small Business Loans program was almost doubled, to 1.5 billion dollars, and a Small Business Investment Grant programs was initiated to reduce costs on borrowing undertaken by small businessmen, farmers and fishermen. The Special Farm Financial Assistance Program provided an interest rebate of four percent on loans extended through the Farm Credit Corporation.

The Government's action to deal with inflation, unemployment and high interest rates were accompanied by a program to respond to the challenges of the 1980s in a bold and creative manner. That program, outlined in the 1980 Speech from the Throne, had five principal goals:

—to respond to individual needs by promoting greater security for the elderly, expanded opportunities for the young, and equality for women;

—to achieve security of energy supply at a fair price for all Canadians;

—to promote national economic development in a way that would provide jobs, stimulate growth, build upon regional strengths, and increased Canadian ownership and control of our economy;

—to strength national institutions, while making them more responsive to provincial and regional goals;

—to ensure that Canada plays a vigorous part in the world beyond our borders.

Helping First Those Who Need Help Most

The first of the goals set out at the opening of the session, enhancing the security of the individual, was designed to help first those who need help most. The Government continues to believe that this must be its first guiding principle and it has given effect to this principle through a wide array of initiatives. In doing so, it has been one of the few western governments not to cut back spending on social services during the last three years.

The elderly came first, with the passage of legislation to raise the Guaranteed Income Supplement to the Old Age Security pension by $35 per month per household, thereby improving the standard of living of 1.3 million pensioners.

In addition, to initiate the complex process of pension reform, a National Pensions Conference was convened as part of the consultative phase of this process and a comprehensive study of the issue, published as a Green Paper, was undertaken.

The Government has addressed the needs and concerns of Canadian women, and taken steps to guarantee their right to full and equal participation in all aspects of our national life.

Within the federal public service, a pilot affirmative action program put in place in 1981 for women, natives and the handicapped is the model for a comprehensive affirmative action program now being implemented in all federal government departments. In addition, a Commission of Inquiry on Equality in Employment has been established to investigate employment practices affecting these groups in certain Crown corporations, and officials within the government have been working with private employers to help them develop their own affirmative action programs.

Female representation in the management and professional categories of the public service has expanded steadily. The principle of equal pay for work of equal value has been adopted within the public service as a guideline applicable to all collective agreements and salary settlements.

This session has been marked by the appointment of the first woman Speaker of the House of Commons and the first woman on the Supreme Court of Canada. Women have been appointed to positions as Chief Justices in Nova Scotia and Saskatchewan, and a woman has been appointed Lieutenant Governor of Manitoba.

Outside the public sector, the Women's Employment and Women in Non-Traditional Occupations programs have helped break down barriers to entry in non-traditional job fields. The new National Training Act, which has directed resources towards improved job training, provides important support to women wishing to enhance or update their job skills.

The Government has moved to help many women who are working parents. It enriched the child tax credit to $343 per child and doubled the child care expense deduction to $2,000 per child. The Unemployment Insurance Act was amended to provide greater flexibility and equity in the determination of eligibility for maternity benefits, and to extend these benefits to adoptive parents.

For those staying at home to care for their children, pension coverage was improved with the introduction of a child rearing dropout provision to the Canada Pension Plan. It entitles mothers or fathers to remain outside the labour force while their children are under the age of seven without sacrificing future pension benefits.

The Government has addressed the problem of violence against women through major amendments to the parts of the Criminal Code dealing with sexual offences. These amendments replace the offence of rape with various offences of sexual assault, and provide additional protection to women through elimination of spousal immunity and elimination of the need for corroboration of a complainant's testimony.

Amendments to the Human Rights Act also afford increased protection to women, particularly against sexual harassment.

And the most fundamental step of all has been taken by enshrining the principle of equal rights for men and women in the Charter of Rights and Freedoms.

Young people have also been a particular focus for Government action, which dealt with the primary concerns of youth employment and academic prospects.

The young, lacking employment experience, have been a particular casualty of the recession at the very point in their lives at which they should be acquiring job skills and developing sound work habits. To deal with this situation, the Government has launched a series of initiatives directed specifically towards jobs for younger workers.

A Youth Wage Subsidy and Internship Program has been established to help young people obtain work experience and on-the-job training. Katimavik, the Youth Job Corps Program, and the Summer Youth Employment Program have all been expanded. An Extended Youth Training and Employment Program run by the Department of National Defence has been established to provide employment and vocational training.

Young people will be major beneficiaries of the National Training Act. Under this Act, 1.2 billion dollars has been made available during the current fiscal year alone for improved job training opportunities and facilities. The Act also provides for federal assistance to people enrolled in provincial and private educational courses.

Altogether, more than 300,000 young people will have been assisted this year by these and other federal training and employment programs.

Amendments also have been made to the Canada Student Loans Act which almost double the maximum annual amount available to individual students and which broaden the eligibility criteria for loans to include those

studying part-time. The program will have benefited 185,000 students this year.

A new Young Offenders Act affords increased protection to young people accused of crimes by giving them explicit rights under the law, raising the age of criminal responsibility from seven to twelve, and providing for destruction of court records when sentences have been served and certain other criteria met.

The Government has given the needs of the handicapped special consideration.

The handicapped are one of the designaged groups to which the public service affirmative action program is directed. In addition, a Program for the Employment Disadvantaged has been introduced to develop private sector opportunities for handicapped workers.

Amendments have been made to the Human Rights Act to protect the disabled from discrimination.

A Parliamentary Task Force on the Disabled and Handicapped tabled its report during 1981, the International Year of Disabled Persons, recommending government initiatives to improve job opportunities and living conditions for the handicapped. Significant progress has already been made on more than two thirds of these recommendations, while steps are being taken to address the remaining third. Examples of recommendations being implemented include the allocation of five percent of housing units built under certain Canada Mortgage and Housing Corporation programs to specially designed units for the disabled, and significant modifications to airports, train stations, ferries, bus terminals and other federal buildings to improve their accessibility.

The Secretary of State has been named the Minister responsible for issues affecting the disabled, and a status of disabled persons secretariat has been established within his department.

Energy Security at a Fair Price

The second major goal for Parliament set out at the opening of this session was that of achieving energy security at a fair price. The Government introduced the National Energy Program and signed agreements with the oil-producing provinces. A blended, made-in-Canada oil price, fair to producers and consumers, has resulted in average wellhead prices significantly below world levels. Recent amendments to the federal-provincial energy agreements give Canadians additional assurances of price stability over an 18 month period, as well as a guarantee that wholesale natural gas prices in the large eastern Canadian markets will not exceed 65 percent of the price of oil. In western Canada these prices are even lower. The commitment made in 1980 not to impose an 18¢ increase in the excise tax on transportation fuels has been honoured.

You were told three years ago that the Government would take steps to achieve 50 percent Canadian ownership of the petroleum industry by 1990. At that time, 28 percent of our petroleum production was owned by Canadians. Today, in large part because of a strengthened Petro-Canada and an incentive system designed to promote Canadian ownership, that figure is at 38 percent. Furthermore, a majority of all exploration expenditures now are undertaken by Canadian controlled companies, compared to three years ago when only 34 percent were Canadian controlled. As well, a new Canadian petroleum company, Co-Enerco, was established as a result of collaboration between the cooperative movement and the federal Government.

Energy conservation and the shift from oil to other fuels have both accelerated as a result of incentives put in place during the past three years. The Canadian Home Insulation Program has been extended and the eligibility criteria broadened. So far 1.8 million homes have received grants towards improved insulation, meaning average savings of 17 percent on heating bills. Natural gas pricing policy and off-oil conversion grants have helped to reduce the number of households heated by oil from 42 percent to 31 percent in the past three years. Grants have been provided for the conversion of vehicles to propane fuel, and a pilot project has been launched to investigate the feasibility of compressed natural gas as an alternative fuel. An alternate energy corporation, Canertech, has been established to carry out research and development on renewable energy forms.

The Government's vigorous promotion of conservation and oil substitution has helped reduce domestic demand so much that this year Canada achieved oil self-sufficiency. Only a few years ago, 1990 was considered an optimistic target for attaining self-sufficiency and we have hit it seven years early. Today, Canada has a cumulative 1983 crude oil trade surplus of over 300 million dollars and an overall energy trade surplus of 5 billion dollars.

The Government has aided companies willing to undertake major energy development projects. Despite softening world oil prices, several major projects were announced within the last two years—for instance, oil sands developments at Wolf Lake and Cold Lake, expansion at Syncrude in Fort McMurray, a heavy oil upgrader in Regina, and the Norman Wells project.

Since you were told that Petro-Canada would be expanded and its budget increased, it has more than doubled the value of its assets. The corporation's share of retail revenues in the petroleum industry has now risen to eleven percent, from less than two percent in 1979, reflecting an increase both in the number of retail outlets and in consumer support. Petro-Canada has been actively involved in Canadian exploration, particularly in risky Frontier areas. Today, Petro-Canada is at work in every part of the country, and Canadians are proud of their national energy corporation.

Promoting Economic Development

The third objective put forth in 1980 was national economic development. In addition to the measures already cited to promote job creation, improved job training and lower inflation, sectoral and regional initiatives were undertaken as part of our economic development policy.

The Government has pursued industrial development on a variety of fronts to utilize the strengths inherent in our well-diversified industrial base. It took measures to:

—preserve and rebuild Canada's industrial base;

—provide incentives for increased research and development;

—promote the expansion of export markets;

—upgrade Canada's transportation infrastructure;

—improve the health of Canadian resource industries.

Several major government departments are being reorganized to improve the process of economic policy development and the implementation of regional development concerns.

A 1 billion dollar Industrial and Regional Development Program has been established to help Canadian industry become more competitive internationally and to attract new industries. Under this program a more equitable index of regional disparities is being used to determine levels of assistance, and for the first time all economic development programs will be available throughout the country.

A large number of initiatives were undertaken during this session to stimulate disadvantaged areas, boost promising new projects and industries, spur productivity growth, upgrade infrastructure, and provide assistance to sectors experiencing temporary difficulties. Federal funds for the shipbuilding industry are promoting ship construction and assisting in shipyard improvement, while support has been extended to help Chrysler Canada and Massey-Ferguson weather periods of temporary difficulty. A major federal program of adjustment assistance is facilitating modernization and rationalization of the textile industry, and creation of new employment opportunities for displaced workers. An Office of Industrial and Regional Benefits is promoting Canadian sourcing of equipment and expertise for resource development projects. Government programs were a factor which helped Bombardier secure a major export contract for urban transit vehicles. The Canadian Space Program is providing continued support to leading-edge industries.

In view of the Government's commitment to raise Canadian spending on research and development to 1.5 percent of Gross National Product by 1985, a policy planning framework was announced. More recently, as part of a comprehensive technology policy, the Government has announced construction of fifteen new research facilities, additional funding allocations for high technology procurement and proposals to simplify and enhance tax incentives. Funding for the Natural Sciences and Engineering Research Council and for the Industrial Research Assistance Program was increased. Stimulated in part by these and other government measures, research and development spending as a percentage of Canadian Gross National Product has risen from 1.03 percent in 1979 to a forecast level of 1.4 percent for 1983.

Effective export promotion was the goal of several Government initiatives. The Department of External Affairs was restructured to help ensure that trade considerations receive priority in the development of our foreign policy. Funding was increased to help small and medium-sized businesses fulfill their export potential, and a new financing facility introduced to better assist Canadian companies to compete abroad. Overall funding for the Export Development Corporation was raised.

Since 1979 Canada's trade surplus has quadrupled, to a record high level of 17 billion dollars for 1983 to date. This rise contributed to the 7 billion dollar improvement in the overall balance of payments which occurred over the same period, resulting in the first current account surplus in nine years.

In transportation, a central part of the Government's approach to industrial development, the greatest single achievement has been resolution of the Crow's Nest Pass Rate issue. The legislation directs 3.5 billion dollars over four years towards implementation of a fairer freight rate structure and expansion of western rail capacity, and will lever up to 16.5 billion dollars more to these objectives. The decision to change the Crow Rate will mean a permanent subsidy to western Canada of 651 million dollars per year. Much of the Canadian National line between Winnipeg and Vancouver will be double-tracked. Altogether, 375,000 person-years of employment will thus be generated.

Steps have been taken to match increased rail capacity with enhanced port facilities. At Prince Rupert, construction is nearing completion of a new port which will include coal and grain terminals; the coal terminal will provide the facilities required for the northeast British Columbia coal development project. The Canada Ports Corporation has been established to increase local port autonomy and to improve overall efficiency of the national ports system. These improvements to our transportation system will become particularly vital when world market demand recovers.

In another major Canadian industry, the Government has already acted on many recommendations of comprehensive studies of the east and west coast fisheries, in order to improve their productivity and enhance the livelihoods of fishermen and plant workers. A federal-provincial agreement was signed to revitalize the Newfoundland deep-sea fishing industry, creating a new fishing company from the assets of several which are financially troubled, and agreement in principle was negotiated with Nova

Scotia for a comparable initiative in that province. Enabling legislation was passed to authorize federal involvement in the restructuring of the Atlantic fishery. The Government has also taken action to help fishermen benefit more fully from the 200 mile zone by increasing the severity of penalties for foreign fishermen who break Canada's coastal fishing laws.

In forestry, one of the country's largest employers, Government support has been extended in the form of enhanced federal forestry facilities in St. John's, Fredericton, Ste. Foy, Sault Ste. Marie and Victoria; Unemployment Insurance funds to subsidize forestry jobs when world demand for forest products softened; assistance to forestry schools; and purchases of new water bombers.

Support has been provided to assist research and development in the mining sector. The industry has been given access to facilities of the Canadian Centre for Energy and Mineral Technology, whose work has led to important breakthroughs in occupational health and safety.

In recognition of the growing number of countries which prefer to make food purchases on a state-to-state basis, a new Crown corporation, Canagrex, has been established that will help agricultural producers expand their export markets. Other new legislation affecting farmers includes the Meat Import Act, which protects both producers and consumers, and an Act which enables the Farm Credit Corporation to borrow on financial markets.

Strengthening National Institutions

The fourth government goal set forth three years ago was the strengthening of national institutions and our country's unity.

In 1980, residents of the province of Quebec voted "no" to sovereignty-association in the Quebec referendum and the federal Government promised a process of federal renewal.

Clearly, the greatest achievements in this area have been the patriation of our Constitution with an amending formula, and the entrenchment of a Charter of Rights and Freedoms. These actions completed the final steps towards Canadian sovereignty and formally guaranteed every citizen certain basic rights and freedoms.

The task of strengthening the rights of Canadians will proceed. To this end, Parliament recently adopted a resolution urging the Manitoba Government to take early action to ensure that treatment of the province's official language minority conforms with constitutional requirements.

An important part of the process of renewal is to ensure that Canada's native peoples are able to realize their rightful aspirations within Canadian society. The First Ministers' Conference on Aboriginal Constitutional Matters last spring produced agreement on an amending resolution guaranteeing aboriginal and treaty rights equally to native men and women, and including land claims settlements under treaty rights. That amendment has now been ratified by Parliament and the required number of provincial legislatures, and will be incorporated into our Constitution next year.

Various native claims settlements have been reached within the last three and a half year. A Native Economic Development Fund was created to assist native peoples in the pursuit of their own economic development objectives. Funding for native housing programs and friendship centres has been increased. A new northern broadcasting policy is being implemented to increase native involvement in broadcasting in northern areas.

Other achievements of the past three years have contributed to the strengthening of our national institutions.

Amendments to the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act have provided a new equalization formula and authorized transfers to the provinces of nearly 100 billion dollars over five years for equalization purposes and to help fund post-secondary education and Medicare. The federal government last year paid more than half the total cost of post-secondary education and of insured services under Medicare.

The House of Commons adopted a new experimental set of rules designed to enhance the role of the Member of Parliament and to improve the speed and efficiency of the institution.

A Joint Parliamentary Committee was established to consider options for Senate reform, and a Green Paper examining this issue was published.

Access to Information legislation was adopted to give the public wider access to government documents, and a new Privacy Act was passed with stricter controls on the transmittal of personal information.

The Post Office has been turned into a Crown corporation, and the process of streamlining its operations is well underway.

The Canada Elections Act was amended to shorten to 50 days the period required to hold elections, and to ensure a more equitable financial basis for all candidates.

"O Canada" was officially adopted as our national anthem, and July 1st officially designated as Canada Day.

Pursuing a Vigorous Foreign Policy

The last of the five major commitments made three years ago by the Government was to pursue a vigourous and active foreign policy.

The Government has pledged to fulfill its responsibilities as a member of the North Atlantic Treaty Organization by increasing real defence expenditures by at least three percent annually. For the last three fiscal years the

real growth of defence expenditures has exceeded that target. The Government has taken steps to acquire new F-18 fighter aircraft, Aurora patrol aircraft, military trucks, tanks, and patrol frigates. An agreement for defence systems testing has been signed with our American allies.

While honouring our international defence commitments, we have continued both publicly and privately to work towards mutual limitations and to advance the nuclear suffocation approach first proposed by the Prime Minister in 1978. An Ambassador for Disarmament was appointed. At the 1983 Williamsburg Summit, Canada played a key role in the process leading to the adoption of a declaration on security and arms control by the participating countries. Recently, the Prime Minister launched a new peace initiative intended to improve communication, and hence the prospects for progress on arms control and disarmament.

Canada has undertaken a number of actions to help developing nations. During the 1981 North-South Summit, which the Prime Minister co-chaired, Canada demonstrated leadership in helping to keep North-South lines of communication open in the face of international forces pressing for a retreat into isolationism and protectionism. On a per capita basis, Canada has resettled one of the largest numbers of foreign refugees of any country in the world: more than half of these refugees were government-sponsored. We have progressed towards raising official development assistance to 0.5 percent of Canadian Gross National Products by 1985.

Recently this Parliament approved amendments to the Bretton Woods Act to increase our contribution to the International Monetary Fund.

Canada played an active role with other major industrialized countries in seeking solutions for fundamental economic and political problems, and was pleased in 1981 to be host for the annual Economic Summit.

In particular, we have sought to resolve bilateral issues with our American neighbours. Many efforts were successful—for instance, in the transborder trucking and softwood lumber issues. Amendments to the Clean Air Act were passed which provide automatic Canadian matching of U.S. measures which afford environmental protection to Canada, and a bilateral agreement recently was concluded for a joint study of acid rain.

Members of the House of Commons:

I thank you for the provision you have made for the public services in the previous and current fiscal years.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless our country.

The Honourable The Speaker of the Senate then said:

Honourable Members of the Senate:

Members of the House of Commons:

It is the will and pleasure of His Excellency the Governor General that this Parliament be prorogued until three o'clock in the afternoon, Wednesday next, December 7, 1983, to be here holden; and this Parliament is accordingly prorogued until three o'clock in the afternoon, Wednesday next, December 7, 1983.